



GNCC CAPITAL, INC.

MANAGEMENT DISCUSSION AND ANALYSIS FILING

“WHITE HILLS” GOLD EXPLORATION PROPERTIES ACQUIRED ON JUNE 17, 2013

OCTOBER 16, 2013

A. ESTABLISHMENT OF A NEW WHOLLY OWNED SUBSIDIARY CORPORATION TO OPERATE THE COMPANY'S "WHITE HILLS" GOLD EXPLORATION PROPERTIES

B. AUTHORIZATION TO ESTABLISH "SERIES A CONVERTIBLE PREFERENCE SHARES"

BACKGROUND:

GNCC Capital, Inc. ("the Company") acquired the "White Hills" Gold Exploration Properties in Arizona ("White Hills") on June 17, 2013 in the total amount of \$10,000,000 (Ten million dollars).

The Company acquired White Hills on the following terms and conditions (As more fully disclosed in the Company's Third Quarter Filing):

- The purchase consideration was in the total amount of \$10,000,000 (Ten million dollars), settled through the issuance of Convertible Loan Notes on June 17, 2013 to the 13 different sellers in the amount of \$6,000,000 (Six million dollars) and the Company issued Payment In Kind ("PIK") Notes to the 13 different sellers in the amount of \$4,000,000 (Four million dollars) on June 17, 2013.
- The PIK Notes bear interest at the rate of 8% (Eight percent) per annum.
- The Company was obligated to establish a new wholly owned subsidiary Corporation, to hold "White Hills" (hereinafter referred to as "Subco"). Subco will be funded by the Company.
- The PIK Notes are to be secured by the shares of Subco Common Stock and over the Company's Loan Account to Subco from time to time.
- The Company had undertaken to create Convertible Preference Shares on or before October 1, 2013. The Convertible Preference Shares will bear interest at the rate of 6% (Six percent) per annum and are to be secured by the shares of Subco Common Stock and over the Company's Loan Account to Subco from time to time. The Company undertook to issue to the holders of the PIK Notes, these Convertible Preference Shares, on October 1, 2013 and the PIK Notes would then be cancelled.

MANAGEMENT ACTIONS:

1. INCORPORATION OF WHITE HILLS GOLD EXPLORATION, INC.

The Company is incorporating a new wholly owned subsidiary Corporation to hold its interests in “White Hills”. This is referred to elsewhere in this filing as “Subco”.

This Corporation is named:

WHITE HILLS GOLD EXPLORATION, INC.

The Corporation is being incorporated in the State of Wyoming and obtaining a License to conduct business in the State of Arizona.

2. AUTHORIZATION OF SERIES A CONVERTIBLE PREFERENCE SHARES

Upon the incorporation of White Hills Gold Exploration, Inc., the Directors of GNCC Capital, Inc. will be filing a Certificate of Amendment of Certificate of Incorporation, with the Secretary of State in Delaware; to authorize the Series A Convertible Preference Shares.

It is anticipated that the Company will issue these Series A Convertible Preference Shares on or before November 1, 2013. A Public Filing will be made upon receipt of the approval of the Secretary of State in Delaware.

The salient terms of the Series A Convertible Preference Shares:-

Number of Authorized: 10,000,000 (Ten million)

Par Value: \$1.00 (One dollar)

Number to be Issued: 4,000,000 (Four million)* and at a price of \$1.00 (One dollar) each.

Annual Dividend per share: \$0.06 (Six cents)

Convertible at the Holder’s Option (AND ONLY after a period of one year from the date of Issuance) and into shares of Common Stock, at a pre-determined price per share of the Common Stock.

Secured by the entire Issued shares of Common Stock of White Hills Gold Exploration, Inc. as held by GNCC Capital, Inc. and secured over all loans advanced by GNCC Capital, Inc. to White Hills Gold Exploration, Inc.

These Series A Convertible Preference Shares will not be admitted for trading on any market.

The 4,000,000 (Four million) Series A Convertible Preference Shares being issued and at a price of \$1.00 (One dollar) each; will settle the capital amounts owed to the Holders of the PIK Notes. An additional amount of Series A Convertible Preference Shares will be issued and at a price of \$1.00 (One dollar) each, to settle the accrued interest outstanding on the PIK Notes, to the date of the issuance of these Series A Convertible Preference Shares to the Holders of these outstanding PIK Notes.

3. OPERATIONS OF “WHITE HILLS”

All of GNCC Capital, Inc. operations and activities at “White Hills” will be exclusively conducted and operated through White Hills Gold Exploration, Inc. with effect as from November 1, 2013.

IMPACT UPON GNCC CAPITAL, INC.:

The settlement of the outstanding PIK Notes and the accrued interest upon these Notes, through the Issuance of these Series A Convertible Preference Shares will remove the current outstanding capital liability in the amount of \$4,000,000 (Four million dollars), plus accrued interest, to the Holders of these PIK Notes.

The incorporation of White Hills Gold Exploration, Inc. and the Issuance of the Series A Convertible Preference Shares to the Holders of the PIK Notes; will complete the remaining conditions precedent in respect of the acquisition of “White Hills” by GNCC Capital, Inc.

DATED: October 16, 2013

RONALD YADIN LOWENTHAL
GNCC CAPITAL, INC.
EXECUTIVE CHAIRMAN