



# **GNCC CAPITAL, INC.**

**UNAUDITED ANNUAL REPORT FOR THE**

**PERIOD ENDED**

**SEPTEMBER 30, 2013**

**PART 2 OF 2**



**GNCC CAPITAL, INC.**

**SUPPLEMENTAL FILING  
STOCK REPURCHASE PROGRAM**

**JANUARY 13, 2014**

## **IMPLEMENTATION OF STOCK REPURCHASES IN OPEN MARKET**

On January 13, 2014, the Directors of GNCC Capital, Inc. (“the Corporation”) unanimously resolved to implement a share repurchase of shares of the Corporation’s Common Stock.

### **NOTICE OF STOCK REPURCHASE PROGRAM:-**

1. The principal purposes for the buyback:

A share repurchase is in the best interest of the Corporation. The capital of the Corporation is not impaired and such repurchase shall not cause any impairment of the capital of the Corporation.

All shares repurchased by the Corporation would result in a decrease of the number of freely trading shares of our common stock in free float from time to time.

The purpose of the share repurchase is for general corporate purposes.

2. The amount authorized to be repurchased:

The share repurchase shall consist of no more than 20% of the issued and outstanding shares of common stock in the Corporation as may be in issuance from time to time. No other classes of securities are affected by the share repurchase. The total amount to be utilized will not exceed the amount of \$750,000.

3. The estimated time period for when the purchases are anticipated to occur:

The Corporation may repurchase common stock of the Corporation pursuant to the authority granted in the unanimous Directors’ Resolution for a period of one year from the date hereof.

4. The manner in which the shares will be repurchased and the Corporation's plans with respect to the deposition of the shares once repurchased:

The purchase price upon repurchase not exceed any outstanding option or redemption values.

All share repurchases shall be conducted in an open market. No off-market transactions shall be used to effectuate the repurchase of shares of the common stock of the Corporation.

The Board of Directors of the Corporation may in its sole discretion elect to retire any and/or all repurchased shares from time to time. Any shares not retired may be retained as treasury shares or used for any other valid corporate purpose.

5. The source of funds to be used for the repurchases:

The share repurchase shall be funded by a third-party, non-affiliated loan to the Corporation on terms and conditions to be agreed and approved by the Directors.

6. Any existing buyback arrangements:

The Corporation has no existing or previous stock repurchase programs.

7. Any previously undisclosed material developments:

There are no significant corporate developments that have not been previously disclosed related to the Corporation other than the issuance of shares of its common stock on December 13, 2013 and in partial settlement of various outstanding convertible loan notes dated May 3, 2010. This conversion became effective prior to the decision to repurchase shares of common stock of the Corporation.



### **SALIENT POINTS FROM DIRECTORS' UNANIMOUS RESOLUTION:**

Having given due consideration, the directors unanimously consent and agree that the repurchase is desirable and is in the best interest of the Corporation and its shareholders. Accordingly, we do hereby unanimously consent to the proposed share repurchase in accordance with the articles and bylaws of the Corporation, Delaware state law and relevant federal rules and regulations, including relevant securities laws. The board of directors unanimously decided that:

1. A share repurchase is in the best interest of the Corporation. The capital of the Corporation is not impaired and such repurchase shall not cause any impairment of the capital of the Corporation.
2. The purpose of the share repurchase is for general corporate purposes.
3. The purchase price upon repurchase not exceed any outstanding option or redemption values.
4. The Board may in its sole discretion elect to retire any and/or all repurchased shares from time to time. Any shares not retired may be retained as treasury shares or used for any other valid corporate purpose.
5. All share repurchases shall be conducted in an open market. No off-market transactions shall be used to effectuate the repurchase of shares of the common stock of the Corporation.
6. There are no significant corporate developments that have not been previously disclosed related to the Corporation other than the issuance of shares of its common stock on December 13, 2013 and in partial settlement of various outstanding convertible loan notes dated May 3, 2010. This conversion became effective prior to the decision to repurchase shares of common stock of the Corporation.
7. All shares repurchased by the Corporation would result in a decrease of the number of freely trading shares of our common stock in free float from time to time.
8. There is no arrangement contractual or otherwise extant related to this repurchase of common shares of the Corporation.
9. Any purchases of our shares of common stock made pursuant to this share repurchase are to be made subject to the various restrictions related to volume, price, and timing as set out in the applicable securities rules and regulations in an effort to minimize the impact of such repurchase on the market for the shares.
10. The share repurchase shall consist of no more than 20% of the issued and outstanding shares of common stock in the Corporation as may be in issuance from time to time. No other classes of securities are affected by the share repurchase.
11. The share repurchase does not conflict with any outstanding loan agreements, restrictions on other classes of securities of the Corporation, or any other commitments of the Corporation.

12. The share repurchase has been duly authorized as evidenced by this resolution and does not conflict or contravene any other corporate policy or rule.
13. The share repurchase shall be funded by a third-party, non-affiliated loan to the Corporation on terms and conditions to be agreed and approved by the Directors.
14. That Ronald Lowenthal shall be granted the authority to implement the stock repurchase.

Therefore, it was resolved that the Corporation shall

1. Appoint an investment bank or other licensed broker-dealer in the United States, to be selected by Ronald Lowenthal or in his absence, by the Directors of the Corporation to implement and execute such share repurchases.
2. The Corporation shall execute such documents and take such actions as may be reasonably necessary to effectuate the repurchase of common stock of the Corporation.
3. The Corporation shall retain such external counsel and other professional advisors as may be necessary to effectuate the share repurchase and to ensure compliance with relevant and applicable state and federal laws, including any relevant securities regulations.
4. The Corporation may repurchase common stock of the Corporation pursuant to the authority granted in this resolution for a period of one year from the date hereof.
5. Ronald Lowenthal is granted all such powers and is authorized to appoint any advisors and to enter into any agreement or sign any document on behalf of the Corporation as may be reasonably necessary to effectuate the repurchase of common stock of the Corporation.

#### **FUNDING OF SHARE REPURCHASES:**

On January 12, 2014, the Corporation entered into a Line of Credit Loan Agreement in the total amount of \$750,000 to fund the cost of share repurchases over the agreed upon period of time. Full details of this Agreement are contained in a Filing dated January 13, 2014.

The Directors of the Company were not prepared to utilize funds available to the Corporation under existing unrelated loan agreements for stock repurchases as they relate solely to corporate expenses and mining exploration expenditure.

**RULE 10b-18 OF THE 1934 SECURITIES ACT (AS AMENDED) – PURCHASES OF CERTAIN EQUITY SECURITIES BY THE ISSUER AND OTHERS**

**General Rules and Regulations  
promulgated  
under the  
Securities Exchange Act of 1934**

**Rule 10b-18 -- Purchases of Certain Equity Securities by the Issuer and Others**

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**Preliminary Notes to Rule 240.10b-18**

1. Rule 10b-18 provides an issuer (and its affiliated purchasers) with a "safe harbor" from liability for manipulation under sections 9(a)(2) (SEE THIS SECTION IN FILING) and Rule 10b-5 (SEE THIS SECTION IN FILING) under the Act solely by reason of the manner, timing, price, and volume of their repurchases when they repurchase the issuer's common stock in the market in accordance with the section's manner, timing, price, and volume conditions. As a safe harbor, compliance with Rule 10b-18 is voluntary. To come within the safe harbor, however, an issuer's repurchases must satisfy (on a daily basis) each of the section's four conditions. Failure to meet any one of the four conditions will remove all of the issuer's repurchases from the safe harbor for that day. The safe harbor, moreover, is not available for repurchases that, although made in technical compliance with the section, are part of a plan or scheme to evade the federal securities laws.
2. Regardless of whether the repurchases are effected in accordance with Rule 10b-18, reporting issuers must report their repurchasing activity as required by Item 703 of Regulation S-K and S-B and Item 15(e) of Form 20-F (17 CFR 249.220f) (regarding foreign private issuers), and closed-end management investment companies that are registered under the Investment Company Act of 1940 must report their repurchasing activity as required by Item 8 of Form N-CSR (17 CFR 249.331; 17 CFR 274.128).

*Definitions.* Unless otherwise provided, all terms used in this section shall have the same meaning as in the Act. In addition, the following definitions shall apply:

*ADTV* means the average daily trading volume reported for the security during the four calendar weeks preceding the week in which the Rule 10b-18 purchase is to be effected.

*Affiliate* means any person that directly or indirectly controls, is controlled by, or is under common control with, the issuer.

*Affiliated purchaser* means:

A person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities; or

An affiliate who, directly or indirectly, controls the issuer's purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; Provided, however, that "affiliated purchaser" shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting Rule 10b-18 purchases on behalf of the issuer or for its account, and shall not include an officer or director of the issuer solely by reason of that officer or director's participation in the decision to authorize Rule 10b-18 purchases by or on behalf of the issuer.

*Agent independent of the issuer* has the meaning contained in § 242.100 of this chapter.

*Block* means a quantity of stock that either:

Has a purchase price of \$200,000 or more; or

Is at least 5,000 shares and has a purchase price of at least \$50,000; or

Is at least 20 round lots of the security and totals 150 percent or more of the trading volume for that security or, in the event that trading volume data are unavailable, is at least 20 round lots of the security and totals at least one-tenth of one percent (.001) of the outstanding shares of the security, exclusive of any shares owned by any affiliate;

*Provided, however,* That a block under paragraph (a)(5)(i), (ii), and (iii) shall not include any amount a broker or dealer, acting as principal, has accumulated for the purpose of sale or resale to the issuer or to any affiliated purchaser of the issuer if the issuer or such affiliated purchaser knows or has reason to know that such amount was accumulated for such purpose, nor shall it include any amount that a broker or dealer has sold short to the issuer or to any affiliated purchaser of the issuer if the issuer or such affiliated purchaser knows or has reason to know that the sale was a short sale.

*Consolidated system* means a consolidated transaction or quotation reporting system that collects and publicly disseminates on a current and continuous basis transaction or quotation information in common equity securities pursuant to an effective transaction reporting plan or an effective national market system plan (as those terms are defined in Rule 242.600 of this chapter).

*Market-wide trading suspension* means a market-wide trading halt of 30 minutes or more that is:  
Imposed pursuant to the rules of a national securities exchange or a national securities association in response to a market-wide decline during a single trading session; or

Declared by the Commission pursuant to its authority under section 12(k) of the Act.

*Plan* has the meaning contained in § 242.100 of this chapter.

*Principal market for a security* means the single securities market with the largest reported trading volume for the security during the six full calendar months preceding the week in which the Rule 10b-18 purchase is to be effected.

*Public float value* has the meaning contained in § 242.100 of this chapter.

*Purchase price* means the price paid per share as reported, exclusive of any commission paid to a broker acting as agent, or commission equivalent, mark-up, or differential paid to a dealer.

*Riskless principal transaction* means a transaction in which a broker or dealer after having received an order from an issuer to buy its security, buys the security as principal in the market at the same price to satisfy the issuer's buy order. The issuer's buy order must be effected at the same price per-share at which the broker or dealer bought the shares to satisfy the issuer's buy order, exclusive of any explicitly disclosed markup or markdown, commission equivalent, or other fee. In addition, only the first leg of the transaction, when the broker or dealer buys the security in the market as principal, is reported under the rules of a self-regulatory organization or under the Act. For purposes of this section, the broker or dealer must have written policies and procedures in place to assure that, at a minimum, the issuer's buy order was received prior to the offsetting transaction; the offsetting transaction is allocated to a riskless principal account or the issuer's account within 60 seconds of the execution; and the broker or dealer has supervisory systems in place to produce records that enable the broker or dealer to accurately and readily reconstruct, in a time-sequenced manner, all orders effected on a riskless principal basis.

*Rule 10b-18 purchase* means a purchase (or any bid or limit order that would effect such purchase) of an issuer's common stock (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) by or for the issuer or any affiliated purchaser (including riskless principal transactions). However, it does not include any purchase of such security:

Effected during the applicable restricted period of a distribution that is subject to Rule 242.102 of this chapter;

Effected by or for an issuer plan by an agent independent of the issuer;

Effected as a fractional share purchase (a fractional interest in a security) evidenced by a script certificate, order form, or similar document;

Effected during the period from the time of public announcement (as defined in Rule 165(f)) of a merger, acquisition, or similar transaction involving a recapitalization, until the earlier of the completion of such transaction or the completion of the vote by target shareholders. This exclusion does not apply to Rule 10b-18 purchases:

Effected during such transaction in which the consideration is solely cash and there is no valuation period; or

Where:

The total volume of Rule 10b-18 purchases effected on any single day does not exceed the lesser of 25% of the security's four-week ADTV or the issuer's average daily Rule 10b-18 purchases during the three full calendar months preceding the date of the announcement of such transaction;

The issuer's block purchases effected pursuant to paragraph (b)(4) of this section do not exceed the average size and frequency of the issuer's block purchases effected pursuant to paragraph (b)(4) of this section during the three full calendar months preceding the date of the announcement of such transaction; and

Such purchases are not otherwise restricted or prohibited;

Effected pursuant to Rule 13e-1;

Effected pursuant to a tender offer that is subject to Rule 13e-4 or specifically excepted from Rule 13e-4; or

Effected pursuant to a tender offer that is subject to section 14(d) of the Act and the rules and regulations thereunder.

*Conditions to be met.* Rule 10b-18 purchases shall not be deemed to have violated the anti-manipulation provisions of sections 9(a)(2) or 10(b) of the Act or Rule 10b-5 under the Act, solely by reason of the time, price, or amount of the Rule 10b-18 purchases, or the number of brokers or dealers used in connection with such purchases, if the issuer or affiliated purchaser of the issuer effects the Rule 10b-18 purchases according to each of the following conditions:

*One broker or dealer.* Rule 10b-18 purchases must be effected from or through only one broker or dealer on any single day; Provided, however, that:

The "one broker or dealer" condition shall not apply to Rule 10b-18 purchases that are not solicited by or on behalf of the issuer or its affiliated purchaser(s);

Where Rule 10b-18 purchases are effected by or on behalf of more than one affiliated purchaser of the issuer (or the issuer and one or more of its affiliated purchasers) on a single day, the issuer and all affiliated purchasers must use the same broker or dealer; and

Where Rule 10b-18 purchases are effected on behalf of the issuer by a broker-dealer that is not an electronic communication network (ECN) or other alternative trading system (ATS), that broker-dealer can access ECN or other ATS liquidity in order to execute repurchases on behalf of the issuer (or any affiliated purchaser of the issuer) on that day.

*Time of purchases.* Rule 10b-18 purchases must not be:

The opening (regular way) purchase reported in the consolidated system;

Effected during the 10 minutes before the scheduled close of the primary trading session in the principal market for the security, and the 10 minutes before the scheduled close of the primary trading session in the market where the purchase is effected, for a security that has an ADTV value of \$1 million or more and a public float value of \$150 million or more; and

Effected during the 30 minutes before the scheduled close of the primary trading session in the principal market for the security, and the 30 minutes before the scheduled close of the primary trading session in the market where the purchase is effected, for all other securities;

However, for purposes of this section, Rule 10b-18 purchases may be effected following the close of the primary trading session until the termination of the period in which last sale prices are reported in the consolidated system so long as such purchases are effected at prices that do not exceed the lower of the closing price of the primary trading session in the principal market for the security and any lower bids or sale prices subsequently reported in the consolidated system, and all of this section's conditions are met. However, for purposes of this section, the issuer may use one broker or dealer to effect Rule 10b-18 purchases during this period that may be different from the broker or dealer that it used during the primary trading session. However, the issuer's Rule 10b-18 purchase may not be the opening transaction of the session following the close of the primary trading session.

*Price of purchases.* Rule 10b-18 purchases must be effected at a purchase price that:

Does not exceed the highest independent bid or the last independent transaction price, whichever is higher, quoted or reported in the consolidated system at the time the Rule 10b-18 purchase is effected;

For securities for which bids and transaction prices are not quoted or reported in the consolidated system, Rule 10b-18 purchases must be effected at a purchase price that does not exceed the highest independent bid or the last independent transaction price, whichever is higher, displayed and disseminated on any national securities exchange or on any inter-dealer quotation system (as defined in Rule 15c2-11) that displays at least two priced quotations for the security, at the time the Rule 10b-18 purchase is effected; and

For all other securities, Rule 10b-18 purchases must be effected at a price no higher than the highest independent bid obtained from three independent dealers.

*Volume of purchases.* The total volume of Rule 10b-18 purchases effected by or for the issuer and any affiliated purchasers effected on any single day must not exceed 25 percent of the ADTV for that security; However, once each week, in lieu of purchasing under the 25 percent of ADTV limit for that day, the issuer or an affiliated purchaser of the issuer may effect one block purchase if:

No other Rule 10b-18 purchases are effected that day, and

The block purchase is not included when calculating a security's four week ADTV under this section.

*Alternative conditions.* The conditions of paragraph (b) of this section shall apply in connection with Rule 10b-18 purchases effected during a trading session following the imposition of a market-wide trading suspension, except:

That the time of purchases condition in paragraph (b)(2) of this section shall not apply, either:

From the reopening of trading until the scheduled close of trading on the day that the market-wide trading suspension is imposed; or

At the opening of trading on the next trading day until the scheduled close of trading that day, if a market-wide trading suspension was in effect at the close of trading on the preceding day; and

The volume of purchases condition in paragraph (b)(4) of this section is modified so that the amount of Rule 10b-18 purchases must not exceed 100 percent of the ADTV for that security.

*Other purchases.* No presumption shall arise that an issuer or an affiliated purchaser has violated the anti-manipulation provisions of sections 9(a)(2) or 10(b) of the Act, or Rule 10b-5 under the Act, if the Rule 10b-18 purchases of such issuer or affiliated purchaser do not meet the conditions specified in paragraph (b) or (c) of this section.

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## Regulatory History

47 FR 53339, Nov. 26, 1982, as amended by 62 FR 520, 543, Jan. 3, 1997, 62 FR 11321, 11323, March 12, 1997, 64 FR 52428, 52433, Sept. 29, 1999, 68 FR 64952, Nov. 17, 2003; 70 FR 37496, 37618, June 29, 2005.



**FURTHER EXPLANATIONS PERTAINING TO RULES REFERENCED ABOVE:**

**SECTION 9 OF THE SECURITIES ACT OF 1934 (AS AMENDED):**

**Manipulation of Security Prices**

- a. Transactions relating to purchase or sale of security

It shall be unlawful for any person, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange, or for any member of a national securities exchange--

1. For the purpose of creating a false or misleading appearance of active trading in any security registered on a national securities exchange, or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or (B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or (C) to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.
2. To effect, alone or with one or more other persons, a series of transactions in any security registered on a national securities exchange or in connection with any security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.
3. If a dealer or broker, or other person selling or offering for sale or purchasing or offering to purchase the security or a security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security, to induce the purchase or sale of any security registered on a national securities exchange or any security based swap agreement (as defined in section 206B of the Gramm-Leach Bliley Act) with respect to such security by the circulation or dissemination in the ordinary course of business of information to the effect that the price of any such security will or is likely to rise or fall because of market operations of any one or more persons conducted for the purpose of raising or depressing the price of such security.

4. If a dealer or broker, or the person selling or offering for sale or purchasing or offering to purchase the security or a security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security, to make, regarding any security registered on a national securities exchange or any security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security, for the purpose of inducing the purchase or sale of such security or such security-based swap agreement, any statement which was at the time and in the light of the circumstances under which it was made, false or misleading with respect to any material fact, and which he knew or had reasonable ground to believe was so false or misleading.
  5. For a consideration, received directly or indirectly from a dealer or broker, or other person selling or offering for sale or purchasing or offering to purchase the security or a security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security, to induce the purchase of any security registered on a national securities exchange or any security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) with respect to such security by the circulation or dissemination of information to the effect that the price of any such security will or is likely to rise or fall because of the market operations of any one or more persons conducted for the purpose of raising or depressing the price of such security.
  6. To effect either alone or with one or more other persons any series of transactions for the purchase and/or sale of any security registered on a national securities exchange for the purpose of pegging, fixing, or stabilizing the price of such security in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.
- b. Transactions relating to puts, calls, straddles, or options

It shall be unlawful for any person to effect, by use of any facility of a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors--

1. any transaction in connection with any security whereby any party to such transaction acquires (A) any put, call, straddle, or other option or privilege of buying the security from or selling the security to another without being bound to do so; or (B) any security futures product on the security; or
2. any transaction in connection with any security with relation to which he has, directly or indirectly, any interest in any (A) such put, call, straddle, option, or privilege; or (B) such security futures product; or

3. any transaction in any security for the account of any person who he has reason to believe has, and who actually has, directly or indirectly, any interest in any (A) such put, call, straddle, option, or privilege; or (B) such security futures product with relation to such security.

- c. Endorsement or guarantee of puts, calls, straddles, or options

It shall be unlawful for any member of a national securities exchange directly or indirectly to endorse or guarantee the performance of any put, call, straddle, option, or privilege in relation to any security registered on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

- d. Registered warrant, right, or convertible security not included in "put", "call", "straddle", or "option"

The terms "put", "call", "straddle", "option", or "privilege" as used in this section shall not include any registered warrant, right, or convertible security.

- e. Persons liable; suits at law or in equity

Any person who willfully participates in any act or transaction in violation of subsections (a), (b), or (c) of this section, shall be liable to any person who shall purchase or sell any security at a price which was affected by such act or transaction, and the person so injured may sue in law or in equity in any court of competent jurisdiction to recover the damages sustained as a result of any such act or transaction. In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit, and assess reasonable costs, including reasonable attorneys' fees, against either party litigant. Every person who becomes liable to make any payment under this subsection may recover contribution as in cases of contract from any person who, if joined in the original suit, would have been liable to make the same payment. No action shall be maintained to enforce any liability created under this section, unless brought within one year after the discovery of the facts constituting the violation and within three years after such violation.

- f. Subsection (a) not applicable to exempted securities

The provisions of subsection (a) of this section shall not apply to an exempted security.

g. Foreign currencies

1. Notwithstanding any other provision of law, the Commission shall have the authority to regulate the trading of any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency (but not, with respect to any of the foregoing, an option on a contract for future delivery other than a security futures product).
2. Notwithstanding the Commodity Exchange Act, the Commission shall have the authority to regulate the trading of any security futures product to the extent provided in the securities laws.

h. Limitations on practices that affect market volatility

It shall be unlawful for any person, by the use of the mails or any means or instrumentality of interstate commerce or of any facility of any national securities exchange, to use or employ any act or practice in connection with the purchase or sale of any equity security in contravention of such rules or regulations as the Commission may adopt, consistent with the public interest, the protection of investors, and the maintenance of fair and orderly markets--

1. to prescribe means reasonably designed to prevent manipulation of price levels of the equity securities market or a substantial segment thereof; and
2. to prohibit or constrain, during periods of extraordinary market volatility, any trading practice in connection with the purchase or sale of equity securities that the Commission determines (A) has previously contributed significantly to extraordinary levels of volatility that have threatened the maintenance of fair and orderly markets; and (B) is reasonably certain to engender such levels of volatility if not prohibited or constrained.

In adopting rules under paragraph (2), the Commission shall, consistent with the purposes of this subsection, minimize the impact on the normal operations of the market and a natural person's freedom to buy or sell any equity security.

i. Limitation

The authority of the Commission under this section with respect to security-based swap agreements (as defined in section 206B of the Gramm-Leach-Bliley Act) shall be subject to the restrictions and limitations of section 3A(b).

## Legislative History

June 6, 1934, c. 404, Title I, § 9, 48 Stat. 889; Oct. 13, 1982, Pub.L. 97 303, § 3, 96 Stat. 1409; Oct. 16, 1990, Pub.L. 101-432, § 6(a), 104 Stat. 975; Dec. 21, 2000, Pub.L. 106-554, § 1(a)(5), 114 Stat. 2763.

### **RULE 10b-5 OF THE SECURITIES ACT OF 1934 (AS AMENDED):**

#### EMPLOYMENT OF MANIPULATIVE OR DECEPTIVE PRACTISES:

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,

- a. To employ any device, scheme, or artifice to defraud,
  - b. To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or
  - c. To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,
- in connection with the purchase or sale of any security.

#### **Regulatory History**

13 FR 8183, Dec. 22, 1948, as amended at 16 FR 7928, Aug. 11, 1951

### **ITEM 703 OF REGULATIONS S-K:**

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

- a. In the following tabular format, provide the information specified in paragraph (b) of this Item with respect to any purchase made by or on behalf of the issuer or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) of this chapter, of shares or other units of any class of the issuer's equity securities that is registered by the issuer pursuant to section 12 of the Exchange Act.

ISSUER PURCHASES OF EQUITY SECURITIES				
Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (identify beginning and ending dates)				
Month #2 (identify beginning and ending dates)				
Month #3 (identify beginning and ending dates)				
Total				

- b. The table shall include the following information for each class or series of securities for each month included in the period covered by the report:

The total number of shares (or units) purchased (column (a));

*Instruction to paragraph (b)(1) of Item 703*

Include in this column all issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Briefly disclose, by footnote to the table, the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction (e.g., whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).

The average price paid per share (or unit) (column (b));

The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (column (c)); and

The maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (column (d)).

*Instructions to paragraphs (b)(3) and (b)(4) of Item 703*

1. In the table, disclose this information in the aggregate for all plans or programs publicly announced.
2. By footnote to the table, indicate:
  - a. The date each plan or program was announced;
  - b. The dollar amount (or share or unit amount) approved;
  - c. The expiration date (if any) of each plan or program;
  - d. Each plan or program that has expired during the period covered by the table; and
  - e. Each plan or program the issuer has determined to terminate prior to expiration, or under which the issuer does not intend to make further purchases.

*Instruction to Item 703*

Disclose all purchases covered by this Item, including purchases that do not satisfy the conditions of the safe harbor of Rule 10b-18 of this chapter.

## Regulatory History

47 FR 11401, Mar. 16, 1982 as amended by 68 FR 64952, Nov. 17, 2003.

### **RULE 165 OF THE SECURITIES ACT OF 1934 (AS AMENDED):**

#### **Offers Made in Connection with a Business Combination Transaction**

##### **Preliminary:**

This section is available only to communications relating to business combinations. The exemption does not apply to communications that may be in technical compliance with this section, but have the primary purpose or effect of conditioning the market for another transaction, such as a capital-raising or resale transaction.

- a. Communications before a registration statement is filed.

Notwithstanding section 5(c) of the Act, the offeror of securities in a business combination transaction to be registered under the Act may make an offer to sell or solicit an offer to buy those securities from and including the first public announcement until the filing of a registration statement related to the transaction, so long as any written communication (other than non-public communications among participants) made in connection with or relating to the transaction (i.e., prospectus) is filed in accordance with Rule 425 and the conditions in paragraph (c) of this section are satisfied.

- b. Communications after a registration statement is filed.

Notwithstanding section 5(b)(1) of the Act, any written communication (other than non-public communications among participants) made in connection with or relating to a business combination transaction (i.e., prospectus) after the filing of a registration statement related to the transaction need not satisfy the requirements of section 10 of the Act, so long as the prospectus is filed in accordance with Rule 424 or Rule 425 and the conditions in paragraph (c) of this section are satisfied.

- c. Conditions.

To rely on paragraphs (a) and (b) of this section:

1. Each prospectus must contain a prominent legend that urges investors to read the relevant documents filed or to be filed with the Commission because they contain important information. The legend also must explain to investors that they can get the documents for free at the Commission's web site and describe which documents are available free from the offeror; and



2. In an exchange offer, the offer must be made in accordance with the applicable tender offer rules (Rule 14d-1 through Rule 14e-8); and, in a transaction involving the vote of security holders, the offer must be made in accordance with the applicable proxy or information statement rules (Rule 14a-1 through Rule 14a-101 and Rule 14c-1 through Rule 14c-101).

d. Applicability.

This section is applicable not only to the offeror of securities in a business combination transaction, but also to any other participant that may need to rely on and complies with this section in communicating about the transaction.

e. Failure to file or delay in filing.

An immaterial or unintentional failure to file or delay in filing a prospectus described in this section will not result in a violation of section 5(b)(1) or (c) of the Act, so long as:

1. A good faith and reasonable effort was made to comply with the filing requirement; and
2. The prospectus is filed as soon as practicable after discovery of the failure to file.

f. Definitions.

1. A business combination transaction means any transaction specified in Rule 145(a) or exchange offer;
2. A participant is any person or entity that is a party to the business combination transaction and any persons authorized to act on their behalf; and
3. Public announcement is any oral or written communication by a participant that is reasonably designed to, or has the effect of, informing the public or security holders in general about the business combination transaction.

Regulatory History:

64 FR 61408, 61450, Nov. 10, 1999

### **DELAWARE STATE RESTRICTIONS ON STOCK REPURCHASES:**

The Corporation is incorporated in the State of Delaware.

Certain provisions of the Delaware General Corporation Law (“DGCL”) contain restrictions regarding legally available funds that apply to repurchases of shares of capital stock. Under DGCL Section 160, a Delaware corporation cannot purchase shares of its capital stock when the purchase “would cause any impairment of the capital of the corporation.”

The Directors of the Corporation have ensured that this requirement has been met.

## **APPLICABLE DELAWARE STATE LAW REQUIREMENTS PERTAINING TO STOCK REPURCHASES:**

### **TITLE 8**

#### **Corporations**

#### **CHAPTER 1. GENERAL CORPORATION LAW**

#### **Subchapter V. Stock and Dividends**

§ 151 Classes and series of stock; redemption; rights.

- (a) Every corporation may issue 1 or more classes of stock or 1 or more series of stock within any class thereof, any or all of which classes may be of stock with par value or stock without par value and which classes or series may have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the certificate of incorporation or of any amendment thereto, or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of its certificate of incorporation. Any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of any such class or series of stock may be made dependent upon facts ascertainable outside the certificate of incorporation or of any amendment thereto, or outside the resolution or resolutions providing for the issue of such stock adopted by the board of directors pursuant to authority expressly vested in it by its certificate of incorporation, provided that the manner in which such facts shall operate upon the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of such class or series of stock is clearly and expressly set forth in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors. The term "facts," as used in this subsection, includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation. The power to increase or decrease or otherwise adjust the capital stock as provided in this chapter shall apply to all or any such classes of stock.
- (b) Any stock of any class or series may be made subject to redemption by the corporation at its option or at the option of the holders of such stock or upon the happening of a specified event; provided however, that immediately following any such redemption the corporation shall have outstanding 1 or more shares of 1 or more classes or series of stock, which share, or shares together, shall have full voting powers. Notwithstanding the limitation stated in the foregoing proviso:
  - (1) Any stock of a regulated investment company registered under the Investment Company Act of 1940 [15 U.S.C. § 80 a-1 et seq.], as heretofore or hereafter amended, may be made subject to redemption by the corporation at its option or at the option of the holders of such stock.

- (2) Any stock of a corporation which holds (directly or indirectly) a license or franchise from a governmental agency to conduct its business or is a member of a national securities exchange, which license, franchise or membership is conditioned upon some or all of the holders of its stock possessing prescribed qualifications, may be made subject to redemption by the corporation to the extent necessary to prevent the loss of such license, franchise or membership or to reinstate it.

Any stock which may be made redeemable under this section may be redeemed for cash, property or rights, including securities of the same or another corporation, at such time or times, price or prices, or rate or rates, and with such adjustments, as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors pursuant to subsection (a) of this section.

- (c) The holders of preferred or special stock of any class or of any series thereof shall be entitled to receive dividends at such rates, on such conditions and at such times as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors as hereinabove provided, payable in preference to, or in such relation to, the dividends payable on any other class or classes or of any other series of stock, and cumulative or noncumulative as shall be so stated and expressed. When dividends upon the preferred and special stocks, if any, to the extent of the preference to which such stocks are entitled, shall have been paid or declared and set apart for payment, a dividend on the remaining class or classes or series of stock may then be paid out of the remaining assets of the corporation available for dividends as elsewhere in this chapter provided.
- (d) The holders of the preferred or special stock of any class or of any series thereof shall be entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the corporation as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors as hereinabove provided.
- (e) Any stock of any class or of any series thereof may be made convertible into, or exchangeable for, at the option of either the holder or the corporation or upon the happening of a specified event, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation, at such price or prices or at such rate or rates of exchange and with such adjustments as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors as hereinabove provided.

- (f) If any corporation shall be authorized to issue more than 1 class of stock or more than 1 series of any class, the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in § 202 of this title, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or § 156, § 202(a) or § 218(a) of this title or with respect to this section a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.
- (g) When any corporation desires to issue any shares of stock of any class or of any series of any class of which the powers, designations, preferences and relative, participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof, if any, shall not have been set forth in the certificate of incorporation or in any amendment thereto but shall be provided for in a resolution or resolutions adopted by the board of directors pursuant to authority expressly vested in it by the certificate of incorporation or any amendment thereto, a certificate of designations setting forth a copy of such resolution or resolutions and the number of shares of stock of such class or series as to which the resolution or resolutions apply shall be executed, acknowledged, filed and shall become effective, in accordance with § 103 of this title. Unless otherwise provided in any such resolution or resolutions, the number of shares of stock of any such series to which such resolution or resolutions apply may be increased (but not above the total number of authorized shares of the class) or decreased (but not below the number of shares thereof then outstanding) by a certificate likewise executed, acknowledged and filed setting forth a statement that a specified increase or decrease therein had been authorized and directed by a resolution or resolutions likewise adopted by the board of directors. In case the number of such shares shall be decreased the number of shares so specified in the certificate shall resume the status which they had prior to the adoption of the first resolution or resolutions. When no shares of any such class or series are outstanding, either because none were issued or because no issued shares of any such class or series remain outstanding, a certificate setting forth a resolution or resolutions adopted by the board of directors that none of the authorized shares of such class or series are outstanding, and that none will be issued subject to the certificate of designations previously filed with respect to such class or series, may be executed, acknowledged and filed in accordance with § 103 of this title and, when

such certificate becomes effective, it shall have the effect of eliminating from the certificate of incorporation all matters set forth in the certificate of designations with respect to such class or series of stock. Unless otherwise provided in the certificate of incorporation, if no shares of stock have been issued of a class or series of stock established by a resolution of the board of directors, the voting powers, designations, preferences and relative, participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof, may be amended by a resolution or resolutions adopted by the board of directors. A certificate which:

- (1) States that no shares of the class or series have been issued;
- (2) Sets forth a copy of the resolution or resolutions; and
- (3) If the designation of the class or series is being changed, indicates the original designation and the new designation,

shall be executed, acknowledged and filed and shall become effective, in accordance with § 103 of this title. When any certificate filed under this subsection becomes effective, it shall have the effect of amending the certificate of incorporation; except that neither the filing of such certificate nor the filing of a restated certificate of incorporation pursuant to § 245 of this title shall prohibit the board of directors from subsequently adopting such resolutions as authorized by this subsection.

8 Del. C. 1953, § 151; 56 Del. Laws, c. 50; 57 Del. Laws, c. 148, §§ 8, 9; 57 Del. Laws, c. 421, §§ 3, 4; 59 Del. Laws, c. 106, § 1; 64 Del. Laws, c. 112, §§ 8-10; 65 Del. Laws, c. 127, § 4; 66 Del. Laws, c. 136, § 4; 67 Del. Laws, c. 376, § 4; 69 Del. Laws, c. 264, § 1; 70 Del. Laws, c. 587, § 12; 71 Del. Laws, c. 339, § 18.;

§ 152 Issuance of stock; lawful consideration; fully paid stock.

The consideration, as determined pursuant to § 153(a) and (b) of this title, for subscriptions to, or the purchase of, the capital stock to be issued by a corporation shall be paid in such form and in such manner as the board of directors shall determine. The board of directors may authorize capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the corporation, or any combination thereof. The board of directors may determine the amount of such consideration by approving a formula by which the amount of consideration is determined. In the absence of actual fraud in the transaction, the judgment of the directors as to the value of such consideration shall be conclusive. The capital stock so issued shall be deemed to be fully paid and nonassessable stock upon receipt by the corporation of such consideration; provided, however, nothing contained herein shall prevent the board of directors from issuing partly paid shares under § 156 of this title.

8 Del. C. 1953, § 152; 56 Del. Laws, c. 50; 59 Del. Laws, c. 437, § 8; 74 Del. Laws, c. 326, § 3; 79 Del. Laws, c. 72, § 3.;

§ 153 Consideration for stock.

- (a) Shares of stock with par value may be issued for such consideration, having a value not less than the par value thereof, as determined from time to time by the board of directors, or by the stockholders if the certificate of incorporation so provides.
- (b) Shares of stock without par value may be issued for such consideration as is determined from time to time by the board of directors, or by the stockholders if the certificate of incorporation so provides.
- (c) Treasury shares may be disposed of by the corporation for such consideration as may be determined from time to time by the board of directors, or by the stockholders if the certificate of incorporation so provides.
- (d) If the certificate of incorporation reserves to the stockholders the right to determine the consideration for the issue of any shares, the stockholders shall, unless the certificate requires a greater vote, do so by a vote of a majority of the outstanding stock entitled to vote thereon.

8 Del. C. 1953, § 153; 56 Del. Laws, c. 50; 57 Del. Laws, c. 148, § 10.;

§ 154 Determination of amount of capital; capital, surplus and net assets defined.

Any corporation may, by resolution of its board of directors, determine that only a part of the consideration which shall be received by the corporation for any of the shares of its capital stock which it shall issue from time to time shall be capital; but, in case any of the shares issued shall be shares having a par value, the amount of the part of such consideration so determined to be capital shall be in excess of the aggregate par value of the shares issued for such consideration having a par value, unless all the shares issued shall be shares having a par value, in which case the amount of the part of such consideration so determined to be capital need be only equal to the aggregate par value of such shares. In each such case the board of directors shall specify in dollars the part of such consideration which shall be capital. If the board of directors shall not have determined (1) at the time of issue of any shares of the capital stock of the corporation issued for cash or (2) within 60 days after the issue of any shares of the capital stock of the corporation issued for consideration other than cash what part of the consideration for such shares shall be capital, the capital of the corporation in respect of such shares shall be an amount equal to the aggregate par value of such shares having a par value, plus the amount of the consideration for such shares without par value. The amount of the consideration so determined to be capital in respect of any shares without par value shall be the stated capital of such shares. The capital of the corporation may be increased from time to time by resolution of the board of directors directing that a portion of the net assets of the corporation in excess of the amount so determined to be capital be transferred to the capital account. The board of directors may direct that the portion of such net assets so transferred shall be treated as capital in respect of any shares of the corporation of any designated class or classes. The excess, if any, at any given time, of the net assets of the corporation over the amount so determined to be capital shall be surplus. Net assets means the amount by which total assets exceed total liabilities. Capital and surplus are not liabilities for this purpose. Notwithstanding anything in this section to the contrary, for purposes of this section and §§ 160 and 170 of this title, the capital of any nonstock corporation shall be deemed to be zero.

8 Del. C. 1953, § 154; 56 Del. Laws, c. 50; 59 Del. Laws, c. 106, § 2; 74 Del. Laws, c. 326, § 4; 77 Del. Laws, c. 253, § 15.;

#### § 155 Fractions of shares.

A corporation may, but shall not be required to, issue fractions of a share. If it does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined or (3) issue scrip or warrants in registered form (either represented by a certificate or uncertificated) or in bearer form (represented by a certificate) which shall entitle the holder to receive a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share or an uncertificated fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon and to participate in any of the assets of the corporation in the event of liquidation. The board of directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing the full shares or uncertificated full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the board of directors may impose.

8 Del. C. 1953, § 155; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 7; 57 Del. Laws, c. 148, § 11; 64 Del. Laws, c. 112, § 11.;

#### § 156 Partly paid shares.

Any corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8 Del. C. 1953, § 156; 56 Del. Laws, c. 50; 64 Del. Laws, c. 112, § 12.;

#### § 157 Rights and options respecting stock.

- (a) Subject to any provisions in the certificate of incorporation, every corporation may create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the corporation, rights or options entitling the holders thereof to acquire from the corporation any shares of its capital stock of any class or classes, such rights or options to be evidenced by or in such instrument or instruments as shall be approved by the board of directors.



- (b) The terms upon which, including the time or times which may be limited or unlimited in duration, at or within which, and the consideration (including a formula by which such consideration may be determined) for which any such shares may be acquired from the corporation upon the exercise of any such right or option, shall be such as shall be stated in the certificate of incorporation, or in a resolution adopted by the board of directors providing for the creation and issue of such rights or options, and, in every case, shall be set forth or incorporated by reference in the instrument or instruments evidencing such rights or options. In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the issuance of such rights or options and the sufficiency thereof shall be conclusive.
- (c) The board of directors may, by a resolution adopted by the board, authorize 1 or more officers of the corporation to do 1 or both of the following: (i) designate officers and employees of the corporation or of any of its subsidiaries to be recipients of such rights or options created by the corporation, and (ii) determine the number of such rights or options to be received by such officers and employees; provided, however, that the resolution so authorizing such officer or officers shall specify the total number of rights or options such officer or officers may so award. The board of directors may not authorize an officer to designate himself or herself as a recipient of any such rights or options.
- (d) In case the shares of stock of the corporation to be issued upon the exercise of such rights or options shall be shares having a par value, the consideration so to be received therefor shall have a value not less than the par value thereof. In case the shares of stock so to be issued shall be shares of stock without par value, the consideration therefor shall be determined in the manner provided in § 153 of this title.

8 Del. C. 1953, § 157; 56 Del. Laws, c. 50; 70 Del. Laws, c. 186, § 1; 73 Del. Laws, c. 82, §§ 4-7; 74 Del. Laws, c. 326, §§ 5-7.;

#### § 158 Stock certificates; uncertificated shares.

The shares of a corporation shall be represented by certificates, provided that the board of directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by the chairperson or vice-chairperson of the board of directors, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. A corporation shall not have power to issue a certificate in bearer form.

8 Del. C. 1953, § 158; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 8; 58 Del. Laws, c. 235, § 2; 64 Del. Laws, c. 112, § 13; 71 Del. Laws, c. 339, § 19; 73 Del. Laws, c. 298, § 3; 75 Del. Laws, c. 30, § 2.;

§ 159 Shares of stock; personal property, transfer and taxation.

The shares of stock in every corporation shall be deemed personal property and transferable as provided in Article 8 of subtitle I of Title 6. No stock or bonds issued by any corporation organized under this chapter shall be taxed by this State when the same shall be owned by nonresidents of this State, or by foreign corporations. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of transfer if, when the certificates are presented to the corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the corporation to do so.

8 Del. C. 1953, § 159; 56 Del. Laws, c. 50; 64 Del. Laws, c. 112, § 14.;

§ 160 Corporation's powers respecting ownership, voting, etc., of its own stock; rights of stock called for redemption.

- (a) Every corporation may purchase, redeem, receive, take or otherwise acquire, own and hold, sell, lend, exchange, transfer or otherwise dispose of, pledge, use and otherwise deal in and with its own shares; provided, however, that no corporation shall:
  - (1) Purchase or redeem its own shares of capital stock for cash or other property when the capital of the corporation is impaired or when such purchase or redemption would cause any impairment of the capital of the corporation, except that a corporation other than a nonstock corporation may purchase or redeem out of capital any of its own shares which are entitled upon any distribution of its assets, whether by dividend or in liquidation, to a preference over another class or series of its stock, or, if no shares entitled to such a preference are outstanding, any of its own shares, if such shares will be retired upon their acquisition and the capital of the corporation reduced in accordance with §§ 243 and 244 of this title. Nothing in this subsection shall invalidate or otherwise affect a note, debenture or other obligation of a corporation given by it as consideration for its acquisition by purchase, redemption or exchange of its shares of stock if at the time such note, debenture or obligation was delivered by the corporation its capital was not then impaired or did not thereby become impaired;
  - (2) Purchase, for more than the price at which they may then be redeemed, any of its shares which are redeemable at the option of the corporation; or
  - (3)a. In the case of a corporation other than a nonstock corporation, redeem any of its shares, unless their redemption is authorized by § 151(b) of this title and then only in accordance with such section and the certificate of incorporation, or
    - b. In the case of a nonstock corporation, redeem any of its membership interests, unless their redemption is authorized by the certificate of incorporation and then only in accordance with the certificate of incorporation.
- (b) Nothing in this section limits or affects a corporation's right to resell any of its shares theretofore purchased or redeemed out of surplus and which have not been retired, for such consideration as shall be fixed by the board of directors.

- (c) Shares of its own capital stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes. Nothing in this section shall be construed as limiting the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.
- (d) Shares which have been called for redemption shall not be deemed to be outstanding shares for the purpose of voting or determining the total number of shares entitled to vote on any matter on and after the date on which written notice of redemption has been sent to holders thereof and a sum sufficient to redeem such shares has been irrevocably deposited or set aside to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

8 Del. C. 1953, § 160; 56 Del. Laws, c. 50; 57 Del. Laws, c. 649, § 1; 59 Del. Laws, c. 106, § 3; 59 Del. Laws, c. 437, § 9; 70 Del. Laws, c. 349, § 3; 77 Del. Laws, c. 253, §§ 16, 17.;

#### § 161 Issuance of additional stock; when and by whom.

The directors may, at any time and from time to time, if all of the shares of capital stock which the corporation is authorized by its certificate of incorporation to issue have not been issued, subscribed for, or otherwise committed to be issued, issue or take subscriptions for additional shares of its capital stock up to the amount authorized in its certificate of incorporation.

8 Del. C. 1953, § 161; 56 Del. Laws, c. 50.;

#### § 162 Liability of stockholder or subscriber for stock not paid in full.

- (a) When the whole of the consideration payable for shares of a corporation has not been paid in, and the assets shall be insufficient to satisfy the claims of its creditors, each holder of or subscriber for such shares shall be bound to pay on each share held or subscribed for by such holder or subscriber the sum necessary to complete the amount of the unpaid balance of the consideration for which such shares were issued or are to be issued by the corporation.
- (b) The amounts which shall be payable as provided in subsection (a) of this section may be recovered as provided in § 325 of this title, after a writ of execution against the corporation has been returned unsatisfied as provided in said § 325.
- (c) Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefor has not been paid shall not be personally liable for any unpaid portion of such consideration, but the transferor shall remain liable therefor.
- (d) No person holding shares in any corporation as collateral security shall be personally liable as a stockholder but the person pledging such shares shall be considered the holder thereof and shall be so liable. No executor, administrator, guardian, trustee or other fiduciary shall be personally liable as a stockholder, but the estate or funds held by such executor, administrator, guardian, trustee or other fiduciary in such fiduciary capacity shall be liable.

- (e) No liability under this section or under § 325 of this title shall be asserted more than 6 years after the issuance of the stock or the date of the subscription upon which the assessment is sought.
- (f) In any action by a receiver or trustee of an insolvent corporation or by a judgment creditor to obtain an assessment under this section, any stockholder or subscriber for stock of the insolvent corporation may appear and contest the claim or claims of such receiver or trustee.

8 Del. C. 1953, § 162; 56 Del. Laws, c. 50; 71 Del. Laws, c. 339, § 20.;

#### § 163 Payment for stock not paid in full.

The capital stock of a corporation shall be paid for in such amounts and at such times as the directors may require. The directors may, from time to time, demand payment, in respect of each share of stock not fully paid, of such sum of money as the necessities of the business may, in the judgment of the board of directors, require, not exceeding in the whole the balance remaining unpaid on said stock, and such sum so demanded shall be paid to the corporation at such times and by such installments as the directors shall direct. The directors shall give written notice of the time and place of such payments, which notice shall be mailed at least 30 days before the time for such payment, to each holder of or subscriber for stock which is not fully paid at such holder's or subscriber's last known post-office address.

8 Del. C. 1953, § 163; 56 Del. Laws, c. 50; 71 Del. Laws, c. 339, § 21.;

#### § 164 Failure to pay for stock; remedies.

When any stockholder fails to pay any installment or call upon such stockholder's stock which may have been properly demanded by the directors, at the time when such payment is due, the directors may collect the amount of any such installment or call or any balance thereof remaining unpaid, from the said stockholder by an action at law, or they shall sell at public sale such part of the shares of such delinquent stockholder as will pay all demands then due from such stockholder with interest and all incidental expenses, and shall transfer the shares so sold to the purchaser, who shall be entitled to a certificate therefor.

Notice of the time and place of such sale and of the sum due on each share shall be given by advertisement at least 1 week before the sale, in a newspaper of the county in this State where such corporation's registered office is located, and such notice shall be mailed by the corporation to such delinquent stockholder at such stockholder's last known post-office address, at least 20 days before such sale.

If no bidder can be had to pay the amount due on the stock, and if the amount is not collected by an action at law, which may be brought within the county where the corporation has its registered office, within 1 year from the date of the bringing of such action at law, the said stock and the amount previously paid in by the delinquent stockholder on the stock shall be forfeited to the corporation.

8 Del. C. 1953, § 164; 56 Del. Laws, c. 50; 59 Del. Laws, c. 106, § 4; 71 Del. Laws, c. 339, § 22.;

§ 165 Revocability of preincorporation subscriptions.

Unless otherwise provided by the terms of the subscription, a subscription for stock of a corporation to be formed shall be irrevocable, except with the consent of all other subscribers or the corporation, for a period of 6 months from its date.

8 Del. C. 1953, § 165; 56 Del. Laws, c. 50.;

§ 166 Formalities required of stock subscriptions.

A subscription for stock of a corporation, whether made before or after the formation of a corporation, shall not be enforceable against a subscriber, unless in writing and signed by the subscriber or by such subscriber's agent.

8 Del. C. 1953, § 166; 56 Del. Laws, c. 50; 71 Del. Laws, c. 339, § 23.;

§ 167 Lost, stolen or destroyed stock certificates; issuance of new certificate or uncertificated shares.

A corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

8 Del. C. 1953, § 167; 56 Del. Laws, c. 50; 64 Del. Laws, c. 112, § 15; 71 Del. Laws, c. 339, § 24.;

§ 168 Judicial proceedings to compel issuance of new certificate or uncertificated shares.

- (a) If a corporation refuses to issue new uncertificated shares or a new certificate of stock in place of a certificate theretofore issued by it, or by any corporation of which it is the lawful successor, alleged to have been lost, stolen or destroyed, the owner of the lost, stolen or destroyed certificate or such owner's legal representatives may apply to the Court of Chancery for an order requiring the corporation to show cause why it should not issue new uncertificated shares or a new certificate of stock in place of the certificate so lost, stolen or destroyed. Such application shall be by a complaint which shall state the name of the corporation, the number and date of the certificate, if known or ascertainable by the plaintiff, the number of shares of stock represented thereby and to whom issued, and a statement of the circumstances attending such loss, theft or destruction. Thereupon the court shall make an order requiring the corporation to show cause at a time and place therein designated, why it should not issue new uncertificated shares or a new certificate of stock in place of the one described in the complaint. A copy of the complaint and order shall be served upon the corporation at least 5 days before the time designated in the order.

- (b) If, upon hearing, the court is satisfied that the plaintiff is the lawful owner of the number of shares of capital stock, or any part thereof, described in the complaint, and that the certificate therefor has been lost, stolen or destroyed, and no sufficient cause has been shown why new uncertificated shares or a new certificate should not be issued in place thereof, it shall make an order requiring the corporation to issue and deliver to the plaintiff new uncertificated shares or a new certificate for such shares. In its order the court shall direct that, prior to the issuance and delivery to the plaintiff of such new uncertificated shares or a new certificate, the plaintiff give the corporation a bond in such form and with such security as to the court appears sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new uncertificated shares or new certificate. No corporation which has issued uncertificated shares or a certificate pursuant to an order of the court entered hereunder shall be liable in an amount in excess of the amount specified in such bond.

8 Del. C. 1953, § 168; 56 Del. Laws, c. 50; 64 Del. Laws, c. 112, § 16; 71 Del. Laws, c. 339, § 25.;

#### § 169 Situs of ownership of stock.

For all purposes of title, action, attachment, garnishment and jurisdiction of all courts held in this State, but not for the purpose of taxation, the situs of the ownership of the capital stock of all corporations existing under the laws of this State, whether organized under this chapter or otherwise, shall be regarded as in this State.

8 Del. C. 1953, § 169; 56 Del. Laws, c. 50.;

#### § 170 Dividends; payment; wasting asset corporations.

- (a) The directors of every corporation, subject to any restrictions contained in its certificate of incorporation, may declare and pay dividends upon the shares of its capital stock either:

- (1) Out of its surplus, as defined in and computed in accordance with §§ 154 and 244 of this title; or
- (2) In case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

If the capital of the corporation, computed in accordance with §§ 154 and 244 of this title, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, the directors of such corporation shall not declare and pay out of such net profits any dividends upon any shares of any classes of its capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired. Nothing in this subsection shall invalidate or otherwise affect a note, debenture or other obligation of the corporation paid by it as a dividend on shares of its stock, or any payment made thereon, if at the time such note, debenture or obligation was delivered by the corporation, the corporation had either surplus or net profits as provided in (a)(1) or (2) of this section from which the dividend could lawfully have been paid.

- (b) Subject to any restrictions contained in its certificate of incorporation, the directors of any corporation engaged in the exploitation of wasting assets (including but not limited to a corporation engaged in the exploitation of natural resources or other wasting assets, including patents, or engaged primarily in the liquidation of specific assets) may determine the net profits derived from the exploitation of such wasting assets or the net proceeds derived from such liquidation without taking into consideration the depletion of such assets resulting from lapse of time, consumption, liquidation or exploitation of such assets.

8 Del. C. 1953, § 170; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 9; 59 Del. Laws, c. 106, § 5; 64 Del. Laws, c. 112, § 17; 67 Del. Laws, c. 376, § 5; 69 Del. Laws, c. 61, § 3; 72 Del. Laws, c. 123, § 3; 77 Del. Laws, c. 253, § 18.;

#### § 171 Special purpose reserves.

The directors of a corporation may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

8 Del. C. 1953, § 171; 56 Del. Laws, c. 50.;

#### § 172 Liability of directors and committee members as to dividends or stock redemption.

A member of the board of directors, or a member of any committee designated by the board of directors, shall be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of its officers or employees, or committees of the board of directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation, as to the value and amount of the assets, liabilities and/or net profits of the corporation or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which the corporation's stock might properly be purchased or redeemed.

8 Del. C. 1953, § 172; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 10; 66 Del. Laws, c. 136, § 5.;

#### § 173 Declaration and payment of dividends.

No corporation shall pay dividends except in accordance with this chapter. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock. If the dividend is to be paid in shares of the corporation's theretofore unissued capital stock the board of directors shall, by resolution, direct that there be designated as capital in respect of such shares an amount which is not less than the aggregate par value of par value shares being declared as a dividend and, in the case of shares without par value being declared as a dividend, such amount as shall be determined by the board of directors. No such designation as capital shall be necessary if shares are being distributed by a corporation pursuant to a split-up or division of its stock rather than as payment of a dividend declared payable in stock of the corporation.

8 Del. C. 1953, § 173; 56 Del. Laws, c. 50; 59 Del. Laws, c. 437, § 10; 65 Del. Laws, c. 127, § 5.;

§ 174 Liability of directors for unlawful payment of dividend or unlawful stock purchase or redemption; exoneration from liability; contribution among directors; subrogation.

- (a) In case of any wilful or negligent violation of § 160 or § 173 of this title, the directors under whose administration the same may happen shall be jointly and severally liable, at any time within 6 years after paying such unlawful dividend or after such unlawful stock purchase or redemption, to the corporation, and to its creditors in the event of its dissolution or insolvency, to the full amount of the dividend unlawfully paid, or to the full amount unlawfully paid for the purchase or redemption of the corporation's stock, with interest from the time such liability accrued. Any director who may have been absent when the same was done, or who may have dissented from the act or resolution by which the same was done, may be exonerated from such liability by causing his or her dissent to be entered on the books containing the minutes of the proceedings of the directors at the time the same was done, or immediately after such director has notice of the same.
- (b) Any director against whom a claim is successfully asserted under this section shall be entitled to contribution from the other directors who voted for or concurred in the unlawful dividend, stock purchase or stock redemption.
- (c) Any director against whom a claim is successfully asserted under this section shall be entitled, to the extent of the amount paid by such director as a result of such claim, to be subrogated to the rights of the corporation against stockholders who received the dividend on, or assets for the sale or redemption of, their stock with knowledge of facts indicating that such dividend, stock purchase or redemption was unlawful under this chapter, in proportion to the amounts received by such stockholders respectively.

8 Del. C. 1953, § 174; 56 Del. Laws, c. 50; 59 Del. Laws, c. 106, § 6; 71 Del. Laws, c. 339, §§ 26, 27.;

**DATED: JANUARY 13, 2013**

**RONALD YADIN LOWENTHAL**

**EXECUTIVE CHAIRMAN**

**EXHIBITS:**

Directors' Resolution dated January 13, 2014

Frequently Asked Questions about Rule 10b-18 and Stock Repurchase Programs



## **GNCC CAPITAL, INC.**

### **UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS**

Unanimous Resolution of the Board of Directors of GNCC Capital, Inc., a Delaware Corporation (the “Corporation”) related to the repurchase of shares in the Corporation.

We, the undersigned, being all of directors of the Corporation, consent and agree that the corporate resolution was made on January 13, 2014.

Having given due consideration, the directors unanimously consent and agree that the repurchase is desirable and is in the best interest of the Corporation and its shareholders. Accordingly, we do hereby unanimously consent to the proposed share repurchase in accordance with the articles and bylaws of the Corporation, Delaware state law and relevant federal rules and regulations, including relevant securities laws. The board of directors unanimously decided that

1. A share repurchase is in the best interest of the Corporation. The capital of the Corporation is not impaired and such repurchase shall not cause any impairment of the capital of the Corporation.
2. The purpose of the share repurchase is for general corporate purposes.
3. The purchase price upon repurchase not exceed any outstanding option or redemption values.
4. The Board may in its sole discretion elect to retire any and/or all repurchased shares from time to time. Any shares not retired may be retained as treasury shares or used for any other valid corporate purpose.
5. All share repurchases shall be conducted in an open market. No off-market transactions shall be used to effectuate the repurchase of shares of the common stock of the Corporation.
6. There are no significant corporate developments that have not been previously disclosed related to the Corporation other than the issuance of shares of its common stock on December 13, 2013 and in partial settlement of various outstanding convertible loan notes dated May 3, 2010. This conversion became effective prior to the decision to repurchase shares of common stock of the Corporation.
7. All shares repurchased by the Corporation would result in a decrease of the number of freely trading shares of our common stock in free float from time to time.
8. There is no arrangement contractual or otherwise extant related to this repurchase of common shares of the Corporation.
9. Any purchases of our shares of common stock made pursuant to this share repurchase are to be made subject to the various restrictions related to volume, price, and timing as set out in the applicable securities rules and regulations in an effort to minimize the impact of such repurchase on the market for the shares.
10. The share repurchase shall consist of no more than 20% of the issued and outstanding shares of common stock in the Corporation as may be in issuance from time to time. No other classes of securities are affected by the share repurchase.

11. The share repurchase does not conflict with any outstanding loan agreements, restrictions on other classes of securities of the Corporation, or any other commitments of the Corporation.
12. The share repurchase has been duly authorized as evidenced by this resolution and does not conflict or contravene any other corporate policy or rule.
13. The share repurchase shall be funded by a third-party, non-affiliated loan to the Corporation on terms and conditions to be agreed and approved by the Directors.
14. That Ronald Lowenthal shall be granted the authority to implement the stock repurchase.

Therefore, it is resolved that the Corporation shall

1. Appoint an investment bank or other licensed broker-dealer in the United States, to be selected by Ronald Lowenthal or in his absence, by the Directors of the Corporation to implement and execute such share repurchases.
2. The Corporation shall execute such documents and take such actions as may be reasonably necessary to effectuate the repurchase of common stock of the Corporation.
3. The Corporation shall retain such external counsel and other professional advisors as may be necessary to effectuate the share repurchase and to ensure compliance with relevant and applicable state and federal laws, including any relevant securities regulations.
4. The Corporation may repurchase common stock of the Corporation pursuant to the authority granted in this resolution for a period of one year from the date hereof.
5. Ronald Lowenthal is granted all such powers and is authorized to appoint any advisors and to enter into any agreement or sign any document on behalf of the Corporation as may be reasonably necessary to effectuate the repurchase of common stock of the Corporation.

**DATED: JANUARY 13, 2014**

/s/

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**Ronald Yadin Lowenthal**  
**Executive Chairman**

/s/

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**Nicolaas Edward Blom**  
**President and Chief Executive Officer**

# FREQUENTLY ASKED QUESTIONS ABOUT RULE 10b-18 AND STOCK REPURCHASE PROGRAMS

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## The Regulation

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### ***What is Rule 10b-18?***

Rule 10b-18 provides an issuer (and its “affiliated purchasers”) with a non-exclusive safe harbor from liability under certain market manipulation rules (i.e., Sections 9(a)(2) and 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 under the Exchange Act, each to a limited extent) when repurchases of the issuer’s common stock in the market are made in accordance with the rule’s manner, timing, price and volume conditions. Rule 10b-18’s safe harbor is available for purchases of the issuer’s stock on any given day. To fall within the safe harbor, the issuer’s repurchases must satisfy, on a daily basis, each of the rule’s four conditions. Failure to meet any one of the four conditions will disqualify all of the issuer’s repurchases from the safe harbor for that day.

### ***Why was Rule 10b-18 adopted?***

An issuer has a strong interest in the market price of its securities. The market price of the issuer’s common stock may determine the price of a future acquisition or the price of the offering of additional shares and also

serves as an indicator of the health and performance of the issuer. Therefore, an issuer may have an incentive to manipulate the price of its common stock. One way an issuer may positively affect the price of its common stock is to repurchase shares of its common stock in the open market. Such repurchases may subject an issuer to claims of manipulative behavior. However, an issuer may also engage in open market repurchases for many legitimate business reasons. Therefore, in 1982, the Securities Exchange Commission (the “SEC”) adopted Rule 10b-18 to provide a non-exclusive safe harbor for issuer repurchases.

### ***Why has the SEC proposed to amend Rule 10b-18?***

On January 26, 2010, the SEC proposed amendments to Rule 10b-18 to clarify and modernize the safe harbor provision in light of market changes with respect to trading strategies and developments in automated trading systems and technology that has increased the speed of trading and changed the profile of how issuer repurchases are effected.<sup>1</sup> These proposed amendments

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<sup>1</sup> See proposing release No. 34-61414 available at <http://sec.gov/rules/proposed/2010/34-61414.pdf>.

are incorporated into this discussion of the conditions for repurchases under Rule 10b-18.

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### Scope of the Rule 10b-18 Safe Harbor

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#### ***Does Rule 10b-18 provide an absolute safe harbor from liability under Section 10(b) or Rule 10b-5?***

No. Rule 10b-18 does not provide an absolute safe harbor from liability under Section 10(b) or Rule 10b-5. For example, Rule 10b-18 confers no immunity from possible Rule 10b-5 liability where the issuer engages in repurchases while in possession of material non-public information, or where purchases are part of a plan or scheme to evade the federal securities laws.

Note that an issuer may exceed the limitations contained in Rule 10b-18 and still not incur liability under the anti-manipulation provisions of Section 9(a)(2) or Rule 10b-5. However, there is a greater uncertainty associated with purchase activities outside the “safe harbor” because of the lack of specific guidelines.

#### ***Is Rule 10b-18 the exclusive means by which an issuer may repurchase its common stock in the open market?***

No. Rule 10b-18 does not mandate the terms under which an issuer may repurchase its stock. Rule 10b-18 expressly provides that there is no presumption of manipulation simply because the issuer’s purchases do not satisfy the rule’s conditions.

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### Purpose and Benefits of Stock Repurchase Programs

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#### ***What is the purpose of a stock repurchase program?***

An issuer may want to engage in stock repurchases for a variety of reasons, including: (i) to meet the needs of employee benefit plans and stock option plans; (ii) to send a signal to the market that the stock is undervalued and a good investment; (iii) to move excess cash to a better investment when more favorable alternatives are unavailable; or (iv) to reduce its cost of capital.

#### ***What are the benefits of a stock repurchase program?***

There are several benefits associated with stock repurchase programs. These include the following:

- The availability of a non-exclusive safe harbor from liability for manipulation of the issuer’s stock price (if Rule 10b-18’s conditions are met);
- Greater certainty to the issuer and affiliated purchasers in planning purchases of the issuer’s common stock;
- Increased liquidity, which benefits shareholders;
- Minimize dilution post acquisition;
- A tax efficient alternative to dividends as a way to return money to the shareholders;
- Generally, stock repurchases may have a positive impact on earnings per share, assuming the cash used to fund the plan or program was not needed for other corporate purposes; and

- Potentially less negative publicity associated with issuer repurchases, if the program is previously disclosed.

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### Establishing Stock Repurchase Programs

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#### *Should a stock repurchase program be approved by the board of directors?*

Any stock repurchase program should be authorized and approved by the board of directors. As part of this authorization, the board should document the purpose of the share repurchase. It is important that the board concludes that the repurchase program is desirable and in the company's and its shareholders' best interests. When approving a repurchase program, it is advisable that the board establishes a record of discharging its fiduciary duty. The record should include a current review, in consultation with the company's accountants, of the company's capital position and a thorough discussion of the purpose of the program.

#### *What factors should a company consider in deciding whether to adopt a stock repurchase program?*

Among the factors to be considered are (i) the impact on the company's cash position and capital needs for its continuing operations; (ii) the alternative uses for the cash used to repurchase the stock, including repayment of outstanding indebtedness; and (iii) the possible effect on earnings per share and book value per share. The company should consult with its accountants regarding the company's capital position prior to implementing a stock repurchase program. Additionally, prior to implementing a stock repurchase program, the company should conduct a review of its charter, bylaws and the agreements to which it is a party, or by which it is bound, to determine whether there are any

restrictions on or impediments to the company's use of funds to acquire its own securities. Specifically, the company's loan agreements and security documents should be reviewed for any such restrictions or limitations. Any change in control or antidilution provisions also should be reviewed to ensure that the consequences of the company's repurchase activity are understood. These restrictions may be direct limitations on repurchases or indirect limitations in the form of financial ratios and covenants.

#### *Are there any state law restrictions on stock repurchases?*

Certain provisions of the Delaware General Corporation Law ("DGCL") contain restrictions regarding legally available funds that apply to repurchases of shares of capital stock. Under DGCL Section 160, a Delaware corporation cannot purchase shares of its capital stock when the purchase "would cause any impairment of the capital of the corporation." The company should consult with its outside counsel regarding any applicable state law restrictions prior to implementing a stock repurchase program.

Additionally, the California Corporations Code (§§ 500 et seq.) requires that a California corporation must follow certain requirements prior to engaging in a distribution which includes issuer repurchases. Accordingly, an issuer repurchase may only be made if either: (a) the amount of the retained earnings immediately prior to the distribution equals or exceeds the amount of the proposed distribution, or (b) immediately after giving effect to the distribution, (i) the sum of the assets of the corporation (exclusive of certain items) would be at least equal to 1 1/4 times its liabilities (exclusive of certain items) and (ii) the current assets of

the corporation would be at least equal to its current liabilities, or, if the average of the earnings of the corporation before taxes on income and before interest expenses for the two preceding fiscal years was less than the average of the interest expenses of the corporation for those fiscal years, at least equal to 1 1/4 times its current liabilities.

***What are the reporting requirements for issuer stock repurchases?***

Regulation S-K and Forms 10-Q, 10-K and 20-F (for foreign private issuers) require quarterly periodic disclosure for all issuer repurchases of equity securities. This disclosure is required regardless of whether the repurchase is effected under the safe harbor of Rule 10b-18. An issuer must disclose in tabular form (a) the total number of shares, by month, repurchased during the past quarter; (b) the average price paid per share; (c) the number of shares that were purchased as part of a publicly announced repurchase plan; and (d) the maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs. For publicly announced repurchase plans, the issuer is also required to disclose (by footnotes to the table) the following information: (a) the announcement date; (b) the share or dollar amount approved; (c) the expiration date (if any) of the plans or programs; (d) each plan or program that has expired during the period covered by the table; and (e) each plan or program that the issuer has determined to terminate prior to expiration or under which the issuer does not intend to make further purchases. Additionally, the company should consider discussing any repurchase program under the “Liquidity and Capital Resources” section of the MD&A, as any repurchase plan could be considered to be a “known

trend” or “commitment” that is reasonably likely to result in a material change to the company’s liquidity. The company should also consider whether disclosure of significant repurchases is required in its financial statements or notes to its financial statements.

***Should a stock repurchase program be publicly announced?***

While Rule 10b-18 does not specifically require an issuer to publicly disclose a stock repurchase program, the disclosure provisions of other federal securities laws, including Rule 10b-5, still apply. It is generally advisable, at a minimum, for an issuer to announce the existence of a significant stock repurchase program. However, an announcement should not be made unless the company actually intends to repurchase shares because any termination of the repurchase program without purchases could be deemed manipulative in the absence of a sound business reason.

The specifics of the public announcement depend on the circumstances, but the company should include the following:

- the reason for the repurchase;
- the approximate number or aggregate dollar amount of shares to be repurchased;
- the method of purchase to be used;
- any significant corporate developments which have not been previously disclosed;
- the impact of the repurchase program on the remaining outstanding shares;
- any arrangement, contractual or otherwise, with any person for the purchase of the shares;
- whether the purchases are to be made subject to restrictions relating to volume, price and

timing in an effort to minimize the impact of the purchases upon the market for the shares; and

- the duration of the program.

The company should consider filing a Form 8-K with any press release as an exhibit for purposes of Regulation FD.

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### Conditions for Repurchases under Rule 10b-18

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#### ***What are the conditions for conducting stock repurchase programs within the safe harbor?***

Rule 10b-18's non-exclusive safe harbor is available only when the repurchases of the issuer's common stock in the market are made in accordance with the following conditions:

- *manner of purchase condition*: requires an issuer to use a single broker or dealer per day to bid for or purchase its common stock;
- *timing condition*: restricts the periods during which an issuer may bid for or purchase its common stock;
- *price condition*: specifies the highest price an issuer may bid or pay for its common stock; and
- *volume condition*: limits the amount of common stock an issuer may repurchase in the market in a single day.

Failure to meet any one of the rule's conditions will disqualify the company's purchases for that day from the safe harbor.<sup>2</sup>

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<sup>2</sup> However, a purchase that otherwise is in compliance with the rule at the time the purchase order is entered but does not meet the price condition at the time the purchase is effected due to a

#### ***What does the manner of purchase condition require?***

On a single day, the purchases and any bids of the issuer or its affiliated purchasers must be made through one broker or dealer. However, this restriction does not bar the issuer or its affiliated purchasers from making purchases if they are deemed not solicited by or on behalf of the issuer, such as purchases not solicited from additional brokers or dealers or when a shareholder approaches the issuer to buy shares. An issuer must evaluate whether a transaction is "solicited" based on the facts and circumstances of each case. Additionally, on a daily basis, the issuer may use a different broker or dealer to execute their purchases. Furthermore, an issuer may use a different broker or dealer during an after-hours trading session from the one used during regular hours.

An issuer that directly accesses an electronic communication network ("ECN") or an alternative trading system ("ATS") to purchase common stock will be considered to be using one broker or dealer and cannot purchase its common stock through a non-ECN or non-ATS broker or dealer on the same day.

The purpose of this condition is to avoid creating the false appearance of widespread purchasing interest and trading activity in the issuer's common stock through the use of many brokers or dealers on any given trading day.

#### ***What does the timing condition require?***

A purchase by the issuer may not be the opening transaction reported in the consolidated system, the principal market or the market where the purchase is

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"flickering quote" will only remove that particular purchase from the safe harbor, rather than all of the issuer's other Rule 10b-18 purchases for that day.

effected.<sup>3</sup> A consolidated system is a consolidated transaction or quotation reporting system that collects and publicly disseminates on a current and continuous basis, transaction or quotation information in common equity securities pursuant to an effective transaction reporting plan or an effective national market system plan.

Additionally, the purchase may also not be effected during the ten minutes before the scheduled close of the primary trading session in the principal market for the security and the last ten minutes before the scheduled close of the primary trading session in the market where the purchase is effected for a security that has an average daily trading volume (“ADTV”) of \$1 million or more, and a public float value of \$150 million or more. The ADTV is the volume reported for the security during the four calendar weeks preceding the week in which the Rule 10b-18 purchase is to be effected. For all other securities, purchases may not be effected during the thirty minutes before the scheduled close of the primary trading session in the principal market for the security and the thirty minutes before the scheduled close of the primary trading session in the market where the purchase is effected.

An issuer purchase may be effected following the close of the primary trading session in the principal market until the termination of the period in which the last sale prices are reported in the consolidated system if: (i) the purchase is effected at a price that does not exceed the lower of the closing price of the primary trading session in the principal market for the security, and any lower bids or sales prices subsequently reported in the consolidated system; (ii) all of the other

10b-18 requirements are met; and (iii) the issuer’s Rule 10b-18 purchase is not the opening transaction of the session following the close of the primary trading session.

The purpose of this condition is to prevent the issuer from establishing either the opening or closing price of the stock, both of which are considered to be the guide in the direction of trading.

#### *What does the price condition require?*

During trading hours, if the security is reported in the consolidated system, displayed and disseminated on any national securities exchange, or quoted on any inter-dealer quotation system that displays at least two price quotations, issuer purchases must be made at a price not exceeding the highest independent bid or last transaction price, whichever is higher. For all other securities, an issuer will need to look at the highest independent bid obtained from three independent dealers.

For after-hours trading, stock repurchase prices must not exceed the lower of the closing price of the primary trading session in the principal market for the security and any lower bids or sales prices subsequently reported in the consolidated system by other markets. The issuer is permitted to repurchase until the termination of the period in which last sale prices are reported in the consolidated system.

However, the SEC will except from Rule 10b-18’s price condition repurchases effected on a volume-weighted average price (“VWAP”) basis, provided the following criteria are met:<sup>4</sup>

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<sup>3</sup> This discussion incorporates the rule amendments proposed by the SEC on January 25, 2010. See footnote 1.

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<sup>4</sup> See footnote 3.



- the purchases otherwise comply with the manner of purchase, time and volume conditions of Rule 10b-18;
- the security is an “actively-traded security,” as defined in Regulation M;
- the purchase is entered into or matched before the opening of the regular trading session;
- the execution price of the VWAP purchase is determined based on all regular way trades effected in accordance with specified conditions that are reported in the consolidated system during the primary trading session for that security;
- the purchases do not exceed 10% of the security’s relevant ADTV;
- the purchase is not effected for the purpose of creating actual, or apparent, active trading in or otherwise affecting the price of any security;
- the VWAP is calculated in accordance with the provisions of the rule; and
- the purchase is reported using a special VWAP trade modifier.

The purpose of the price condition is to prevent an issuer from propping up its stock price through the repurchases, or from supporting the price at a level that would not otherwise be maintained by independent market forces.

#### *What does the volume condition require?*

The purchases on a particular day may not exceed 25% of the ADTV in the preceding four weeks. (“Block” transactions are included in determining the 25% limit and include trades of not less than \$50,000 with a volume of not less than 5,000 shares if the trade value is

less than \$200,000, but excludes any securities the issuer knows or has reason to know were accumulated by a broker-dealer, acting as a principal, for the purpose of resale to the issuer.) Alternatively, the company may make one “block” purchase per week and not be subject to the 25% limit, provided the “block” purchase is the only Rule 10b-18 purchase made on that same day. Rule 10b-18’s volume calculation carries over from the regular trading session to after-hours trading sessions.

The purpose of the volume condition is to prevent the issuer from dominating the market by purchasing a large amount of its common stock relative to purchases in the independent market.

#### *What happens to the Rule 10b-18 conditions during periods of severe market downturns?*

The Rule 10b-18 safe harbor conditions are modified following a market-wide trading suspension. The volume of purchases condition is modified so that issuer may purchase up to 100% of the security’s ADTV. Additionally, the time of purchase condition does not apply either (a) from the reopening of trading until the scheduled close of trading on the day that the market-wide trading suspension is imposed, or (b) at the opening of trading on the next trading day until the scheduled close of the trading day, if a market-wide trading suspension was in effect at the close of trading on the preceding day.

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### **Purchase Activity Covered by Rule 10b-18**

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#### *What types of securities are covered by Rule 10b-18?*

The Rule 10b-18 safe harbor only applies to purchases by an issuer of its common stock (or an equivalent interest, such as a unit of beneficial interest in a trust or

limited partnership or a depository share). It does not apply to any other type of security, including purchases of preferred stock, warrants, convertible debt securities, options, or security future products. However, many issuers analogize to the conditions of Rule 10b-18 in connection with repurchases of other equity-linked securities.

#### ***What types of purchases are covered by Rule 10b-18?***

Generally, open market purchases by an issuer of its common stock are covered by the safe harbor. However, certain types of purchases of common stock are not covered by Rule 10b-18, due to the greater potential risk of manipulation of the price of the stock by the issuer. Such transactions include: (i) purchases effected by or for an employee plan by an agent independent of the issuer; (ii) purchases of fractional interests; (iii) certain purchases made pursuant to a merger, acquisition, or similar transactions involving a recapitalization (subject to certain exceptions); and (iv) purchases made pursuant to a tender offer governed by the Williams Act.

#### ***When will purchases by an affiliated purchaser be attributed to the issuer?***

Purchases by an affiliate will be attributable to the issuer under Rule 10b-18 where, directly or indirectly, (a) the affiliate controls the issuer's Rule 10b-18 purchases, (b) the issuer controls the affiliate's Rule 10b-18 purchases, or (c) the Rule 10b-18 purchases by the affiliate and the issuer are under common control. Purchases by persons acting in concert with the issuer for the purposes of acquiring the issuer's common stock will also be attributed to the issuer. If Rule 10b-18 purchases are effected by or on behalf of more than one affiliated purchaser (or the issuer and one or more of its

affiliates) on a single day, the issuer and all affiliated purchasers must use the same broker or dealer.

#### ***Who is deemed an "affiliated purchaser"?***

Under Rule 10b-18, an affiliated purchaser is: (i) a person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities; or (ii) an "affiliate" who controls the issuer's purchases or whose purchases are controlled by or under common control with the issuer. An "affiliate" is any person who controls or is controlled by or is under common control with the issuer.<sup>5</sup> However, the definition of affiliated purchaser does not include a broker or dealer (solely by reason of that broker effecting purchases on behalf of the issuer), or any officer or director of the issuer (solely by reason of that officer or director's participation in the decision to authorize Rule 10b-18 purchases). A financial institution with an affiliated broker-dealer may want to take special care in conducting this analysis.

#### ***What if there is a merger or other acquisition occurring?***

If a merger, acquisition, or similar transaction is under negotiation or discussion, the safe harbor of Rule 10b-18 is generally not available for issuer purchases made at this time, even after public announcement of the event, until the earlier of the closing of the transaction or the completion of the vote by the target shareholders, unless the following applies:

- the purchase price is solely cash (and there is no valuation period with respect to the purchase price);

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<sup>5</sup> The SEC has not precisely defined "control;" however, the SEC takes the position that "control" is a question of fact to be determined by the circumstances of each case.

- the repurchases are ordinary repurchases that do not exceed the lesser of 25% of the security's four-week ADTV or the issuer's average daily Rule 10b-18 purchases during the three full calendar months preceding the announcement; or
- the repurchases are "block" transactions that do not exceed the average size and frequency of "block" purchases during the three full calendar months preceding the announcement.

***Is the safe harbor available to an issuer who recently conducted an initial public offering?***

Yes, however, the issuer has to wait four weeks after its common stock has begun to trade because Rule 10b-18's volume condition is based upon trading in the common stock for four full calendar weeks prior to the week in which the purchase is effected.

***Are there any special considerations that arise in connection with offerings?***

An issuer and its counsel should be particularly mindful of any repurchase programs (whether direct or indirect) that may be ongoing at the time that an issuer first starts contemplating an offering. The issuer and counsel will want to consider the appropriate time to suspend an ongoing repurchase program. In this context, an issuer also should consider the interplay of these questions with the requirements of Regulation M relating to activities in connection with an offering. See "How does Regulation M affect stock repurchases?"

***What are some of the issues that a company should consider in connection with entering into an accelerated share repurchase program?***

By its terms, the Rule 10b-18 safe harbor is available only to the issuer and not to the broker-dealer/derivatives dealer that will be executing the share repurchase program. In substance, however, the broker-dealer will be executing repurchases having already entered into a separate agreement with the issuer. This agreement between the issuer and the broker-dealer will be documented as a confirmation to an ISDA Master Agreement. The confirmation will set out the mechanics of the transaction, including the mechanics relating to the buy-in of the shares and the pricing of the shares sold by the broker-dealer to the issuer, as well as arrangements relating to dividends that may be declared by the issuer during the term of the arrangement. The confirmation also will require that the issuer make a number of representations and warranties to the broker-dealer. Generally, these will address the issuer's SEC filings, approvals for the repurchase program, confirmation that the issuer is not engaged in a "distribution," and representations regarding the issuer's status. The issuer's counsel also typically will be required to render an opinion to the broker-dealer addressing certain corporate matters. As a precaution, most confirmations will incorporate Rule 10b-18 provisions and broker-dealers will follow the guidance provided by Rule 10b-18 in structuring these indirect repurchase transactions.

***What other considerations must an issuer keep in mind when engaging in stock repurchases under its program?***

A company engaging in repurchases should always consider the impact of insider trading and antifraud provisions, including Rule 10b-5.

At a minimum, the company should assume that its officers, directors and controlling shareholders will be deemed to be “insiders;” that the rules as to insiders will apply to purchases as well as sales; that the rules generally require disclosure of material facts concerning the company or affecting the market in securities of the company not generally known to the public; and that the disclosure or use of non-public information may violate a fiduciary duty owed to the company or stockholders to whom it is not disclosed. A few guidelines include:

- An issuer should generally avoid purchasing stock at any time when any insider is selling equity securities, and insiders should avoid selling the issuer’s stock, when the issuer is purchasing its own stock.
- The issuer should encourage its executive officer, directors and other insiders (and should memorialize this in their plan or program) not to go into the market and purchase or sell, on their own behalf, the issuer’s common stock during the course of any repurchase program, unless they advise a designated officer and secure confirmation that such action will not violate any applicable securities or other laws or fiduciary obligations to the issuer or its stockholders. An issuer can use a Rule 10b5-1 plan for the repurchase of securities, coupled with the Rule 10b-18

repurchase program, to monitor purchases by executive officers, directors and other insiders.

- The issuer should avoid purchasing shares from officers, directors or other insiders during the course of a program to avoid any appearance of preference or conflict of interest.

Furthermore, when engaging in repurchases, an issuer must be rigorous in connection with its disclosure obligations to the public. Once an issuer implements a stock repurchase program, the issuer should be extra mindful of making prompt and complete disclosure of all material information to the public that, if known, might reasonably be expected to influence the market price of the issuer’s stock. If a proposed repurchase happens to coincide with the announcement of news about the issuer, the purchase should be deferred until after the full dissemination of information. Moreover, if the issuer is engaged in negotiations or discussions with respect to material corporate events, repurchases should be suspended until there has been public disclosure of the transaction in question. However, where the material corporation event is a merger, acquisition or other similar transaction, other timing factors should be taken into account. See “What if there is a merger or other acquisition occurring?”

***Does Rule 10b-18 apply to issuer repurchases made in markets outside the U.S.?***

No. The Rule 10b-18 safe harbor does not apply to repurchases made outside the U.S. Additionally, foreign trading volume is not included in a security’s ADTV calculation for purposes of applying the safe harbor.

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**Interaction between Rule 10b-18  
and Other Federal Securities Laws**

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***How does Rule 10b-18 relate to other securities laws and regulations?***

Rule 10b-18 provides an issuer a safe harbor from liability for manipulation in connection with stock repurchases in the open market; however, it does not provide protection from other federal securities laws, such as insider trading and antifraud provisions. An issuer making purchases pursuant to a stock repurchase program must still comply with other regulatory reporting requirements.

***Can an issuer structure its Rule 10b-18 stock repurchase program to comply with the Rule 10b5-1 safe harbor?***

Yes, an issuer can avoid Rule 10b-5 liability by structuring its stock repurchase program to comply with the Rule 10b5-1 safe harbor. Compliance with the safe harbor under Rule 10b5-1 generally requires that the issuer, before becoming aware of any material non-public information do one of the following: (i) enter into a binding contract to purchase the securities; (ii) instruct another person to purchase the securities for the issuer's account; or (iii) adopt a written plan for purchasing or selling the securities and conform its stock repurchases to the requirements of a Rule 10b5-1 plan. For a Rule 10b-18 repurchase program to meet the requirements of the safe harbor under Rule 10b5-1, the program must contain one of the following elements: (i) it must specify the amount, price, and date of the transactions(s); (ii) it must include a written formula, algorithm, or computer program for determining amounts, prices and dates for the transaction(s); or (iii) it must not permit the issuer to exercise any subsequent influence over how, when, or

whether to make purchases or sales (and any other person exercising such influence under the stock repurchase program must not be aware of material non-public information when doing so). Furthermore, the repurchase program must be entered into in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1. The issuer must implement reasonable policies and procedures to insure that individuals making investment decisions on its behalf would not violate the laws prohibiting trading on the basis of material non-public information.

***How does Regulation M affect stock repurchases?***

Under Rule 102 of Regulation M, with certain exceptions, the issuer cannot repurchase its common stock during certain restricted periods if at the same time the issuer or an affiliate is engaged in a "distribution" of the same class of equity securities or securities convertible into the same class of equity securities. Regulation M requires repurchase activity to be discontinued one business day prior to the determination of the offering price for the securities in distribution until the issuer's completion of its participation in distribution. The term "distribution" in this context covers more than conventional public offerings and includes any offering which is distinguished from any ordinary trading transaction by the magnitude of the offering and the presence of special selling efforts and methods. This definition may include certain offerings in connection with acquisitions or exchange offers. Such a distribution might also take place if a major stockholder of the issuer were engaged in significant sales of the issuer's stock.



# **GNCC CAPITAL, INC.**

## **SUPPLEMENTAL INFORMATION**

**JANUARY 13, 2014**

### **LINE OF CREDIT LOAN AGREEMENT**

## **LINE OF CREDIT LOAN AGREEMENT**

### **BACKGROUND:**

The Directors of GNCC Capital, Inc. (“the Corporation”) unanimously resolved to implement a Stock Repurchase Program on January 13, 2014.

To fund this Stock Program over a period of 1 (One) year, the Corporation entered into a Line of Credit Loan Agreement on January 12, 2014 and in the total amount of \$750,000.

The Directors of the Corporation were not willing to utilize existing Lines of Credit available to the Corporation to fund the Stock Repurchase Program as these facilities were solely for expenditure on mining exploration and related costs.

### **SALIENT TERMS OF THE LINE OF CREDIT LOAN AGREEMENT:**

The Loan shall be used exclusively to fund a Stock Repurchase Program by the Borrower for a period of 1 (One) year.

This is a revolving line of credit. Borrower may re-borrow principal amounts that are repaid.

Subject to earlier maturity is there is an Event of Default, the Loan shall mature on January 12, 2015.

A fee in the amount of \$75,000 (Seventy five thousand dollars) to be payable by the Issuance of a Convertible Loan Note Agreement to the Lender.

Total amount of Loan Facility is \$750,000 (Seven hundred and fifty thousand dollars).

Bears interest at the rate of 12% per annum.

Loan is unsecured.

**DATED: JANUARY 13, 2014**

**RONALD YADIN LOWENTHAL**  
**GNCC CAPITAL, INC.**  
**EXECUTIVE CHAIRMAN**

### **EXHIBITS:-**

Letter of Credit Loan Agreement dated January 12, 2014

Convertible Loan Note Agreement dated January 12, 2014.

## **GNCC CAPITAL, INC.**

### **UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS**

Unanimous Resolution of the Board of Directors of GNCC Capital, Inc., a Delaware Corporation (the "Corporation") related to a Line of Credit Loan Agreement ("Loan") and a Convertible Loan Note ("Convertible Loan").

We, the undersigned, being all of directors of the Corporation, consent and agree that the corporate resolution was made on January 12, 2014.

Having given due consideration, the directors unanimously consent and agree that the Loan and Convertible Loan are desirable and are in the best interest of the Corporation and its shareholders. Accordingly, we do hereby unanimously consent to the proposed Loan and Convertible Loan in accordance with the articles and bylaws of the Corporation, Delaware state law and relevant federal rules and regulations, including relevant securities laws. The board of directors unanimously decided that

1. The Loan and Convertible Loan are in the best interest of the Corporation.
2. The Total Amount of the Loan facility is \$750,000.
3. The Convertible Loan is in the amount of \$75,000.
4. The purpose of the Loan is expressly for the repurchase of common stock of the Corporation, and the Convertible Loan relates to payment of fees in respect of arrangement and facilitation of the Loan.
5. The Loan shall be unsecured and shall bear interest at 12% per annum. The Loan shall mature on January 12, 2015.
6. That Ronald Lowenthal shall be granted the authority to execute the Loan and the Convertible Loan on such terms as may be agreed from time to time.

Therefore, it is resolved that the Corporation shall

1. Enter into the Loan and the Convertible Loan.
2. The Corporation shall execute such documents and take such actions as may be reasonably necessary to complete the Loan and the Convertible Loan.
3. The Corporation may retain such external counsel and other professional advisors as may be necessary to complete the Loan and the Convertible Loan and to ensure compliance with relevant and applicable state and federal laws, including any relevant securities regulations.
4. Ronald Lowenthal is granted all such powers and is authorized to appoint any advisors and to enter into any agreement or sign any document on behalf of the Corporation as may be reasonably necessary to complete the Loan and the Convertible Loan.



**DATED: JANUARY 12, 2014**

/s/

/s/

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**Ronald Yadin Lowenthal**

**Executive Chairman**

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**Nicolaas Edward Blom**

**President and Chief Executive Office**

# **LINE OF CREDIT LOAN AGREEMENT**

## **(Unsecured)**

This Line of Credit Loan Agreement (this “**Loan Agreement**”) dated as of January 12, 2014, is between THE ACTIVE VALUE CORPORATION (“**Lender**”), and GNCC CAPITAL, INC., a Delaware corporation (“**Borrower**”). Lender has agreed to provide this loan to Borrower on the terms and conditions set forth herein.

### 1. LOAN AMOUNT AND TERMS

#### 1.1 Loan Amount.

During the term of this Agreement, Lender will provide a loan to Borrower, subject to the terms and conditions of this Loan Agreement; in the maximum aggregate amount of US\$750,000 (Seven hundred and fifty thousand dollars) (the “**Loan**”). The Loan shall be used exclusively to fund a Stock Repurchase Program by the Borrower for a period of 1 (One) year.

- (a) This is a revolving line of credit. Borrower may re-borrow principal amounts that are repaid.

#### 1.2 Maturity Date.

- (a) Subject to earlier maturity is there is an Event of Default, the Loan shall mature on January 12, 2015. (the “**Maturity Date**”).
- (b) If there is an Event of Default, then in addition to Lender’s other remedies, Lender (as defined below) may require Borrower to repay any amounts outstanding under the loan immediately.

#### 1.3 Interest Rate.

Borrower is executing a promissory note in favor of Lender in the form of Exhibit “A” (the “**Note**”) in the amount of the Loan evidencing the Loan and payable to Lender. The Note sets forth the interest rate and certain other terms and conditions applicable to the Loan.

#### 1.4 Loan Documents.

The “**Loan Documents**” are the documents indicated below, each dated as of the date of this Loan Agreement unless indicated otherwise. A capitalized term used in this Loan Agreement but not defined herein has the meaning given in the other Loan Documents. In the event of conflict between this Loan Agreement and the Loan Documents, this Loan Agreement shall control.

- (a) This Loan Agreement; and
- (b) The Note.

## 2. FEES AND EXPENSES

### 2.1 Expenses and Costs.

- (a) Borrower will pay all costs and expenses incurred by Lender in connection with the administration of the Loan, and the exercise of any of Lender's rights or remedies under the Loan Documents by Lender. Such costs and expenses include legal fees and expenses of Lender's counsel and any other reasonable fees and costs for services, regardless of whether such services are furnished by Lender's employees or by independent contractors.
- (b) Borrower agrees to indemnify Lender from and hold it harmless against any transfer or documentary taxes, assessments or charges imposed by any governmental authority by reason of the execution, delivery and performance of the Loan Documents. Borrower's obligations under this Section 2.1 shall survive payment of the Loan of credit and assignment of any rights hereunder.

## 3. CONDITIONS

Lender's obligation to disburse the Loan to Borrower shall be subject to execution and deliver by Borrower of the Loan Documents and to fulfillment of the following conditions, in each case to the satisfaction of Lender in its sole discretion:

- (a) A fee in the amount of \$75,000 (Seventy five thousand dollars) to be payable by the Issuance of a Convertible Loan Note Agreement to the Lender.

## 4. REPRESENTATIONS AND WARRANTIES

When Borrower signs this Loan Agreement, and until Lender is repaid in full, Borrower makes the following representations and warranties, each of which is made to the actual knowledge of Borrower's Chief Financial Officer.

### 4.1 Enforceable Agreement.

The Loan Documents do not conflict with any law, agreement, or obligation by which Borrower is bound, and (i) this Loan Agreement is a legal, valid and binding agreement of Borrower, enforceable against Borrower in accordance with its terms (except as such enforceability may be limited by general principals of equity), and (ii) any instrument or document required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable (except as such enforceability may be limited by general principals of equity).

#### 4.2 Financial Information.

All financial and other information that has been or will be supplied to Lender, and any financial statements of Borrower:

- (a) Is sufficiently complete to give Lender accurate knowledge of Borrower's financial condition, including all material contingent liabilities;
- (b) Is in compliance with any governmental regulations that apply, if any; and
- (c) Does not fail to state any material facts necessary to make the information contained therein not misleading.

Since the dates of the financial information specified above, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of

#### 4.3 Lawsuits.

To Borrower's Knowledge, other than as has been previously disclosed to Lender in writing, there is no lawsuit, arbitration, claim or other dispute pending or threatened against Borrower which, if lost, would materially and substantially impair Borrower's financial condition or ability to repay the Note, except as has been previously disclosed in writing to Lender.

#### 4.4 Title to Assets.

Borrower has good and clear title to its assets, and the same are not subject to any mortgages, deeds of trust, pledges, security interests or other encumbrances, other than those expressed in the agreements previously disclosed to Lender pursuant to which it has acquired its assets.

#### 4.5 Income Tax Returns.

Borrower has filed or will file all tax returns and reports required to be filed and have paid all applicable federal, state and local franchise, income and property taxes which are due and payable.

#### 4.6 Other Obligations.

To Borrower's Knowledge, Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as has been previously disclosed in writing to Lender.

4.7 No Event of Default.

To Borrower's Knowledge, there is no event which is, or with notice or lapse of time or both would be, a material default under the Loan Documents.

4.8 Permits, Franchises.

To Borrower's Knowledge, Borrower possesses all material permits, franchises, contracts and licenses required and all material trademark rights, trade name rights, and fictitious name rights necessary to enable it to conduct the business in which it is now engaged, provided that additional permits will be required to open Borrower's mines.

5. COVENANTS

Borrower agrees, so long as credit is available under this Loan Agreement and until Lender is repaid in full:

5.1 Use of Proceeds.

To use the proceeds of the Loan solely to repurchase shares of Common Stock of the Borrower in the open market and under a Stock Repurchase Program.

5.2 Financial Information.

To provide financial information and statements and such additional information as requested by Lender from time to time.

5.3 Taxes and Other Liabilities.

To pay and discharge, before the same become delinquent and before penalties accrue thereon, all taxes, assessments and governmental charges upon or against Borrower or any of its properties, and all its other liabilities at any time existing, except to the extent and so long as:

- (a) The same are being contested in good faith and by appropriate proceedings in such manner as not to cause any materially adverse effect to Borrower's financial condition or the loss of any right of redemption from any sale thereunder; and
- (b) Borrower shall have set aside on its books reserves (segregated to the extent required by GAAP) adequate with respect thereto.

#### 5.4 Liens.

Without the prior written consent of Lender, which consent may be granted or withheld in Lender's reasonable discretion, not to create, assume, or allow any security interest or lien (including judicial liens) on property Borrower now or later owns, except:

- (a) Deeds of trust and security agreements in favor of Lender;
- (b) Liens for property taxes not yet due;
- (c) Liens outstanding on the date of this Agreement and previously disclosed in writing to and permitted by Lender; and
- (d) Additional purchase money security interests in personal property acquired after the date of this Agreement.

#### 5.5 Notices to Lender.

To promptly notify Lender in writing of:

- (a) Any Event of Default hereunder or any event which would become an Event of Default hereunder upon the giving of notice, the lapse of time, or both;
- (b) Any lawsuit or arbitration;
- (c) Any material failure to comply with this Loan Agreement;
- (d) Any material adverse change in Borrower's business condition (financial or otherwise), operations, properties or prospects;
- (e) Any change in Borrower's state of residence.

#### 5.6 Compliance with Laws.

To materially comply with the laws (including any fictitious name statute), regulations, and orders of any government body with authority over Borrower's business.

#### 5.7 Additional Negative Covenants.

Not to take any of the following actions, without Lender's written consent:

- (a) Engage in any business activities substantially different from Borrower's present business; or
- (b) Use any proceeds of the Loan, directly or indirectly, to purchase or carry, or reduce or retire any loan incurred to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

5.8 No Consumer Purpose.

Not to use this Loan for personal, family, or household purposes.

5.9 Cooperation.

To take any action reasonably requested by Lender to carry out the intent of the Loan Documents.

5.10 Trusts.

Not to transfer any of Borrower's assets to a trust unless the trust is acceptable to Lender in form and content, and the trustee guaranties payment of Borrower's obligations under this Loan Agreement prior to any such transfer.

5.11 Preservation of Rights.

To maintain and preserve all rights, privileges, and franchises Borrower now has.

5.12 Audits; Books and Records.

To maintain adequate books and records and to allow Lender and its agents to inspect Borrower's properties and examine, audit and make copies of books and records at any reasonable time. If any of Borrower's properties, books or records is in the possession of a third party, Borrower hereby authorizes that third party to permit Lender or its agents to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records. Lender has no duty to inspect Borrower's properties or to examine, audit, or copy books and records and Lender shall not incur any obligation or liability by reason of not making any such inspection or inquiry. In the event that Lender inspects Borrower's properties or examines, audits, or copies books and records, Lender will be acting solely for the purposes of protecting Lender's security and preserving Lender's rights under this Loan Agreement. Neither Borrower nor any other party is entitled to rely on any inspection or other inquiry by Lender. Lender owes no duty of care to protect Borrower or any other party against, or to inform Borrower or any other party of, any adverse condition that may be observed as affecting Borrower's properties or premises, or Borrower's business. Lender may in its discretion disclose to Borrower any findings made as a result of, or in connection with, any inspection of Borrower's properties.

5.13 Maintenance of Properties.

To make repairs, renewals, or replacements to keep Borrower's properties in good working condition.

6. COLLATERAL.

The Loan shall be unsecured.

## 7. DEFAULT.

If any of the following events occurs and continues for more than thirty (30) days following written notice thereof from Lender to Borrower (an “*Event of Default*”), Lender may declare Borrower in default and require Borrower to repay its entire debt immediately and without prior notice. However, if a bankruptcy petition is filed with respect to Borrower, the entire debt outstanding under this Loan Agreement shall automatically be due immediately.

### 7.1 Failure to Pay.

Notwithstanding the foregoing, Borrower fails to make a payment due under the Loan Documents within fifteen (15) days after the date when due.

### 7.2 False Information.

Borrower has given Lender false or misleading material information or material representations.

### 7.3 Bankruptcy.

Borrower files a bankruptcy petition or makes a general assignment for the benefit of creditors, or a bankruptcy petition is filed against Borrower. The default will be deemed cured if any bankruptcy petition filed against Borrower is dismissed within a period of 45 (Forty five) days after the filing; provided, however, that Lender will not be obligated to extend any additional credit to Borrower during that period.

### 7.4 Receivers.

A receiver or similar official is appointed for Borrower’s business (or any general partner or majority shareholder of either), or the business is terminated.

### 7.5 Judgments.

Any judgment or arbitration award is entered against Borrower that remains unsatisfied for more than 90 (Ninety) days, or Borrower enters into any settlement agreement with respect to any litigation, claim or arbitration that remains unsatisfied for more than 90 (Ninety) days in an aggregate amount of US\$50,000 (Fifty thousand dollars); or more.

### 7.6 Government Action.

Any government authority takes action that materially adversely affects Borrower’s financial condition or ability to repay the Loan.



7.7 Material Adverse Change.

A material adverse change occurs, in Borrower's business condition (financial or otherwise), operations or properties.

7.8 Default Under Related Documents.

An Event of Default exists under any of the other Loan Documents.

7.9 Other Breach under This Loan Agreement.

If Borrower is in breach of this Loan Agreement (other than Section 7.01) and the breach is incapable of being cured within 30 (Thirty) days, and Borrower is diligently pursuing the cure of such breach, the breach will not be considered an Event of Default under this Loan Agreement for a period up to 60 (Sixty) days after the date on which Lender gives notice of the default to Borrower; provided, however, that Lender will not be obligated to extend any additional credit to Borrower during that period.

8. ENFORCING THIS LOAN AGREEMENT; MISCELLANEOUS

8.1 Remedies.

If an Event of Default occurs under the Loan Documents, Lender may exercise any right or remedy which they have under any of the Loan Documents or which is otherwise available at law or in equity. All of Lender's rights and remedies shall be cumulative. In the Event of Default, at Lender's option, exercisable in their sole discretion on behalf of all Lenders, all of Borrower's obligations under the Loan Documents will become immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind.

8.2 Nevada Law.

This Loan Agreement and the Loan Documents shall be governed by Nevada law.

8.3 Presentment, Demands and Notice.

Lender shall be under no duty or obligation to make or give any presentment, demands for performances, notices of nonperformance, protests, and notices of protest or notices of dishonor in connection with any obligation or indebtedness under the Loan Documents.

#### 8.4 Indemnification.

Borrower shall indemnify, save, and hold harmless Lender and its parent and affiliates and all of their directors, officers, employees, agents, successors, attorneys and assigns (collectively, the “*Indemnitees*”) for, from and against the following matters (collectively, the “*Indemnified Matters*”):

- (a) Any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, charges, expenses and disbursements (including attorneys’ fees, including the reasonable estimate of the allocated cost of in-house counsel and staff) of any kind with respect to the execution, delivery, enforcement, performance and administration of this Loan Agreement and the other Loan Documents, and the transactions contemplated hereby, and with respect to any investigation, litigation or proceeding related to this Loan Agreement, the other Loan Documents, the Loan or the use of the proceeds thereof, whether or not any Indemnatee is a party thereto.
- (b) Any and all writs, subpoenas, claims, demands, actions, or causes of action that are served on or asserted against any Indemnatee (if directly or indirectly related to a writ, subpoena, claim, demand, action, or cause of action against Borrower or any affiliate of Borrower); and any and all liabilities, losses, costs, or expenses (including attorneys’ fees, including the reasonable estimate of the allocated cost of in-house counsel and staff) that any Indemnatee suffers or incurs as a result of any of such Indemnified Matters.

The obligations of Borrower under this Section shall survive payment of the Loan and assignment of any rights hereunder. The foregoing notwithstanding, Borrower shall have no obligation hereunder to any Indemnatee with respect to Indemnified Matters arising from the gross negligence or willful misconduct of such Indemnatee.

#### 8.5 Attorneys’ Fees.

In the event of a lawsuit, reference or arbitration proceeding, including any tort proceeding, between or among the parties hereto, the prevailing party is entitled to recover costs and reasonable attorneys’ fees (including any allocated costs of in-house counsel) incurred in connection with the lawsuit, reference or arbitration proceeding, as determined by the court, referee or arbitrator.

#### 8.6 Notices.

Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified, or registered mail postage prepaid, directed to the addresses shown on the signature page of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

#### 8.7 Successors and Assigns.

This Loan Agreement is binding on Borrower's heirs, successors and assigns, and Lender's successors and assignees. Borrower agrees that it may not assign this Loan Agreement or the other Loan Documents without Lender's prior consent. Lender may sell participations in or assign this Loan, and may provide financial information about Borrower to actual or potential participants or assignees, without notice to or consent of Borrower.

#### 8.8 No Third Parties Benefited.

This Loan Agreement is made and entered into for the sole protection and benefit of Lender and Borrower and their successors and assigns. No trust fund is created by this Loan Agreement and no other persons or entities shall have any right of action under this Loan Agreement or any right to the Loan proceeds.

#### 8.9 Integration; Relation to the Loan Headings.

The Loan Documents (a) integrate all the terms and conditions in or incidental to this Loan Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter, including any loan commitment to Borrower, and (c) are intended by the parties as the final expression of the agreement with respect to the terms and conditions set forth in those documents and as the complete and exclusive statement of the terms agreed to by the parties. No representation, understanding, promise or condition shall be enforceable against any party unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Loan Agreement and those of any other agreement or instrument, including any other Loan Document, the terms, conditions and provisions of the Agreement shall prevail. Headings and captions are for reference only and shall not affect the interpretation or meaning of any provisions of this Loan Agreement. The exhibits to this Loan Agreement are hereby incorporated in this Loan Agreement.

8.10 Interpretation.

Time is of the essence in the performance of this Loan Agreement by Borrower. The word “**include(s)**” means “include(s), without limitation,” and the word “**including**” means “including but not limited to.” No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Loan Agreement.

8.11 Severability; Waivers; Amendments.

This Loan Agreement may not be modified or amended except by a written agreement signed by the parties. Any consent or waiver under this Loan Agreement must be in writing. If any part of this Loan Agreement is not enforceable, the rest of the Loan Agreement may be enforced. If Lender waives a default, it may enforce a later default. No waiver shall be construed as a continuing waiver. No waiver shall be implied from Lender’s delay in exercising or failure to exercise any right or remedy against Borrower. Consent by Lender to any act or omission by Borrower shall not be construed as consent to any other or subsequent act or omission or as a waiver of the requirement for Lender’s consent to be obtained in any future or other instance. Lender retains all of its rights and remedies, even if it makes an advance after a default. Notwithstanding the foregoing, Lender may amend this Agreement and waive defaults by the Company hereunder, except that no amendment may reduce the principal amount or interest rate of any Note or extend the maturity date of any Note without the consent of all of the Note holders.

8.12 Counterparts.

This Loan Agreement may be executed in counterparts each of which, when executed, shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

#### 8.14 Electronic Transmission of Data.

Lender and Borrower agree that certain Loan related data (including confidential information, documents, applications and reports) may be transmitted electronically, including over the internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower and/or Lender and their affiliates, and other persons or entities involved with the subject matter of this Loan Agreement. Borrower acknowledges and agrees that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of such transmissions, and (c) Borrower will release, hold harmless and indemnify Lender from any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence which is related to the electronic transmittal of data.

#### 8.15 USA Patriot Act Notice.

Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**"), Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act.

#### 8.16 Business Days.

A Business Day shall mean any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for business in the State of Nevada. All payments and disbursements which would be due on a day which is not a Business Day will be due on the next Business Day. All payments received on a day which is not a Business Day will be applied to the Loan on the next Business Day.

This Loan Agreement is executed as of the date stated at the top of the first page.

**THE ACTIVE VALUE CORPORATION**

/s/

**By: \_\_\_\_\_**  
**DULY AUTHORIZED**

**BORROWER:**

**GNCC CAPITAL, INC., a Delaware Corporation**

/s/

**By: \_\_\_\_\_**  
**Name: RONALD YADIN LOWENTHAL**  
**DIRECTOR (Duly Authorized)**

## EXHIBIT "A"

### PROMISSORY NOTE (Unsecured)

US\$750,000

JANUARY 12, 2014

FOR VALUE RECEIVED, GNCC CAPITAL, INC., a Delaware corporation ("**Borrower**"), hereby promises to pay to the order of THE ACTIVE VALUE CORPORATION ("**Lender**"), without offset, in immediately available funds in lawful money of the United States of America, at such location designated by Lender, the principal sum of US\$750,000 (Seven hundred and fifty thousand dollars) (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided. This Note evidences the loan (the "**Loan**") from Lender to Borrower, and is one of several Loan Documents, as defined and designated in that certain Line of Credit Loan Agreement (Unsecured) (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") dated of even date herewith between Lender and Borrower.

1. Payment Schedule and Maturity Date.

- (a) Prior to the Maturity Date, unpaid interest shall accrue commencing on the first day of the month following the first Advance (as defined in the Loan Agreement). The entire principal balance of this Note then unpaid, together with all accrued and unpaid interest and all other amounts payable hereunder and under the other Loan Documents (as defined in the Loan Agreement), shall be due and payable in full on January 12, 2015 (the "**Maturity Date**"). Some or all of the Loan Documents, including the Loan Agreement, contain provisions for the acceleration of the maturity of this Note.
- (b) This Note represents a revolving line of credit. Borrower may re-borrow principal amounts that are repaid.
- (c) At Borrower's option, Borrower may repay the Loan by issuance of its common stock, par value \$0.00001 per share, as part of a capital raise by Borrower of at least US\$5,000,000 (Five million Dollars) that closes prior to the Maturity Date. For purpose of repayment of the Loan, such common stock shall be valued at the price per share at which it is sold in such capital raise.

## Interest Rate.

### 1.2 Interest Rate.

Prior to the Maturity Date, the Principal Debt from day to day outstanding which is not past due shall not bear interest. From and after the Maturity Date, the Principal Debt shall bear interest at a rate of 12% (Twelve percent) per annum (the "**Interest Rate**") (computed as provided in Section 2.2 hereof).

### 1.3 Computations and Determinations.

All interest shall be computed on the basis of a year of 360 (Three hundred and sixty) days and paid for the actual number of days elapsed (including the first day but excluding the last day). Unpaid interest shall be compounded annually. The books and records of Lender shall be conclusive evidence, in the absence of manifest error, of all sums owing to Lender from time to time under this Note, but the failure to record any such information shall not limit or affect the obligations of Borrower under the Loan Documents.

### 1.4 Past Due Rate.

If any amount payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Past Due Rate (as defined below) to the fullest extent permitted by applicable Law. Accrued and unpaid interest or past due amounts (including interest on past due interest) shall be due and payable on demand, at a fluctuating rate per annum (the "**Past Due Rate**") equal to the Interest Rate plus 100 (One hundred) basis points.

### 1.5 Additional Defined Terms.

Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement. In addition to other terms defined herein, as used herein the following terms shall have the meanings indicated, unless the context otherwise requires:

**"Indebtedness"** means any and all of the indebtedness to Lender evidenced, governed or secured by or arising under this Note or any other Loan Document.

**"Laws"** means all constitutions, treaties, statutes, laws, ordinances, regulations, rules, orders, writs, injunctions, or decrees of the United States of America, any state or commonwealth, any municipality, any foreign country, any territory or possession, or any Tribunal.

**"Note"** means this promissory note, and any renewals, extensions, amendments or supplements hereof.



**"Principal Debt"** means the aggregate unpaid principal balance of this Note at the time in question.

2. Prepayment.

- (a) Borrower may prepay without penalty the principal balance of this Note, in full at any time or in part from time to time.

3. Late Charges.

If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at maturity) within 15 (Fifteen) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to 4% (Four percent) of the amount of such payment. Such 15 (Fifteen) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment.

4. Certain Provisions Regarding Payments.

All payments made under this Note shall be applied, to the extent thereof, to late charges, to accrued but unpaid interest, to unpaid principal, and to any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its sole discretion, any instructions from Borrower or anyone else to the contrary notwithstanding. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any Indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder or under the other Loan Documents, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note or any other Loan Document falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

5. Security.

This Note is unsecured.

6. Events of Default.

The occurrence of any one or more of the following shall constitute an "***Event of Default***" under this Note:

- (a) Borrower fails to pay when and as due and payable any amounts payable by Borrower to Lender under the terms of this Note.
- (b) Any covenant, agreement or condition in this Note is not fully and timely performed, observed or kept, subject to any applicable grace or cure period.
- (c) An Event of Default (as therein defined) occurs under any of the Loan Documents other than this Note (subject to any applicable grace or cure period).

7. Remedies.

Upon the occurrence of an Event of Default, Lenders may exercise one or more of the following rights, powers and remedies on behalf of all of the lenders under the Loan Agreement:

- (a) Lender may accelerate the Maturity Date and declare the unpaid principal balance and accrued but unpaid interest on this Note and all other amounts payable hereunder and under the other Loan Documents, at once due and payable, and upon such declaration the same shall at once be due and payable.
- (b) Lender may exercise any of its other rights, powers and remedies at law or in equity.

8. Remedies Cumulative.

All of the rights and remedies of Lender under this Note and the other Loan Documents are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, or delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

9. Costs and Expenses of Enforcement.

Borrower agrees to pay to Lender on demand all costs and expenses incurred by them in seeking to collect this Note or to enforce any of Lender's rights and remedies under the Loan Documents, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with arbitration, judicial reference, bankruptcy, insolvency or appeal.

10. Service of Process.

Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to Borrower. Borrower irrevocably agrees that such service shall be deemed to be service of process upon Borrower in any such suit, action, or proceeding. Nothing in this Note shall affect the right of Lender to serve process in any manner otherwise permitted by law and nothing in this Note will limit the right of Lender otherwise to bring proceedings against Borrower in the courts of Nevada, subject to any provision or agreement for arbitration, judicial reference or other dispute resolution set forth in the Loan Agreement.

11. Heirs, Successors and Assigns.

The terms of this Note Agreement and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

12. General Provisions.

Time is of the essence with respect to Borrower's obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the Indebtedness evidenced hereby. Borrower and each party executing this Note as Borrower hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note; (b) agree to any subordination or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the state and county in which payment of this Note is to be made for the enforcement of any and all obligations under this Note and the other Loan Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate to the Loan and the Loan Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of Nevada (without regard to any principles of conflicts of Laws) and applicable United States federal law. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "**Business Day**" shall mean a day on which national banks are open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement. The words "include" and "including" shall be interpreted as if followed by the words "without limitation".

13. Notices.

Any notice required to be given under this Note shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified, or registered mail postage prepaid, directed to the addresses shown on the signature page of the Loan Agreement. Any party may change its address for notices under this Note by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

14. No Usury.

It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

Section 16. Amendments and Waivers.

Lender may amend the Loan Agreement and waive defaults by the Company thereunder, except that no amendment may reduce the principal amount or interest rate of this Note or extend the maturity date of this Note without the consent of the holder of this Note.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the date first above written.

BORROWER:

**GNCC CAPITAL, INC., a Delaware Corporation**

/s/

By: \_\_\_\_\_  
**Name: RONALD YADIN LOWENTHAL**  
**DIRECTOR**

## **CONVERTIBLE LOAN NOTE**

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

**GNCC CAPITAL, INC.**

**10% (Ten percent) Convertible Note due**

**ISSUE DATE: JANUARY 12, 2014**

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to THE ACTIVE VALUE CORPORATION or its registered assigns, the principal sum of \$75,000 (Seventy five thousand dollars) on January 12, 2015.

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

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

**Dated: JANUARY 12, 2014**

**GNCC CAPITAL, INC.**

**By**



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**Name: RONALD Y LOWENTHAL**  
**Title: PRESIDENT**



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

1. Cash Interest.

The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an “Interest Payment Date”), beginning on April 8, 2013 to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a “Regular Record Date”), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

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

3. Paying Agent, Conversion Agent and Registrar.

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

4. The Notes

The Notes are general unsecured subordinated obligations of the Company that are not limited to any aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

## 5. Optional Redemption.

This Note is not redeemable prior to January 12, 2015. On and after January 12, 2015, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the “Redemption Price”), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

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

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

No sinking fund is provided for the Notes.

## 6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US\$1,000 or any integral multiple of US\$1,000 in excess thereof) into Common Stock at any time on or after January 12, 2015 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be priced at the aggregate daily closing price in the market, five business days prior to the Conversion (the “Conversion Rate”). The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

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

## 7. Adjustment of Conversion Rate

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

- (a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:
  - (1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and
  - (2) The denominator of which shall be the sum of such number of shares.

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

- (b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a “forward split”), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a “reverse split”), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.
- (c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:
- (1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and
  - (2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

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

- (d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1) and (2) hereinafter in this paragraph 7(d) called the “excluded securities”), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:
  - (1) The numerator of which shall be such Current Market Price, and
  - (2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

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

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

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

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

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

- (A) the Record Date of such dividend or distribution shall be substituted as (x) “the date fixed for the determination of stockholders entitled to receive such dividend or other distribution”, “Record Date fixed for such determinations” and “Record Date” within the meaning of paragraph 7(a), (y) “the day upon which such subdivision becomes effective” and “the day upon which such combination becomes effective” within the meaning of paragraph 7(b), and (z) as “the date fixed for the determination of stockholders entitled to receive such rights or warrants”, “the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants” and such “Record Date” within the meaning of paragraph 7(c), and
- (B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding at the close of business on the date fixed for such determination” within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.
- (e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:
  - (i) The numerator of which shall be equal to the Current Market Price on such Record Date, and
  - (ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

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

- (f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the “Expiration Time”), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:
- (1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the “Purchased Shares”) and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and
  - (2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

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



- (g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:
- (1) “Fair market value” shall mean the amount which a willing buyer would pay a willing seller in an arm’s length transaction.
  - (2) “Record Date” shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).
- (h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

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

- (i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.
- (j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.
- (k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

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

#### 8. Denominations; Assignment; Transfer; Exchange.

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

#### 9. Persons Deemed Owners.

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

#### 10. Unclaimed Money or Notes.

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

## 11. Amendment; Waiver.

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

## 12. Defaults and Remedies.

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

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

### 13. Subordination.

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

### 14. Agent Dealings with the Company.

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

### 15. No Recourse Against Others.

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

### 16. Abbreviations.

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

### 17. GOVERNING LAW.

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

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**Exhibit A**

**CONVERSION NOTICE**

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

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

US\$\_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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

## **EXHIBIT B**

### **ASSIGNMENT FORM**

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

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

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

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

- ☐ The transferee is an Affiliate of the Company.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature(s)

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



## Exhibit C

### Transfer Certificate

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

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

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

- ☐ The transferee is an Affiliate of the Company.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Signature(s)

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

## **Exhibit D**

### **Definitions**

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

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

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

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

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

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

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

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

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

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

“Conversion Price” means US\$1,000 divided by the applicable Conversion Rate.

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

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

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

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

“Holder” means a person in whose name a Note is registered on the Registrar’s books.

“Indebtedness” means, with respect to any person, without duplication:

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

- (3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;
- (4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;
- (5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;
- (6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);
- (7) All guarantees by such person of indebtedness referred to in this definition or of any other person;
- (8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;
- (9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

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

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

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

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

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

“Notes” mean the Company’s convertible Notes due February 26, 2015.

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

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

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

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

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

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

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

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

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

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

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

“SEC” means the Securities and Exchange Commission.

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

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

Notwithstanding the foregoing, “Senior Indebtedness” shall not include:

- (a) Indebtedness evidenced by the Notes;

- (b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;
- (c) any liability for federal, state or local taxes or other taxes, owed by the Company.
- (d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);
- (e) amounts owed by the Company for compensation to employees or for services rendered to the Company;
- (f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;
- (g) Capital Stock of the Company, including Redeemable Capital Stock; and
- (h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

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

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

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

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

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





# **GNCC CAPITAL, INC.**

## **SUPPLEMENTAL INFORMATION**

**JANUARY 13, 2014**

### **PARTIAL CONVERSIONS OF OUTSTANDING CONVERTIBLE LOAN NOTES**

## **PARTIAL CONVERSION OF CERTAIN CONVERTIBLE LOAN NOTES:**

On December 13, 2013 (“the Conversion Date”), the Company and certain Convertible Loan Note Holders agreed to a partial conversion of certain of the outstanding Convertible Loan Notes issued by the Company on May 3, 2010.

On the Conversion Date, the shares of restricted Common Stock were issued to the Convertible Loan Note Holders at a price of \$0.0003 (“the Conversion Price”), the then trading price of the Company’s shares of Common Stock.

### **NOTE:-**

Immediately following these issuances of the shares of Common Stock, the Convertible Loan Note Holders consented to an effective standstill on these stock issuances at the request of the Company’s Directors. The rationale was to deliberate over other options to avoid stockholder concerns over increased stock issuances; and attempt to avoid the reversal of this issuance of shares of our Common Stock and not be in a position to reduce our interest bearing long term liabilities.

It was finally agreed that the Company would commence with a Stock Repurchase Program in the open market. Upon this agreement, the Company and the Convertible Loan Note Holders agreed to proceed with these issuances of shares of our Common Stock.

From the date of these issuances on December 13, 2013 to January 13, 2014; these shares were retained by the Transfer Agent, no physical stock certificates were issued and these shares of Common Stock are currently restricted under Regulation 144.

Effective as from January 13, 2014, those Convertible Loan Note Holders who wish to deal in these shares of our Common Stock may do so. Obviously these shares are restricted under Regulation 144 and any removal of restrictive legends on these shares of our Common Stock going forward, will require the appropriate Counsel Opinion Letters before being eligible for deposit in the DTCC and for inclusion into our “Free Float”.

## **VARIATION OF ORIGINAL ISSUANCE TERMS:**

In the interests of fairness to all stockholders, the Company's Management managed to obtain an agreement from all of the Company's Convertible Loan Note Holders, as follows:

That the Conversion Price shall not be at \$0.0003 per share of Common Stock, but shall be accounted for at a price of \$0.0006 per share of Common Stock.

This final price per share of Common Stock shall then be calculated on the average price per share traded in the period commencing upon January 13, 2014 to January 31, 2014. This to be calculated by taking the total Dollar Trading Volume in that month and divided by the total number of shares traded in that month.

The Conversion Price would be set on January 31, 2014 after the market close. This is to be referred to as "The Adjusted Conversion Price".

This serves to protect the interests of both stockholders and the Loan Note Holders.

The Partial Loan Note Conversions executed upon December 13, 2013 and effective on January 13, 2014; are as follows:

1. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Searchlight Exploration, LLC at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Searchlight Exploration, LLC.

\*Subject to the above clause referring to the Adjusted Conversion Price.

2. An amount of \$360,000\* (Three hundred and sixty thousand dollars) was converted by Stelan Real Estate Management, Inc. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 600,000,000 (Six hundred million) shares of restricted Common Stock were issued by the Company to Stelan Real Estate Management, Inc.

\*Subject to the above clause referring to the Adjusted Conversion Price.

3. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Insight Holdings, S.A. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Insight Holdings, S.A.

\*Subject to the above clause referring to the Adjusted Conversion Price.

4. An amount of \$180,000\* (One hundred and eighty dollars) was converted by Saffron Ventures GmbH at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Saffron Ventures GmbH.

\*Subject to the above clause referring to the Adjusted Conversion Price.

5. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Emerald International Corporation at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Emerald International Corporation.

\*Subject to the above clause referring to the Adjusted Conversion Price.

6. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Liberty Investment Services Ltd at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Liberty Investment Services Ltd.

\*Subject to the above clause referring to the Adjusted Conversion Price.

7. An amount of \$270,000\* (Two hundred and seventy thousand dollars) was converted by Neutral Bay Investments, S.A. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Neutral Bay Investments, S.A.

\*Subject to the above clause referring to the Adjusted Conversion Price.

8. An amount of \$270,000\* (Two hundred and seventy thousand dollars) was converted by Western Treasure Holdings Corp. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Western Treasure Holdings Corp.

\*Subject to the above clause referring to the Adjusted Conversion Price.

**EFFECT UPON OUTSTANDING LONG TERM LIABILITIES:**

Should these shares of Common Stock been converted at the Conversion Price of \$0.0006, the reduction of the Company's Long Term Liabilities will be in the amount of \$1,800,000.

The exact Conversion Price will now be calculated on January 31, 2014 and at the Adjusted Conversion Price. The Company's interest bearing long term liabilities will then be reduced accordingly.

**EFFECT UPON OUTSTANDING SHARES OF COMMON STOCK:**

Prior to the issue of these shares of Common Stock, the Company had an amount of 3,249,132,134 shares of Common Stock, issued and outstanding.

As at January 13, 2014, following the issuance of these 3,000,000,000 shares of Common Stock, the Company had a total amount of 6,249,132,134 shares of Common Stock, issued and outstanding.

The issuances and adjusted total amount of outstanding shares of Common Stock will be updated on the OTC Markets on January 13, 2014.

**DATED: JANUARY 13, 2014**

**RONALD YADIN LOWENTHAL**  
**GNCC CAPITAL, INC.**  
**EXECUTIVE CHAIRMAN**



# **GNCC CAPITAL, INC.**

## **SUPPLEMENTAL INFORMATION**

**JANUARY 26, 2014**

**AMENDMENT OF THE PRICING IN RESPECT OF THE PARTIAL  
CONVERSIONS OF OUTSTANDING CONVERTIBLE LOAN NOTES  
EFFECTED ON DECEMBER 13, 2013 AND ON JANUARY 13, 2014**

### **PARTIAL CONVERSION OF CERTAIN CONVERTIBLE LOAN NOTES:**

On December 13, 2013 (“the Conversion Date”), the Company and certain Convertible Loan Note Holders agreed to a partial conversion of certain of the outstanding Convertible Loan Notes issued by the Company on May 3, 2010.

On the Conversion Date, the shares of restricted Common Stock were issued to the Convertible Loan Note Holders at a price of \$0.0003 (“the Conversion Price”), the then trading price of the Company’s shares of Common Stock.

### **VARIATION OF ORIGINAL ISSUANCE TERMS FILED ON JANUARY 13, 2014:**

In the interests of fairness to all stockholders, the Company’s Management managed to obtain an agreement from all of the Company’s Convertible Loan Note Holders, as follows:

That the Conversion Price shall not be at \$0.0003 per share of Common Stock, but shall be accounted for at a price of \$0.0006 per share of Common Stock.

This final price per share of Common Stock shall then be calculated on the average price per share traded in the period commencing upon January 13, 2014 to January 31, 2014. This to be calculated by taking the total Dollar Trading Volume in that period and divided by the total number of shares traded in that period.

The Conversion Price would be set on January 31, 2014 after the market close. This is to be referred to as “The Adjusted Conversion Price”.

This serves to protect the interests of both stockholders and the Loan Note Holders.

### **FURTHER VARIATION OF THE ORIGINAL ISSUANCE TERMS EFFECTIVE JANUARY 24, 2014:**

The final price per share of Common Stock shall now be calculated on the average price per share traded in the period commencing upon January 13, 2014 to February 21, 2014 AND NOT on January 31, 2014. This to be calculated by taking the total Dollar Trading Volume in that period and divided by the total number of shares traded in that period.

The Conversion Price would be set on February 21, 2014 after the market close AND NOT on January 31, 2014 after the market close. This is to be referred to as “The Final Adjusted Conversion Price”.

This serves to protect the interests of both stockholders and the Loan Note Holders insofar as the price per share of our Common Stock, on the existing time period (Being to January 31, 2014), would be far lower than the \$0.0006 per share of Common Stock being sought by the Company.

The Partial Loan Note Conversions executed upon December 13, 2013 and effective on January 13, 2014, and amended on January 24, 2014; are as follows:

1. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Searchlight Exploration, LLC at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Searchlight Exploration, LLC.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

2. An amount of \$360,000\* (Three hundred and sixty thousand dollars) was converted by Stelan Real Estate Management, Inc. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 600,000,000 (Six hundred million) shares of restricted Common Stock were issued by the Company to Stelan Real Estate Management, Inc.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

3. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Insight Holdings, S.A. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Insight Holdings, S.A.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

4. An amount of \$180,000\* (One hundred and eighty dollars) was converted by Saffron Ventures GmbH at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Saffron Ventures GmbH.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

5. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Emerald International Corporation at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Emerald International Corporation.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.



6. An amount of \$180,000\* (One hundred and eighty thousand dollars) was converted by Liberty Investment Services Ltd at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Liberty Investment Services Ltd.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

7. An amount of \$270,000\* (Two hundred and seventy thousand dollars) was converted by Neutral Bay Investments, S.A. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Neutral Bay Investments, S.A.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

8. An amount of \$270,000\* (Two hundred and seventy thousand dollars) was converted by Western Treasure Holdings Corp. at a price of \$0.0006\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Western Treasure Holdings Corp.

\*Subject to the above clause referring to the Final Adjusted Conversion Price.

#### **EFFECT UPON OUTSTANDING LONG TERM LIABILITIES:**

Should these shares of Common Stock been converted at the Conversion Price of \$0.0006, the reduction of the Company's Long Term Liabilities will be in the amount of \$1,800,000.

The exact Conversion Price will now be calculated on February 21, 2014 and at the Final Adjusted Conversion Price. The Company's interest bearing long term liabilities will then be reduced accordingly.

**EFFECT UPON OUTSTANDING SHARES OF COMMON STOCK:**

Prior to the issue of these shares of Common Stock, the Company had an amount of 3,249,132,134 shares of Common Stock, issued and outstanding.

As at January 13, 2014 and on January 24, 2014, following the issuance of these 3,000,000,000 shares of Common Stock, the Company had a total amount of 6,249,132,134 shares of Common Stock, issued and outstanding.

The issuances and adjusted total amount of outstanding shares of Common Stock were updated on the OTC Markets on January 13, 2014.

**DATED: JANUARY 26, 2014**

**RONALD YADIN LOWENTHAL**  
**GNCC CAPITAL, INC.**  
**EXECUTIVE CHAIRMAN**



# **GNCC CAPITAL, INC.**

## **SUPPLEMENTAL INFORMATION**

**FEBRUARY 23, 2014**

**FINAL PRICING IN RESPECT OF THE PARTIAL CONVERSIONS OF  
OUTSTANDING CONVERTIBLE LOAN NOTES EFFECTED ON  
DECEMBER 13, 2013 AND ON JANUARY 13, 2014**

**BASED UPON FILING PUBLISHED ON JANUARY 26, 2014**

### **PARTIAL CONVERSION OF CERTAIN CONVERTIBLE LOAN NOTES:**

On December 13, 2013 (“the Conversion Date”), the Company and certain Convertible Loan Note Holders agreed to a partial conversion of certain of the outstanding Convertible Loan Notes issued by the Company on May 3, 2010.

On the Conversion Date, the shares of restricted Common Stock were issued to the Convertible Loan Note Holders at a price of \$0.0003 (“the Conversion Price”), the then trading price of the Company’s shares of Common Stock.

### **VARIATION OF ORIGINAL ISSUANCE TERMS FILED ON JANUARY 13, 2014:**

In the interests of fairness to all stockholders, the Company’s Management managed to obtain an agreement from all of the Company’s Convertible Loan Note Holders, as follows:

That the Conversion Price shall not be at \$0.0003 per share of Common Stock, but shall be accounted for at a price of \$0.0006 per share of Common Stock.

This final price per share of Common Stock shall then be calculated on the average price per share traded in the period commencing upon January 13, 2014 to January 31, 2014. This to be calculated by taking the total Dollar Trading Volume in that period and divided by the total number of shares traded in that period.

The Conversion Price would be set on January 31, 2014 after the market close. This is to be referred to as “The Adjusted Conversion Price”.

This serves to protect the interests of both stockholders and the Loan Note Holders.

### **FURTHER VARIATION OF THE ORIGINAL ISSUANCE TERMS EFFECTIVE JANUARY 24, 2014:**

The final price per share of Common Stock shall now be calculated on the average price per share traded in the period commencing upon January 13, 2014 to February 21, 2014 AND NOT on January 31, 2014. This to be calculated by taking the total Dollar Trading Volume in that period and divided by the total number of shares traded in that period.

The Conversion Price would be set on February 21, 2014 after the market close AND NOT on January 31, 2014 after the market close. This is to be referred to as “The Final Adjusted Conversion Price”.

This serves to protect the interests of both stockholders and the Loan Note Holders insofar as the price per share of our Common Stock, on the existing time period (Being to January 31, 2014), would be far lower than the \$0.0006 per share of Common Stock being sought by the Company.

**SCHEDULE OF TRADING UTILIZED TO CALCULATE THE FINAL CONVERSION PRICE**

Date	Number of Shares	Dollar Amount
01/13/2014	345,206,258	162,497
01/14/2014	85,578,434	33,119
01/15/2014	97,564,863	46,829
01/16/2014	70,902,798	26,626
01/17/2014	40,867,666	14,191
01/21/2014	44,230,170	17,347
01/22/2014	43,896,661	16,920
01/23/2014	527,566,661	126,584
01/24/2014	229,637,092	47,981
01/27/2014	102,830,464	22,568
01/28/2014	59,224,340	12,031
01/29/2014	160,000,573	31,691
01/30/2014	49,685,660	9,947
01/31/2014	45,328,977	9,572
02/03/2014	597,562,354	49,628
02/04/2014	275,921,811	47,134
02/05/2014	228,413,962	39,973
02/06/2014	84,606,061	13,997
02/07/2014	480,509,606	121,996
02/10/2014	347,341,027	79,711
02/11/2014	554,060,632	110,770
02/12/2014	309,597,058	64,908
02/13/2014	131,986,039	29,802
02/14/2014	120,788,456	24,885
02/18/2014	102,348,100	27,733
02/19/2014	75,204,133	19,812
02/20/2014	739,541,158	255,590
02/21/2014	672,604,820	328,262
<b>TOTAL</b>	<b><u>6,623,005,834</u></b>	<b><u>\$1,792,104</u></b>

The average price per share of Common Stock traded in the “Final Conversion Price” period utilized to calculate the issuance price of the shares of Common Stock issued on December 13, 2013 and released upon January 13, 2014; is in the amount of \$0.00027 per share of Common Stock.

The Partial Loan Note Conversions executed upon December 13, 2013 and effective on January 13, 2014, and amended on January 24, 2014, finalized on February 21, 2014; are as follows:

1. An amount of \$81,000\* (Eighty one thousand dollars) was converted by Searchlight Exploration, LLC at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Searchlight Exploration, LLC.

\*Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

2. An amount of \$162,000\* (One hundred and sixty two thousand dollars) was converted by Stelan Real Estate Management, Inc. at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 600,000,000 (Six hundred million) shares of restricted Common Stock were issued by the Company to Stelan Real Estate Management, Inc.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

3. An amount of \$81,000\* (Eighty one thousand dollars) was converted by Insight Holdings, S.A. at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Insight Holdings, S.A.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

4. An amount of \$81,000\* (Eighty one thousand dollars) was converted by Saffron Ventures GmbH at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Saffron Ventures GmbH.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

5. An amount of \$81,000\* (Eighty one thousand dollars) was converted by Emerald International Corporation at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Emerald International Corporation.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

6. An amount of \$121,500\* (One hundred and twenty one thousand five hundred dollars) was converted by Liberty Investment Services Ltd at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 300,000,000 (Three hundred million) shares of restricted Common Stock were issued by the Company to Liberty Investment Services Ltd.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

7. An amount of \$121,500\* (One hundred and twenty one thousand five hundred dollars) was converted by Neutral Bay Investments, S.A. at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Neutral Bay Investments, S.A.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

8. An amount of \$121,500\* (One hundred and twenty one thousand five hundred dollars) was converted by Western Treasure Holdings Corp. at a price of \$0.00027\* per share of Common Stock. As a result, an amount of 450,000,000 (Four hundred and fifty million) shares of restricted Common Stock were issued by the Company to Western Treasure Holdings Corp.

\* Calculated upon the Final Adjusted Conversion Price set on February 21, 2014.

#### **EFFECT UPON OUTSTANDING LONG TERM LIABILITIES:**

With these shares of Common Stock having finally been converted at the Conversion Price of \$0.00027, the reduction of the Company's Long Term Liabilities will be in the amount of \$810,000. This will be reflected in the Company's results for the period ended December 31, 2013 as these shares of Common Stock were issued by the Company on December 13, 2013.

**DATED: FEBRUARY 23, 2014**

**RONALD YADIN LOWENTHAL**  
**GNCC CAPITAL, INC.**  
**EXECUTIVE CHAIRMAN**



GNCC Capital, Inc.

OTCPink

## Weekly Activity

0.0026 0.0000 (0.00%) V 10,686,621

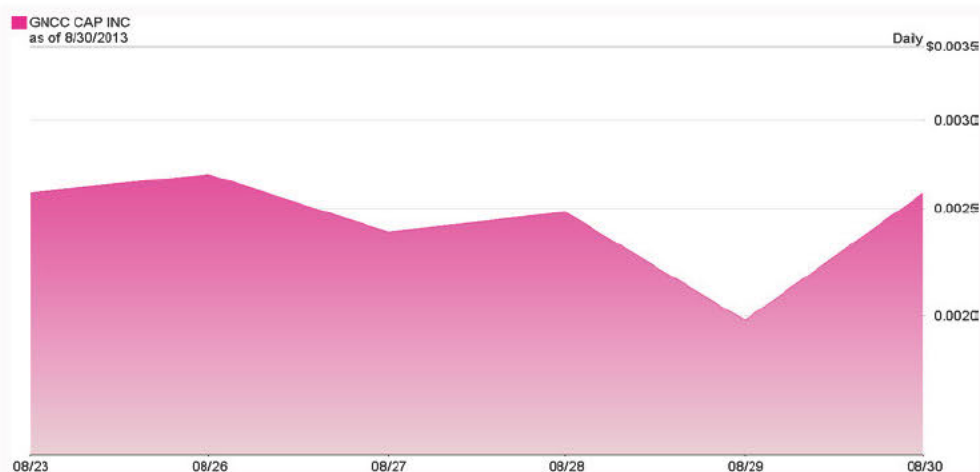
High Price	0.0029 (8/26/13)
Low Price	0.0020 (8/26/13)*
Average Price	0.0023
Median Price	0.0022
Number of	52
Dollar Volume	22,502
Average Daily	2,137,324
Median Daily Volume	919,321
VWAP	0.0021
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0020 (8/26/13)
Shares Outstanding	303.13 M

\*New 52 Week High/Low

Visit [otciq.com](http://otciq.com) for Weekly Time and Sales

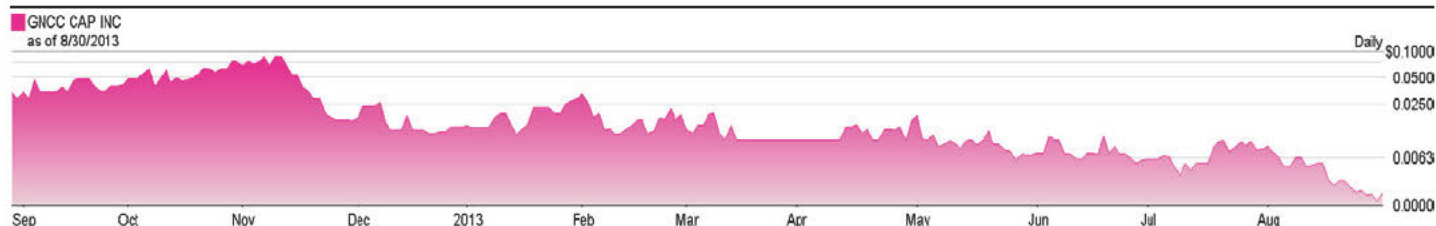
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	Monday 8/26/13	Tuesday 8/27/13	Wednesday 8/28/13	Thursday 8/29/13	Friday 8/30/13
Closing Bid	0.0017	0.0021	0.0023	0.0025	0.0022
Closing Ask	0.0027	0.0025	0.0025	0.0028	0.0026
High	0.0029	0.0024	0.0025	0.0025	0.0029
Low	0.0020	0.0020	0.0022	0.0020	0.0022
Last Sale	0.0027	0.0024	0.0025	0.0020	0.0026
Volume	7,459,326	919,321	827,700	238,274	1,242,000
Dollar Volume	15,349	2,007	2,039	496	2,614
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 1 10/1/12-12/31/12	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-8/30/13
Closing Bid	0.0130	0.0100	0.0060	0.0022
High Bid	0.0750	0.0300	0.0160	0.0095
Low Bid	0.0115	0.0074	0.0050	0.0017
High	0.0900	0.0350	0.0200	0.0120
Low	0.0101	0.0070	0.0048	0.0020
Last Sale	0.0144	0.0100	0.0060	0.0026





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Jul 2013 Vol	Jul 2013 Vol%	Jun 2013 Vol	Jun 2013 Vol%
ATDF	1,448,455	12.06	1,261,000	9.35
CANT	169,008	1.41	20,000	0.15
CDEL	313,500	2.61	0	0.00
CSTI	4,143,683	34.51	7,616,250	56.48
ETRF	2,078,771	17.31	1,733,194	12.85
NITE	1,630,826	13.58	1,709,635	12.68
SUNR	10,000	0.08	20,900	0.15
VERT	105,000	0.87	10,000	0.07
VFIN	1,610,000	13.41	115,000	0.85
VNDM	448,420	3.73	90,423	0.67
WDCO	48,500	0.40	909,000	6.74
<b>TOTAL</b>	<b>12,006,163</b>	<b>100</b>	<b>13,485,402</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No

## News & Financials

Release Date	Type	Subtitle
8/28/13	Quarterly Report	Quarterly Report for the Nine Months Ended June 30, 2013

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

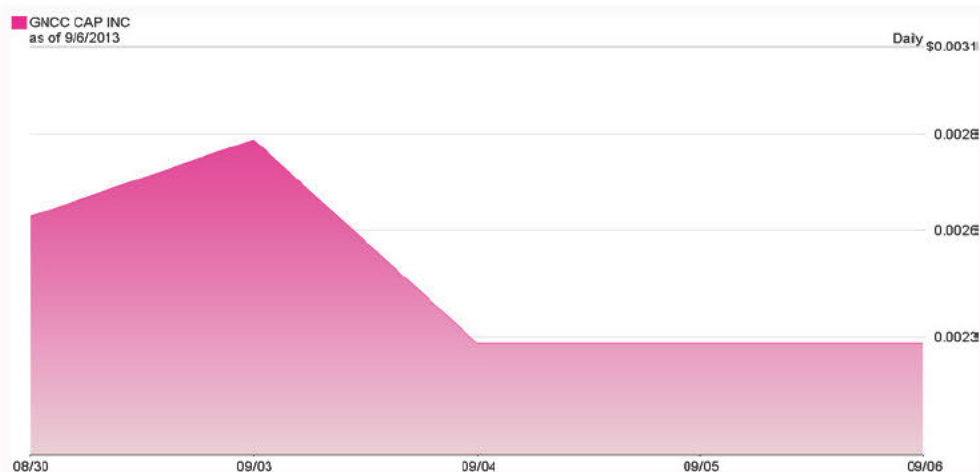
**0.0023 -0.0003 (11.54%) V 419,953**

High Price	0.0028 (9/3/13)
Low Price	0.0022 (9/4/13)
Average Price	0.0025
Median Price	0.0023
Number of	9
Dollar Volume	1,018
Average Daily	104,988
Median Daily Volume	26,250
VWAP	0.0024
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0020 (8/26/13)
Shares Outstanding	303.13 M

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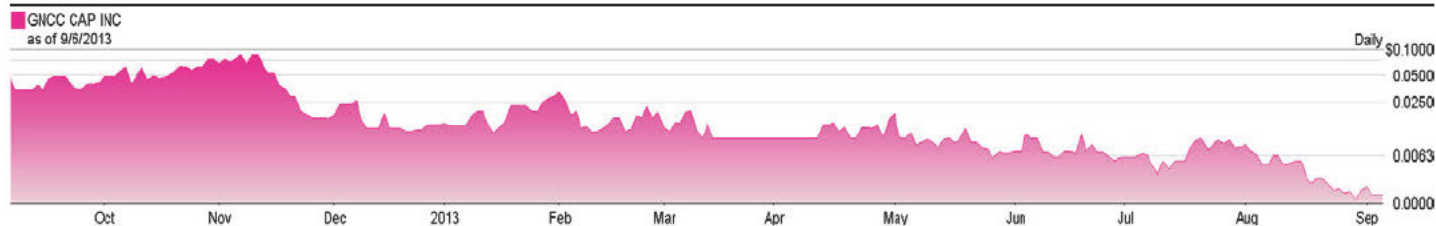
## Blue Sky

Contact Issuer Services to  
Subscribe to the Blue Sky  
Monitoring Service



	Monday 9/2/13	Tuesday 9/3/13	Wednesday 9/4/13	Thursday 9/5/13	Friday 9/6/13
Closing Bid	-	0.0022	0.0022	0.0022	0.0022
Closing Ask	-	0.0028	0.0023	0.0023	0.0023
High	-	0.0028	0.0027	0.0023	0.0023
Low	-	0.0028	0.0022	0.0023	0.0023
Last Sale	-	0.0028	0.0023	0.0023	0.0023
Volume	-	12,500	359,753	7,700	40,000
Dollar Volume	-	35	875	18	92
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 1 10/1/12-12/31/12	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/6/13
Closing Bid	0.0130	0.0100	0.0060	0.0022
High Bid	0.0750	0.0300	0.0160	0.0095
Low Bid	0.0115	0.0074	0.0050	0.0017
High	0.0900	0.0350	0.0200	0.0120
Low	0.0101	0.0070	0.0048	0.0020
Last Sale	0.0144	0.0100	0.0060	0.0023



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Aug 2013 Vol	Aug 2013 Vol%	Jul 2013 Vol	Jul 2013 Vol%
ATDF	1,243,936	5.62	1,448,455	12.12
BMAK	8,418,949	38.02	0	0.00
CANT	28,550	0.13	169,008	1.41
CDEL	525,700	2.37	313,500	2.62
CSTI	3,439,299	15.53	4,143,683	34.68
ETRF	2,795,199	12.62	2,078,771	17.40
MAXM	50,000	0.23	0	0.00
NITE	3,478,994	15.71	1,630,826	13.65
VERT	949,600	4.29	105,000	0.88
VFIN	849,700	3.84	1,610,000	13.48
VNDM	362,521	1.64	448,420	3.75
<b>TOTAL</b>	<b>22,142,448</b>	<b>100</b>	<b>11,947,663</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No



GNCC Capital, Inc.

OTCPink

## Weekly Activity

**0.0014 -0.0009 (39.13%) V 48,001,499**

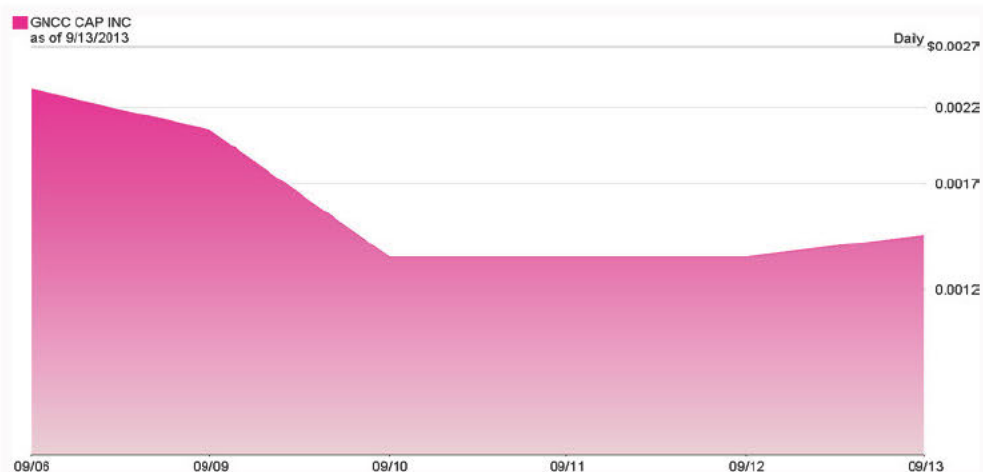
High Price	0.0022 (9/9/13)
Low Price	0.0010 (9/11/13)*
Average Price	0.0014
Median Price	0.0013
Number of	78
Dollar Volume	55,948
Average Daily	9,600,299
Median Daily Volume	5,681,985
VWAP	0.0012
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0010 (9/11/13)
Shares Outstanding	303.13 M

\*New 52 Week High/Low

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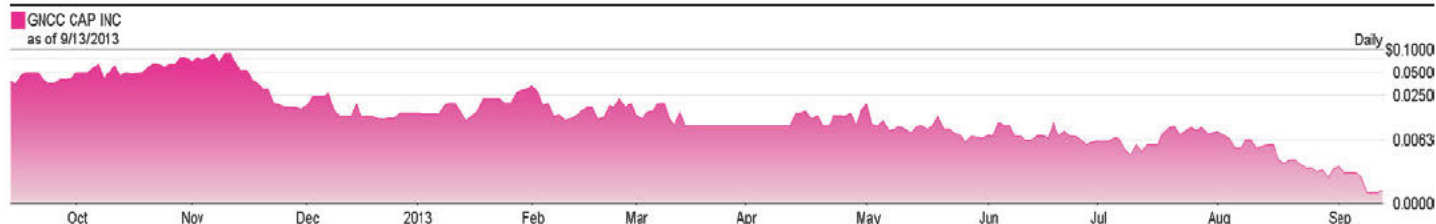
## Blue Sky

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	Monday 9/9/13	Tuesday 9/10/13	Wednesday 9/11/13	Thursday 9/12/13	Friday 9/13/13
Closing Bid	0.0021	0.0012	0.0011	0.0012	0.0013
Closing Ask	0.0022	0.0013	0.0013	0.0014	0.0014
High	0.0022	0.0020	0.0013	0.0013	0.0014
Low	0.0020	0.0012	0.0010	0.0010	0.0013
Last Sale	0.0020	0.0013	0.0013	0.0013	0.0014
Volume	527,547	5,681,985	22,594,799	18,093,468	1,103,700
Dollar Volume	1,099	7,744	27,494	18,170	1,443
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 1 10/1/12-12/31/12	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/13/13
Closing Bid	0.0130	0.0100	0.0060	0.0013
High Bid	0.0750	0.0300	0.0160	0.0095
Low Bid	0.0115	0.0074	0.0050	0.0011
High	0.0900	0.0350	0.0200	0.0120
Low	0.0101	0.0070	0.0048	0.0010
Last Sale	0.0144	0.0100	0.0060	0.0014



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Aug 2013 Vol	Aug 2013 Vol%	Jul 2013 Vol	Jul 2013 Vol%
ATDF	1,243,936	5.62	1,448,455	12.12
BMAK	8,418,949	38.02	0	0.00
CANT	28,550	0.13	169,008	1.41
CDEL	525,700	2.37	313,500	2.62
CSTI	3,439,299	15.53	4,143,683	34.68
ETRF	2,795,199	12.62	2,078,771	17.40
MAXM	50,000	0.23	0	0.00
NITE	3,478,994	15.71	1,630,826	13.65
VERT	949,600	4.29	105,000	0.88
VFIN	849,700	3.84	1,610,000	13.48
VNDM	362,521	1.64	448,420	3.75
<b>TOTAL</b>	<b>22,142,448</b>	<b>100</b>	<b>11,947,663</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No



GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

**0.0009 -0.0005 (35.71%) V 37,625,594**

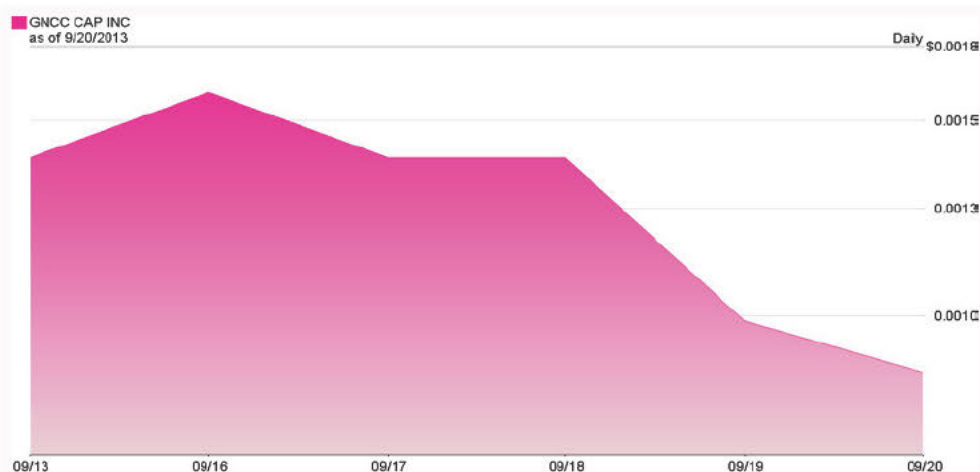
High Price	0.0017 (9/16/13)
Low Price	0.0008 (9/20/13)*
Average Price	0.0010
Median Price	0.0010
Number of	52
Dollar Volume	32,279
Average Daily	7,525,118
Median Daily Volume	2,558,532
VWAP	0.0009
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0008 (9/20/13)
Shares Outstanding	423.13 M

\*New 52 Week High/Low

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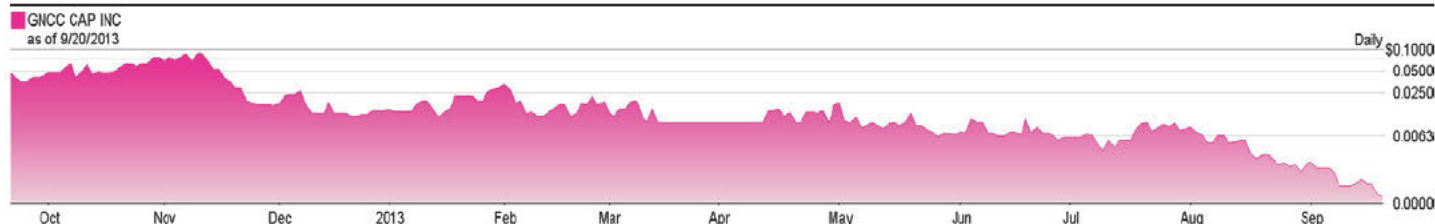
### Blue Sky

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	Monday 9/16/13	Tuesday 9/17/13	Wednesday 9/18/13	Thursday 9/19/13	Friday 9/20/13
Closing Bid	0.0015	0.0011	0.0011	0.0010	0.0008
Closing Ask	0.0016	0.0014	0.0014	0.0011	0.0010
High	0.0017	0.0015	-	0.0011	0.0011
Low	0.0014	0.0013	-	0.0010	0.0008
Last Sale	0.0016	0.0014	-	0.0010	0.0009
Volume	476,530	1,067,000	-	4,050,064	32,032,000
Dollar Volume	725	1,408	-	4,144	26,002
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 1 10/1/12-12/31/12	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/20/13
Closing Bid	0.0130	0.0100	0.0060	0.0008
High Bid	0.0750	0.0300	0.0160	0.0095
Low Bid	0.0115	0.0074	0.0050	0.0008
High	0.0900	0.0350	0.0200	0.0120
Low	0.0101	0.0070	0.0048	0.0008
Last Sale	0.0144	0.0100	0.0060	0.0009



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Aug 2013 Vol	Aug 2013 Vol%	Jul 2013 Vol	Jul 2013 Vol%
ATDF	1,243,936	5.62	1,448,455	12.12
BMAK	8,418,949	38.02	0	0.00
CANT	28,550	0.13	169,008	1.41
CDEL	525,700	2.37	313,500	2.62
CSTI	3,439,299	15.53	4,143,683	34.68
ETRF	2,795,199	12.62	2,078,771	17.40
MAXM	50,000	0.23	0	0.00
NITE	3,478,994	15.71	1,630,826	13.65
VERT	949,600	4.29	105,000	0.88
VFIN	849,700	3.84	1,610,000	13.48
VNDM	362,521	1.64	448,420	3.75
<b>TOTAL</b>	<b>22,142,448</b>	<b>100</b>	<b>11,947,663</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No

## News & Financials

Release Date	Type	Subtitle
9/19/13	Supplemental Information	Material Agreements entered into on September 13, 2013


**GNCC Capital, Inc.**
**OTCPink**

## Weekly Activity

**0.0019 +0.0010 (111.11%) V 173,538,179**

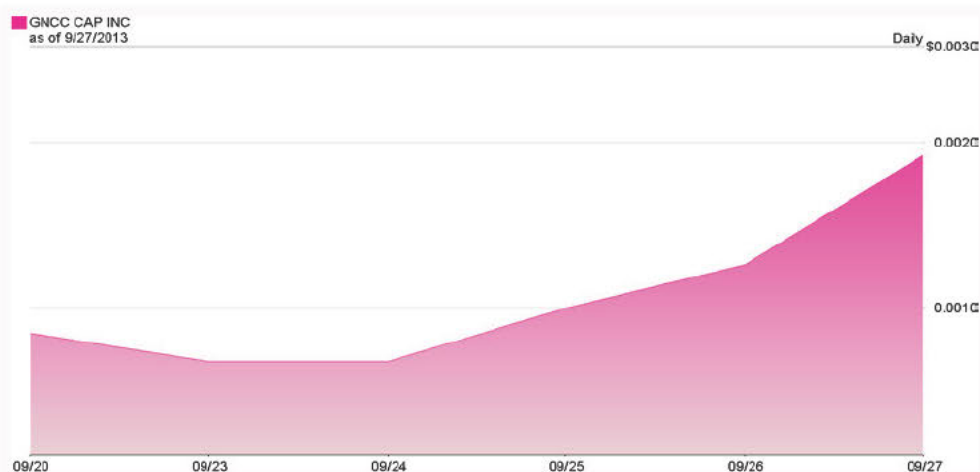
High Price	0.0026 (9/27/13)
Low Price	0.0006 (9/25/13)*
Average Price	0.0014
Median Price	0.0012
Number of	519
Dollar Volume	201,536
Average Daily	34,707,635
Median Daily Volume	26,777,284
VWAP	0.0012
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0006 (9/25/13)
Shares Outstanding	499.13 M

\*New 52 Week High/Low

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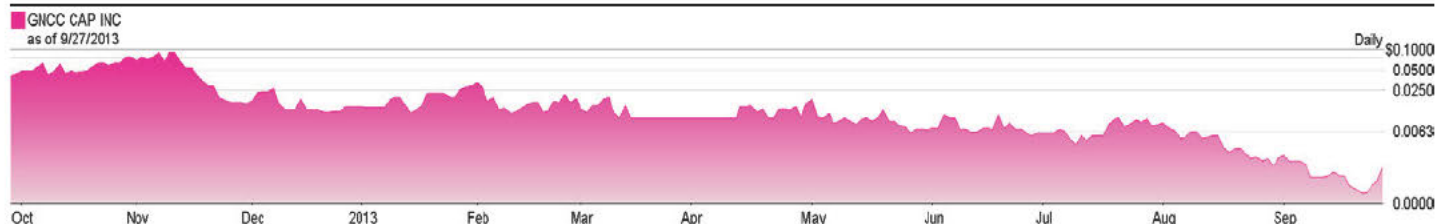
### Blue Sky

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	Monday 9/23/13	Tuesday 9/24/13	Wednesday 9/25/13	Thursday 9/26/13	Friday 9/27/13
Closing Bid	0.0008	0.0007	0.0010	0.0012	0.0018
Closing Ask	0.0009	0.0008	0.0011	0.0014	0.0019
High	0.0009	0.0009	0.0013	0.0015	0.0026
Low	0.0007	0.0007	0.0006	0.0009	0.0014
Last Sale	0.0008	0.0008	0.0010	0.0012	0.0019
Volume	9,824,500	1,104,000	100,726,243	26,777,284	35,106,152
Dollar Volume	7,155	944	89,956	31,845	71,639
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 1 10/1/12-12/31/12	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/27/13
Closing Bid	0.0130	0.0100	0.0060	0.0018
High Bid	0.0750	0.0300	0.0160	0.0095
Low Bid	0.0115	0.0074	0.0050	0.0007
High	0.0900	0.0350	0.0200	0.0120
Low	0.0101	0.0070	0.0048	0.0006
Last Sale	0.0144	0.0100	0.0060	0.0019





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Aug 2013 Vol	Aug 2013 Vol%	Jul 2013 Vol	Jul 2013 Vol%
ATDF	1,243,936	5.62	1,448,455	12.12
BMAK	8,418,949	38.02	0	0.00
CANT	28,550	0.13	169,008	1.41
CDEL	525,700	2.37	313,500	2.62
CSTI	3,439,299	15.53	4,143,683	34.68
ETRF	2,795,199	12.62	2,078,771	17.40
MAXM	50,000	0.23	0	0.00
NITE	3,478,994	15.71	1,630,826	13.65
VERT	949,600	4.29	105,000	0.88
VFIN	849,700	3.84	1,610,000	13.48
VNDM	362,521	1.64	448,420	3.75
<b>TOTAL</b>	<b>22,142,448</b>	<b>100</b>	<b>11,947,663</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Searchlight Exploration, LLC
9/26/13	Officer/Director Disclosure	Director Stockholding Disclosure - Ronald Yadin Lowenthal
9/26/13	Officer/Director Disclosure	Director Stockholding Disclosure - Nicolaas Edward "Ted" Blom
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Diamond Peak Resource Corporation
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Streetside Holdings AG
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Highwave Management Corp.
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Emerald International Corporation
9/26/13	Notice of Change in Substantial	Stockholder Disclosure - Artco Capital Ltd

GNCP

**GNCC Capital, Inc.**

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GNCC Capital, Inc.

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## Weekly Activity

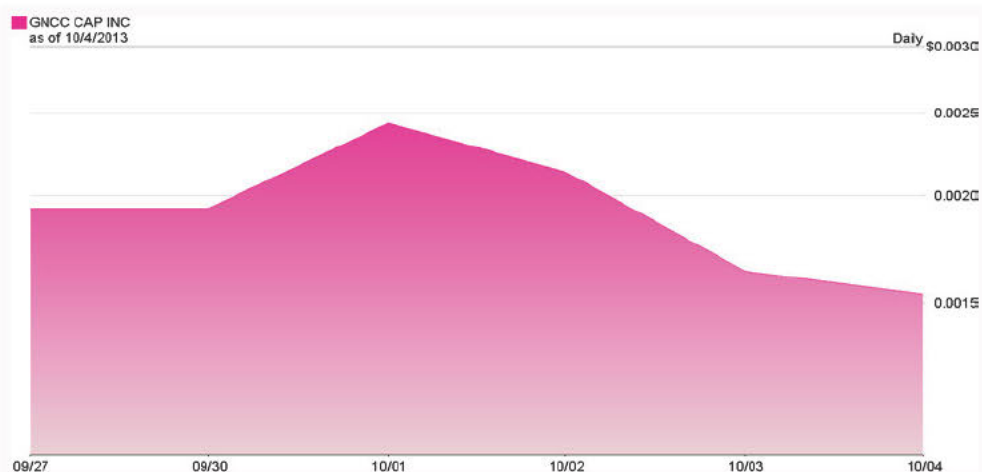
**0.0015 -0.0004 (21.05%) V 50,493,913**

High Price	0.0027 (10/1/13)
Low Price	0.0012 (10/4/13)
Average Price	0.0019
Median Price	0.0019
Number of	328
Dollar Volume	92,016
Average Daily	10,098,782
Median Daily Volume	8,707,543
VWAP	0.0018
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0006 (9/25/13)
Shares Outstanding	499.13 M

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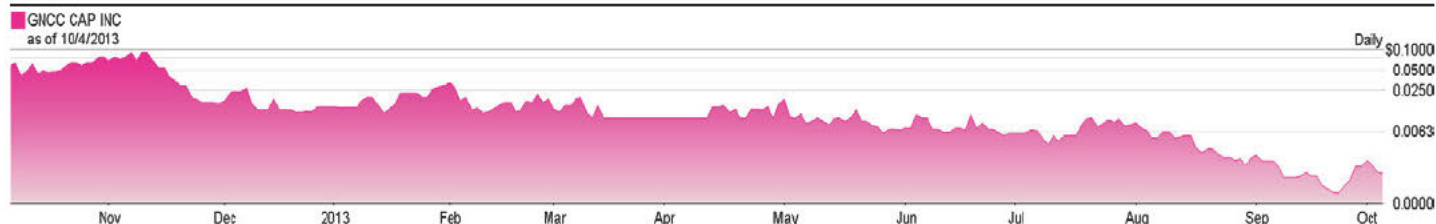
## Blue Sky

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	Monday 9/30/13	Tuesday 10/1/13	Wednesday 10/2/13	Thursday 10/3/13	Friday 10/4/13
Closing Bid	0.0016	0.0017	0.0019	0.0015	0.0013
Closing Ask	0.0020	0.0022	0.0021	0.0016	0.0015
High	0.0022	0.0027	0.0023	0.0020	0.0017
Low	0.0014	0.0016	0.0017	0.0016	0.0012
Last Sale	0.0019	0.0024	0.0021	0.0016	0.0015
Volume	14,471,221	13,312,206	8,707,543	6,096,856	7,906,087
Dollar Volume	26,559	27,749	16,398	10,124	11,189
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-10/4/13
Closing Bid	0.0100	0.0060	0.0016	0.0013
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0013
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0012
Last Sale	0.0100	0.0060	0.0019	0.0015



## GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Sep 2013 Vol	Sep 2013 Vol%	Aug 2013 Vol	Aug 2013 Vol%
ATDF	27,388,788	9.99	1,243,936	5.97
BMAK	58,081,618	21.19	8,418,949	40.42
CANT	10,000	0.00	28,550	0.14
CDEL	10,188,033	3.72	525,700	2.52
CSTI	56,898,356	20.76	3,439,299	16.51
ETRF	31,227,966	11.39	2,795,199	13.42
MAXM	110,000	0.04	50,000	0.24
NITE	89,951,685	32.82	3,478,994	16.70
VFIN	200,000	0.07	849,700	4.08
<b>TOTAL</b>	<b>274,056,446</b>	<b>100</b>	<b>20,830,327</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No
4/15/13	41,300	100.0	218,643	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
9/30/13	New Products/Services	GNCC CAPITAL, INC. to UTILIZE TWITTER

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

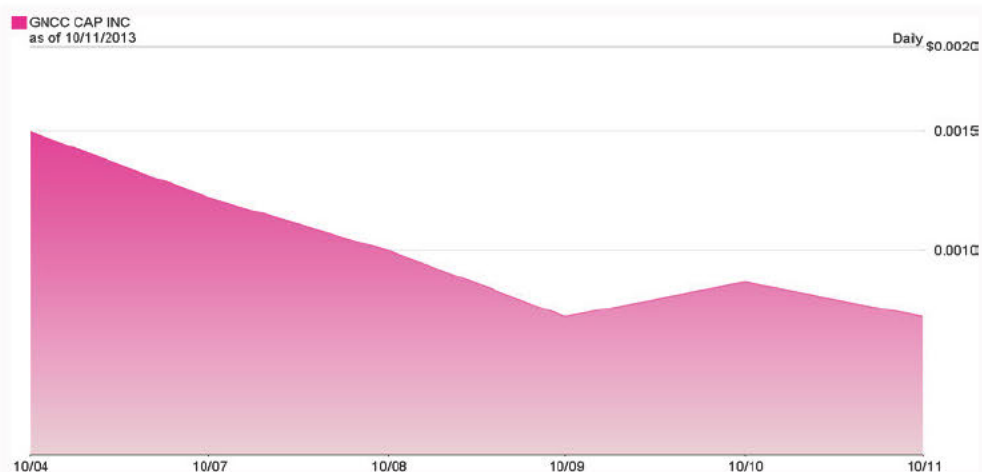
**0.0008 -0.0007 (46.67%) V 169,608,189**

High Price	0.0013 (10/7/13)
Low Price	0.0006 (10/11/13)
Average Price	0.0009
Median Price	0.0009
Number of	298
Dollar Volume	144,357
Average Daily	33,921,637
Median Daily Volume	12,315,765
VWAP	0.0009
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0006 (9/25/13)
Shares Outstanding	499.13 M

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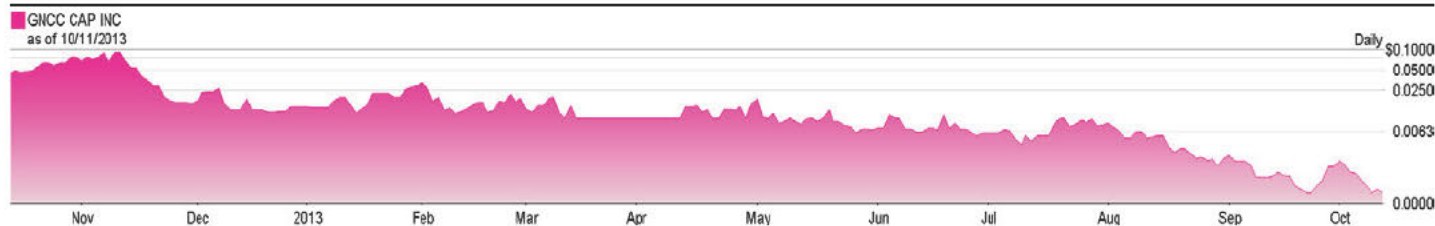
## Blue Sky

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	Monday 10/7/13	Tuesday 10/8/13	Wednesday 10/9/13	Thursday 10/10/13	Friday 10/11/13
Closing Bid	0.0012	0.0009	0.0009	0.0008	0.0007
Closing Ask	0.0015	0.0010	0.0010	0.0009	0.0008
High	0.0013	0.0012	0.0010	0.0012	0.0009
Low	0.0012	0.0009	0.0008	0.0007	0.0006
Last Sale	0.0012	0.0010	0.0008	0.0009	0.0008
Volume	3,630,000	12,315,765	8,149,886	76,139,672	69,372,866
Dollar Volume	4,461	12,589	7,340	67,761	52,208
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-10/11/13
Closing Bid	0.0100	0.0060	0.0016	0.0007
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0007
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0006
Last Sale	0.0100	0.0060	0.0019	0.0008





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Sep 2013 Vol	Sep 2013 Vol%	Aug 2013 Vol	Aug 2013 Vol%
ATDF	27,388,788	9.99	1,243,936	5.97
BMAK	58,081,618	21.19	8,418,949	40.42
CANT	10,000	0.00	28,550	0.14
CDEL	10,188,033	3.72	525,700	2.52
CSTI	56,898,356	20.76	3,439,299	16.51
ETRF	31,227,966	11.39	2,795,199	13.42
MAXM	110,000	0.04	50,000	0.24
NITE	89,951,685	32.82	3,478,994	16.70
VFIN	200,000	0.07	849,700	4.08
<b>TOTAL</b>	<b>274,056,446</b>	<b>100</b>	<b>20,830,327</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No



# GNCC Capital, Inc.

## Weekly Activity

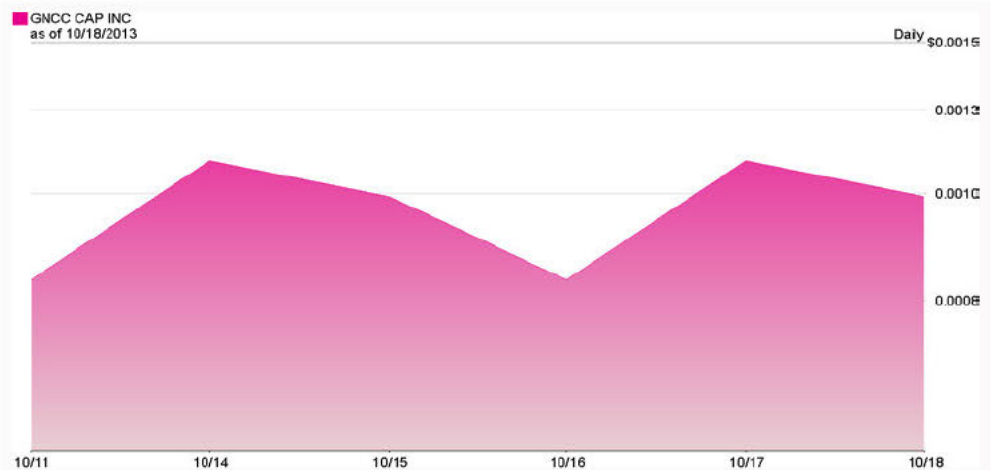
**0.0010 +0.0002 (25.00%) V 198,529,838**

High Price	0.0014 (10/14/13)
Low Price	0.0007 (10/14/13)
Average Price	0.0010
Median Price	0.0010
Number of	356
Dollar Volume	180,811
Average Daily	39,705,967
Median Daily Volume	29,774,429
VWAP	0.0009
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0006 (9/25/13)
Shares Outstanding	949.13 M

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### Blue Sky

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	Monday 10/14/13	Tuesday 10/15/13	Wednesday 10/16/13	Thursday 10/17/13	Friday 10/18/13
Closing Bid	0.0011	0.0009	0.0008	0.0010	0.0009
Closing Ask	0.0012	0.0010	0.0009	0.0011	0.0010
High	0.0014	0.0012	0.0010	0.0011	0.0011
Low	0.0007	0.0008	0.0008	0.0008	0.0008
Last Sale	0.0011	0.0010	0.0008	0.0011	0.0010
Volume	67,110,766	72,634,232	25,391,300	29,774,429	3,619,111
Dollar Volume	69,837	57,272	21,664	28,677	3,364
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-10/18/13
Closing Bid	0.0100	0.0060	0.0016	0.0009
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0007
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0006
Last Sale	0.0100	0.0060	0.0019	0.0010



## GNCC Capital, Inc.

### Volume By Market Participants

Monthly information provided by

MPID	Sep 2013 Vol	Sep 2013 Vol%	Aug 2013 Vol	Aug 2013 Vol%
ATDF	27,388,788	9.99	1,243,936	5.97
BMAK	58,081,618	21.19	8,418,949	40.42
CANT	10,000	0.00	28,550	0.14
CDEL	10,188,033	3.72	525,700	2.52
CSTI	56,898,356	20.76	3,439,299	16.51
ETRF	31,227,966	11.39	2,795,199	13.42
MAXM	110,000	0.04	50,000	0.24
NITE	89,951,685	32.82	3,478,994	16.70
VFIN	200,000	0.07	849,700	4.08
<b>TOTAL</b>	<b>274,056,446</b>	<b>100</b>	<b>20,830,327</b>	<b>100</b>

### Short Interest

Short interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No

### News & Financials

Release Date	Type	Subtitle
10/16/13	Notice of Change in Substantial	Stockholder Disclosure - Searchlight Exploration, LLC
10/16/13	Notice of Change in Substantial	Stockholder Disclosure - Macy Ocean Enterprises, Inc.
10/16/13	Notice of Change in Substantial	Stockholder Disclosure - Castlewood Capital Group, S.A.
10/16/13	Notice of Change in Substantial	Stockholder Disclosure - Emerald International Corporation
10/16/13	Notice of Change in Substantial	Stockholder Disclosure - Artco Capital Ltd
10/16/13	Supplemental Information	Notification of Partial Retirement of Debt - Historical Convertible Loan Notes
10/16/13	Management Discussion and	Management Update on "White Hills" Gold Properties



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## Weekly Activity

**0.0005 -0.0005 (50.00%) V 327,505,414**

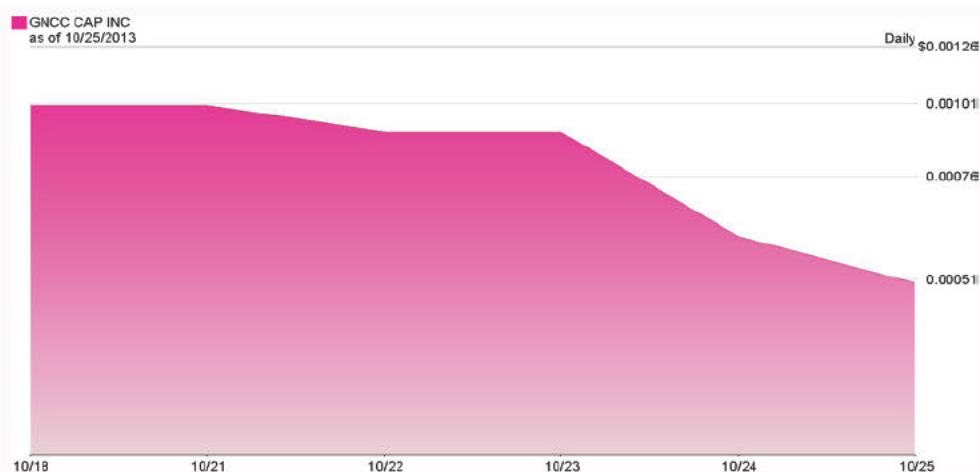
High Price	0.0012 (10/21/13)
Low Price	0.0003 (10/25/13)*
Average Price	0.0006
Median Price	0.0006
Number of	325
Dollar Volume	176,968
Average Daily	65,501,082
Median Daily Volume	12,190,061
VWAP	0.0005
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0003 (10/25/13)
Shares Outstanding	949.13 M

\*New 52 Week High/Low

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## Blue Sky

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	Monday 10/21/13	Tuesday 10/22/13	Wednesday 10/23/13	Thursday 10/24/13	Friday 10/25/13
Closing Bid	0.0010	0.0008	0.0008	0.0005	0.0004
Closing Ask	0.0011	0.0009	0.0009	0.0006	0.0005
High	0.0012	0.0010	0.0009	0.0008	0.0006
Low	0.0009	0.0009	0.0008	0.0005	0.0003
Last Sale	0.0010	0.0009	0.0009	0.0006	0.0005
Volume	12,190,061	2,585,557	8,681,000	168,672,590	135,376,206
Dollar Volume	12,878	2,344	7,285	96,869	57,594
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-10/25/13
Closing Bid	0.0100	0.0060	0.0016	0.0004
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0004
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0003
Last Sale	0.0100	0.0060	0.0019	0.0005



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Sep 2013 Vol	Sep 2013 Vol%	Aug 2013 Vol	Aug 2013 Vol%
ATDF	27,388,788	9.99	1,243,936	5.97
BMAK	58,081,618	21.19	8,418,949	40.42
CANT	10,000	0.00	28,550	0.14
CDEL	10,188,033	3.72	525,700	2.52
CSTI	56,898,356	20.76	3,439,299	16.51
ETRF	31,227,966	11.39	2,795,199	13.42
MAXM	110,000	0.04	50,000	0.24
NITE	89,951,685	32.82	3,478,994	16.70
VFIN	200,000	0.07	849,700	4.08
<b>TOTAL</b>	<b>274,056,446</b>	<b>100</b>	<b>20,830,327</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No



GNCC Capital, Inc.

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## Weekly Activity

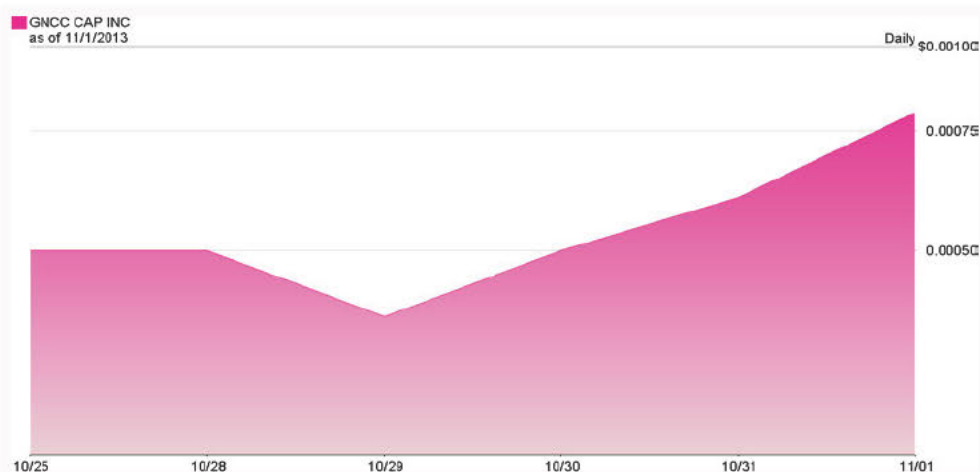
**0.0008 +0.0003 (60.00%) V 323,438,089**

High Price	0.0009 (11/1/13)
Low Price	0.0003 (10/30/13)
Average Price	0.0006
Median Price	0.0007
Number of	381
Dollar Volume	198,137
Average Daily	64,687,617
Median Daily Volume	11,244,922
VWAP	0.0006
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0003 (10/25/13)
Shares Outstanding	949.13 M

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## Blue Sky

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	Monday 10/28/13	Tuesday 10/29/13	Wednesday 10/30/13	Thursday 10/31/13	Friday 11/1/13
Closing Bid	0.0004	0.0003	0.0004	0.0006	0.0007
Closing Ask	0.0005	0.0004	0.0005	0.0007	0.0008
High	0.0005	0.0005	0.0005	0.0006	0.0009
Low	0.0004	0.0004	0.0003	0.0003	0.0005
Last Sale	0.0005	0.0004	0.0005	0.0006	0.0008
Volume	3,950,368	11,244,922	9,359,100	166,954,409	131,929,290
Dollar Volume	1,787	4,556	3,729	89,725	98,344
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-11/1/13
Closing Bid	0.0100	0.0060	0.0016	0.0007
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0003
Last Sale	0.0100	0.0060	0.0019	0.0008



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Oct 2013 Vol	Oct 2013 Vol%	Sep 2013 Vol	Sep 2013 Vol%
ASCM	60,961,850	6.60	0	0.00
ATDF	48,012,634	5.20	27,388,788	10.00
BMAK	113,466,274	12.29	58,081,618	21.20
CANT	656,000	0.07	10,000	0.00
CDEL	102,031,258	11.05	10,188,033	3.72
CSTI	303,991,951	32.93	56,898,356	20.77
ETRF	127,807,297	13.84	31,227,966	11.40
NITE	157,847,068	17.10	89,951,685	32.84
VFIN	7,148,000	0.77	200,000	0.07
VNDM	1,252,600	0.14	0	0.00
<b>TOTAL</b>	<b>923,174,932</b>	<b>100</b>	<b>273,946,446</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No
4/30/13	0	-100.0	196,272	0.0	No

## News &amp; Financials

Release Date	Type	Subtitle
10/31/13	Supplemental Information	Incorporation of WHITE HILLS GOLD EXPLORATION, INC.



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GNCC Capital, Inc.

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## Weekly Activity

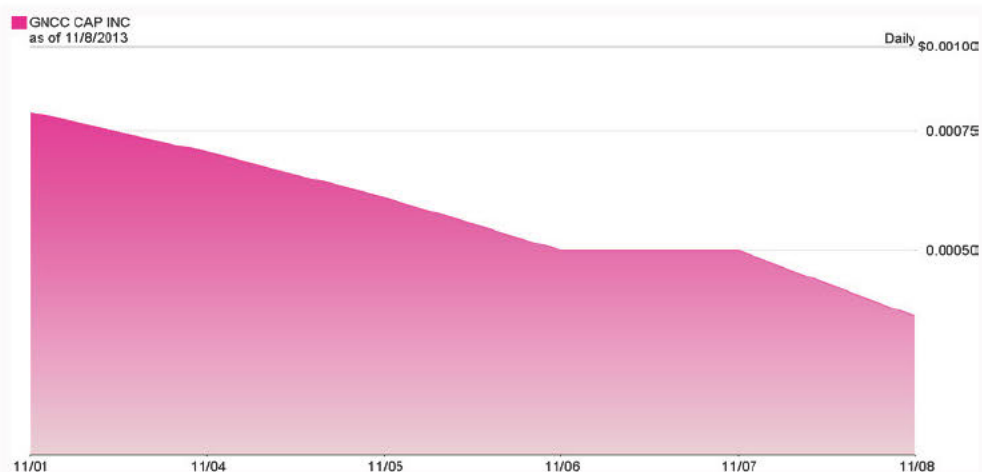
0.0004 -0.0004 (50.00%) V 300,149,038

High Price	0.0009 (11/4/13)
Low Price	0.0003 (11/6/13)
Average Price	0.0005
Median Price	0.0005
Number of	438
Dollar Volume	149,351
Average Daily	60,029,807
Median Daily Volume	64,867,944
VWAP	0.0005
52 Week High	0.0900 (11/9/12)
52 Week Low	0.0003 (10/25/13)
Shares Outstanding	949.13 M

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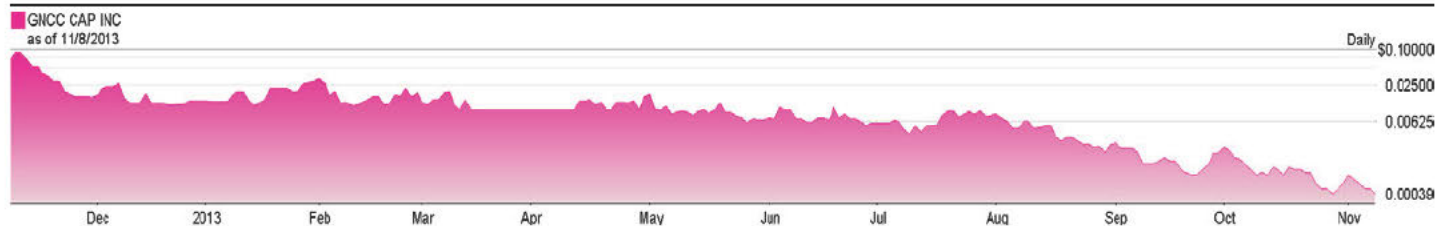
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	Monday 11/4/13	Tuesday 11/5/13	Wednesday 11/6/13	Thursday 11/7/13	Friday 11/8/13
Closing Bid	0.0006	0.0005	0.0004	0.0004	0.0003
Closing Ask	0.0007	0.0006	0.0005	0.0005	0.0004
High	0.0009	0.0007	0.0007	0.0005	0.0005
Low	0.0005	0.0005	0.0003	0.0004	0.0003
Last Sale	0.0007	0.0006	0.0005	0.0005	0.0004
Volume	84,906,192	18,450,681	123,274,221	8,650,000	64,867,944
Dollar Volume	57,936	10,986	52,650	3,575	24,207
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-11/8/13
Closing Bid	0.0100	0.0060	0.0016	0.0003
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0003
Last Sale	0.0100	0.0060	0.0019	0.0004

**GNCC Capital, Inc.****Volume By Market Participants**

Monthly Information provided by

MPID	Oct 2013 Vol	Oct 2013 Vol%	Sep 2013 Vol	Sep 2013 Vol%
ASCM	60,961,850	6.60	0	0.00
ATDF	48,012,634	5.20	27,388,788	10.00
BMAK	113,466,274	12.29	58,081,618	21.20
CANT	656,000	0.07	10,000	0.00
CDEL	102,031,258	11.05	10,188,033	3.72
CSTI	303,991,951	32.93	56,898,356	20.77
ETRF	127,807,297	13.84	31,227,966	11.40
NITE	157,847,068	17.10	89,951,685	32.84
VFIN	7,148,000	0.77	200,000	0.07
VNDM	1,252,600	0.14	0	0.00
<b>TOTAL</b>	<b>923,174,932</b>	<b>100</b>	<b>273,946,446</b>	<b>100</b>

**Short Interest**

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No

**News & Financials**

Release Date	Type	Subtitle
11/6/13	Press Release	GNCC CAPITAL, INC. CONVERTS \$4 MILLION IN DEBT TO EQUITY THROUGH THE ISSUANCE OF NEW PREFERRED STOCK
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Anaconda Exploration, LLC
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Diamond Peak Resource Corporation
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Saffron Ventures GmbH
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Highwave Management Corp
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Castlewood Capital Group, S.A.
11/6/13	Notice of Change in Substantial	



## GNCC Capital, Inc.



11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Artco Capital Ltd
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Insight Holdings, S.A.
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Emerald International Corporation
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Western Treasure Holdings Corp
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Neutral Bay Investments, S.A.
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Liberty Investment Services Ltd
11/6/13	Notice of Change in Substantial	Disclosure of Stockholding - Series A Preferred Stock - Macy Ocean Enterprises, Inc.
11/6/13	Supplemental Information	Issuance of Shares of Series A Convertible Preferred Stock
11/6/13	Articles of Incorporation	Designation of Shares of Series A Convertible Preferred Stock
11/6/13	Articles of Incorporation	Amendment to Certificate of Incorporation - Authorized Preferred Stock
11/6/13	Articles of Incorporation	Amendment to Certificate of Incorporation - Authorized Common Stock

GNCP

GNCC Capital, Inc.

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## Weekly Activity

0.0014 +0.0010 (250.00%) V 637,391,913

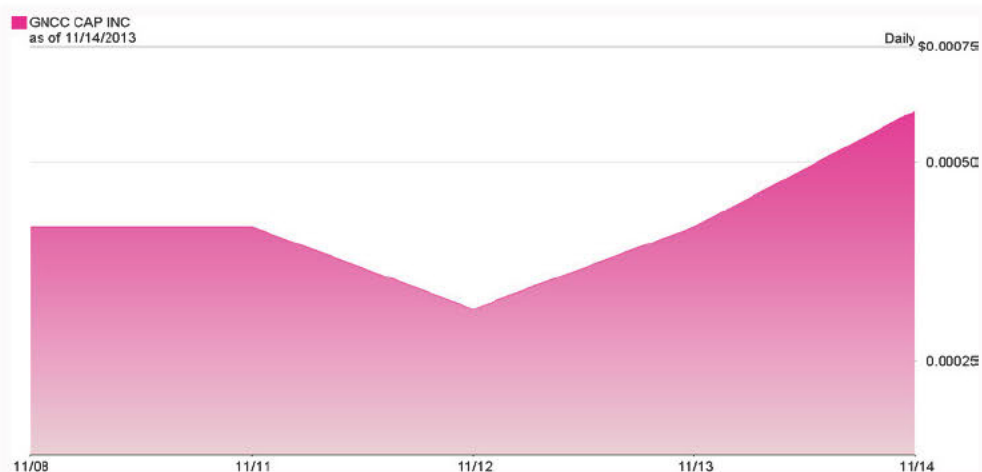
High Price	0.0014 (11/15/13)
Low Price	0.0002 (11/14/13)*
Average Price	0.0009
Median Price	0.0010
Number of	698
Dollar Volume	385,987
Average Daily	127,478,382
Median Daily Volume	88,251,298
VWAP	0.0006
52 Week High	0.0600 (11/23/12)
52 Week Low	0.0002 (11/14/13)
Shares Outstanding	949.13 M

\*New 52 Week High/Low

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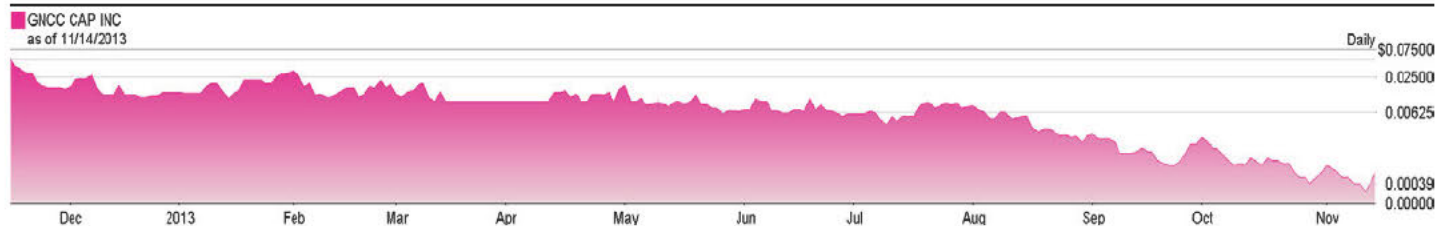
## Blue Sky

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	Monday 11/11/13	Tuesday 11/12/13	Wednesday 11/13/13	Thursday 11/14/13	Friday 11/15/13
Closing Bid	0.0003	0.0003	0.0003	0.0005	0.0013
Closing Ask	0.0004	0.0004	0.0004	0.0006	0.0014
High	0.0004	0.0004	0.0004	0.0006	0.0014
Low	0.0003	0.0003	0.0003	0.0002	0.0005
Last Sale	0.0004	0.0003	0.0004	0.0006	0.0014
Volume	88,251,298	8,293,500	74,156,100	209,227,616	257,463,399
Dollar Volume	26,756	3,059	20,925	77,075	258,173
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-11/15/13
Closing Bid	0.0100	0.0060	0.0016	0.0013
High Bid	0.0300	0.0160	0.0095	0.0019
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0002
Last Sale	0.0100	0.0060	0.0019	0.0014





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Oct 2013 Vol	Oct 2013 Vol%	Sep 2013 Vol	Sep 2013 Vol%
ASCM	60,961,850	6.60	0	0.00
ATDF	48,012,634	5.20	27,388,788	10.00
BMAK	113,466,274	12.29	58,081,618	21.20
CANT	656,000	0.07	10,000	0.00
CDEL	102,031,258	11.05	10,188,033	3.72
CSTI	303,991,951	32.93	56,898,356	20.77
ETRF	127,807,297	13.84	31,227,966	11.40
NITE	157,847,068	17.10	89,951,685	32.84
VFIN	7,148,000	0.77	200,000	0.07
VNDM	1,252,600	0.14	0	0.00
<b>TOTAL</b>	<b>923,174,932</b>	<b>100</b>	<b>273,946,446</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No

## News & Financials

Release Date	Type	Subtitle
11/11/13	Supplemental Information	Weekly Stock Trading & Other Statistics- W/E: November 8, 2013

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

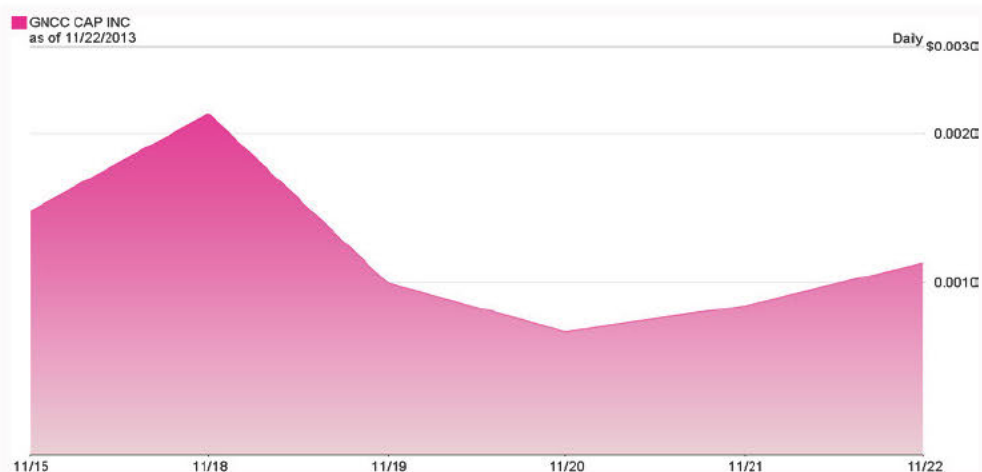
**0.0011 -0.0003 (21.43%) V 1.11 B**

High Price	0.0024 (11/18/13)
Low Price	0.0006 (11/20/13)
Average Price	0.0013
Median Price	0.0012
Number of	1934
Dollar Volume	1,383,240
Average Daily	222,824,626
Median Daily Volume	225,610,460
VWAP	0.0012
52 Week High	0.0600 (11/23/12)
52 Week Low	0.0002 (11/14/13)
Shares Outstanding	949.13 M

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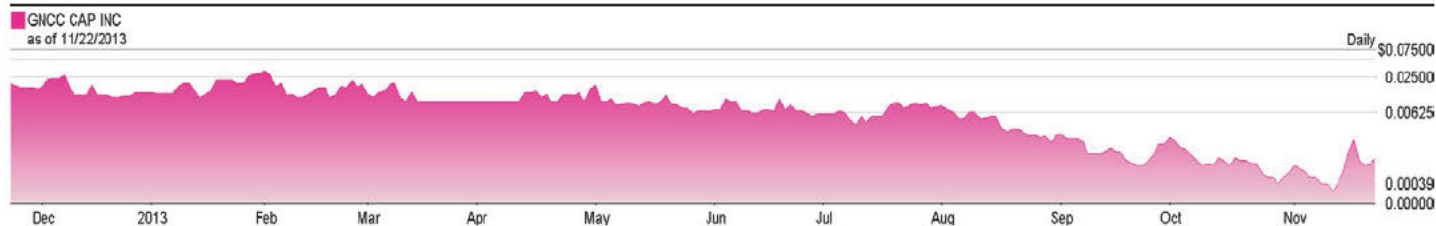
## Blue Sky

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	Monday 11/18/13	Tuesday 11/19/13	Wednesday 11/20/13	Thursday 11/21/13	Friday 11/22/13
Closing Bid	0.0021	0.0009	0.0007	0.0008	0.0010
Closing Ask	0.0022	0.0010	0.0008	0.0009	0.0011
High	0.0024	0.0023	0.0011	0.0010	0.0011
Low	0.0014	0.0008	0.0006	0.0006	0.0008
Last Sale	0.0022	0.0010	0.0008	0.0009	0.0011
Volume	225,610,460	487,715,545	245,887,642	89,575,555	65,333,929
Dollar Volume	433,060	608,244	210,761	70,264	60,913
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-11/22/13
Closing Bid	0.0100	0.0060	0.0016	0.0010
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0002
Last Sale	0.0100	0.0060	0.0019	0.0011



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Oct 2013 Vol	Oct 2013 Vol%	Sep 2013 Vol	Sep 2013 Vol%
ASCM	60,961,850	6.60	0	0.00
ATDF	48,012,634	5.20	27,388,788	10.00
BMAK	113,466,274	12.29	58,081,618	21.20
CANT	656,000	0.07	10,000	0.00
CDEL	102,031,258	11.05	10,188,033	3.72
CSTI	303,991,951	32.93	56,898,356	20.77
ETRF	127,807,297	13.84	31,227,966	11.40
NITE	157,847,068	17.10	89,951,685	32.84
VFIN	7,148,000	0.77	200,000	0.07
VNDM	1,252,600	0.14	0	0.00
<b>TOTAL</b>	<b>923,174,932</b>	<b>100</b>	<b>273,946,446</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No
5/15/13	20,076	100.0	556,503	1.0	No

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

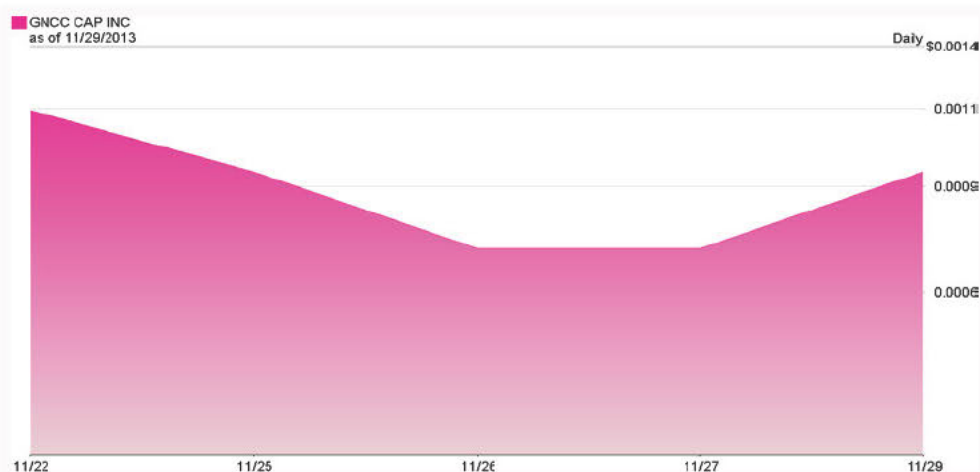
**0.0009 -0.0002 (18.18%) V 580,865,318**

High Price	0.0012 (11/25/13)
Low Price	0.0005 (11/26/13)
Average Price	0.0008
Median Price	0.0008
Number of	581
Dollar Volume	382,634
Average Daily	145,216,329
Median Daily Volume	120,338,048
VWAP	0.0007
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0002 (11/14/13)
Shares Outstanding	3.25 B

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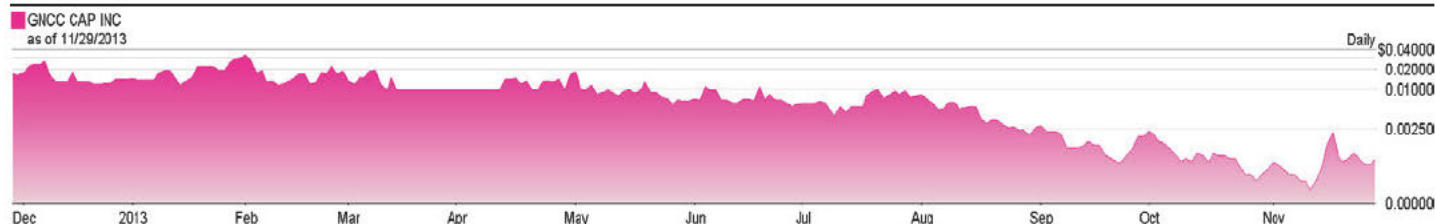
## Blue Sky

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	Monday 11/25/13	Tuesday 11/26/13	Wednesday 11/27/13	Thursday 11/28/13	Friday 11/29/13
Closing Bid	0.0008	0.0007	0.0006	-	0.0008
Closing Ask	0.0009	0.0008	0.0007	-	0.0009
High	0.0012	0.0009	0.0008	-	0.0011
Low	0.0008	0.0005	0.0006	-	0.0006
Last Sale	0.0009	0.0007	0.0007	-	0.0009
Volume	140,162,237	299,092,248	41,096,974	-	100,513,859
Dollar Volume	131,550	193,365	27,618	-	30,103
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-11/29/13
Closing Bid	0.0100	0.0060	0.0016	0.0008
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0002
Last Sale	0.0100	0.0060	0.0019	0.0009



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Oct 2013 Vol	Oct 2013 Vol%	Sep 2013 Vol	Sep 2013 Vol%
ASCM	60,961,850	6.60	0	0.00
ATDF	48,012,634	5.20	27,388,788	10.00
BMAK	113,466,274	12.29	58,081,618	21.20
CANT	656,000	0.07	10,000	0.00
CDEL	102,031,258	11.05	10,188,033	3.72
CSTI	303,991,951	32.93	56,898,356	20.77
ETRF	127,807,297	13.84	31,227,966	11.40
NITE	157,847,068	17.10	89,951,685	32.84
VFIN	7,148,000	0.77	200,000	0.07
VNDM	1,252,600	0.14	0	0.00
<b>TOTAL</b>	<b>923,174,932</b>	<b>100</b>	<b>273,946,446</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No





GNCC Capital, Inc.

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## Weekly Activity

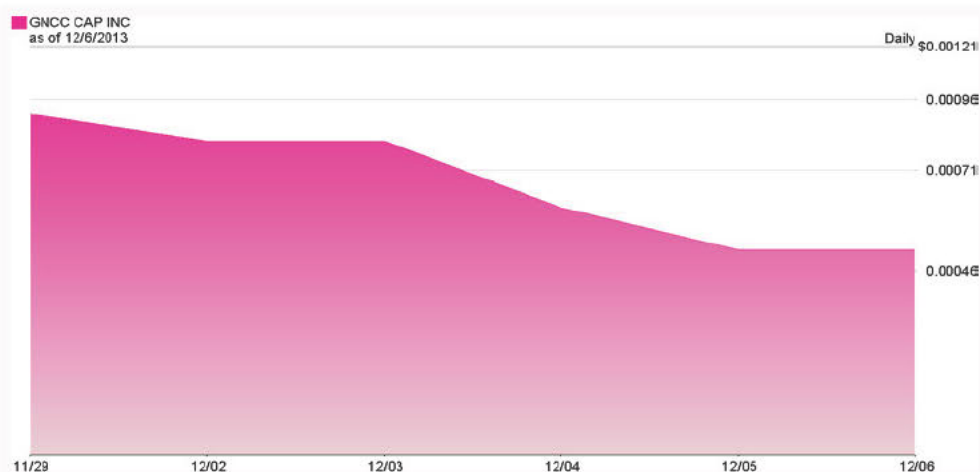
**0.0005 -0.0004 (44.44%) V 1.29 B**

High Price	0.0011 (12/2/13)
Low Price	0.0003 (12/5/13)
Average Price	0.0006
Median Price	0.0006
Number of	955
Dollar Volume	743,325
Average Daily	258,880,861
Median Daily Volume	196,084,950
VWAP	0.0006
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0002 (11/14/13)
Shares Outstanding	3.25 B

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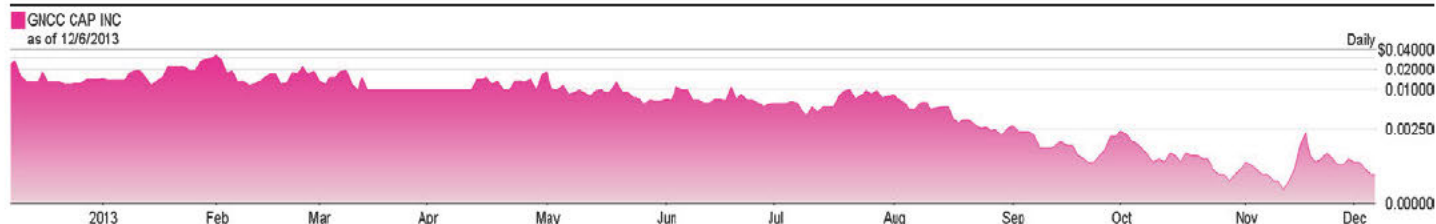
## Blue Sky

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	Monday 12/2/13	Tuesday 12/3/13	Wednesday 12/4/13	Thursday 12/5/13	Friday 12/6/13
Closing Bid	0.0007	0.0007	0.0005	0.0004	0.0004
Closing Ask	0.0008	0.0008	0.0006	0.0005	0.0005
High	0.0011	0.0008	0.0008	0.0007	0.0006
Low	0.0006	0.0006	0.0005	0.0003	0.0003
Last Sale	0.0008	0.0008	0.0006	0.0005	0.0005
Volume	106,139,794	196,084,950	412,027,912	406,925,248	173,226,401
Dollar Volume	89,746	141,685	245,731	190,029	76,136
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/6/13
Closing Bid	0.0100	0.0060	0.0016	0.0004
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0003
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0002
Last Sale	0.0100	0.0060	0.0019	0.0005



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Nov 2013 Vol	Nov 2013 Vol%	Oct 2013 Vol	Oct 2013 Vol%
ATDF	219,483,046	7.94	48,012,634	6.41
CANT	1,893,622	0.07	656,000	0.09
CDEL	331,556,274	11.99	102,031,258	13.63
CSTI	945,596,521	34.21	303,991,951	40.60
ETRF	572,516,854	20.71	127,807,297	17.07
LAMP	1,672,000	0.06	0	0.00
MAXM	6,099,906	0.22	0	0.00
NITE	492,123,979	17.80	157,847,068	21.08
VERT	189,906,488	6.87	0	0.00
VFIN	10,000	0.00	7,148,000	0.95
VNDM	3,600,000	0.13	1,252,600	0.17
<b>TOTAL</b>	<b>2.76 B</b>	<b>100</b>	<b>748,746,808</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No
5/31/13	0	-100.0	1,251,735	0.0	No

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

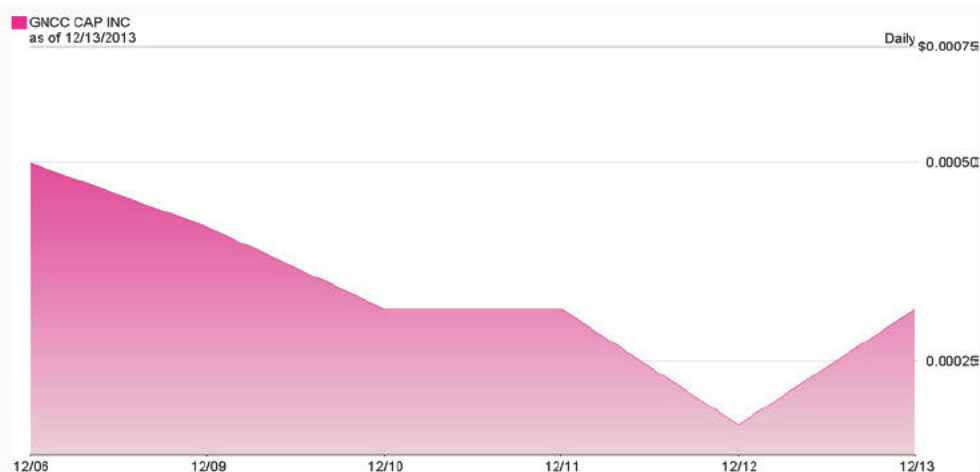
**0.0003 -0.0002 (40.00%) V 817,249,793**

High Price	0.0005 (12/9/13)
Low Price	0.0002 (12/11/13)
Average Price	0.0003
Median Price	0.0003
Number of	816
Dollar Volume	256,237
Average Daily	163,449,958
Median Daily Volume	182,674,033
VWAP	0.0003
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0002 (11/14/13)
Shares Outstanding	3.25 B

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## Blue Sky

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	Monday 12/9/13	Tuesday 12/10/13	Wednesday 12/11/13	Thursday 12/12/13	Friday 12/13/13
Closing Bid	0.0003	0.0003	0.0002	0.0002	0.0002
Closing Ask	0.0004	0.0004	0.0003	0.0003	0.0003
High	0.0005	0.0005	0.0004	0.0004	0.0004
Low	0.0003	0.0003	0.0002	0.0002	0.0002
Last Sale	0.0004	0.0003	0.0003	0.0002	0.0003
Volume	80,590,929	109,758,987	213,285,492	182,674,033	230,940,352
Dollar Volume	33,371	38,796	64,358	48,799	70,916
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/13/13
Closing Bid	0.0100	0.0060	0.0016	0.0002
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0002
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0002
Last Sale	0.0100	0.0060	0.0019	0.0003





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Nov 2013 Vol	Nov 2013 Vol%	Oct 2013 Vol	Oct 2013 Vol%
ATDF	219,483,046	7.94	48,012,634	6.41
CANT	1,893,622	0.07	656,000	0.09
CDEL	331,556,274	11.99	102,031,258	13.63
CSTI	945,596,521	34.21	303,991,951	40.60
ETRF	572,516,854	20.71	127,807,297	17.07
LAMP	1,672,000	0.06	0	0.00
MAXM	6,099,906	0.22	0	0.00
NITE	492,123,979	17.80	157,847,068	21.08
VERT	189,906,488	6.87	0	0.00
VFIN	10,000	0.00	7,148,000	0.95
VNDM	3,600,000	0.13	1,252,600	0.17
<b>TOTAL</b>	<b>2.76 B</b>	<b>100</b>	<b>748,746,808</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No

GNCP

GNCC Capital, Inc.

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## Weekly Activity

**0.0002 -0.0001 (33.33%) V 1.32 B**

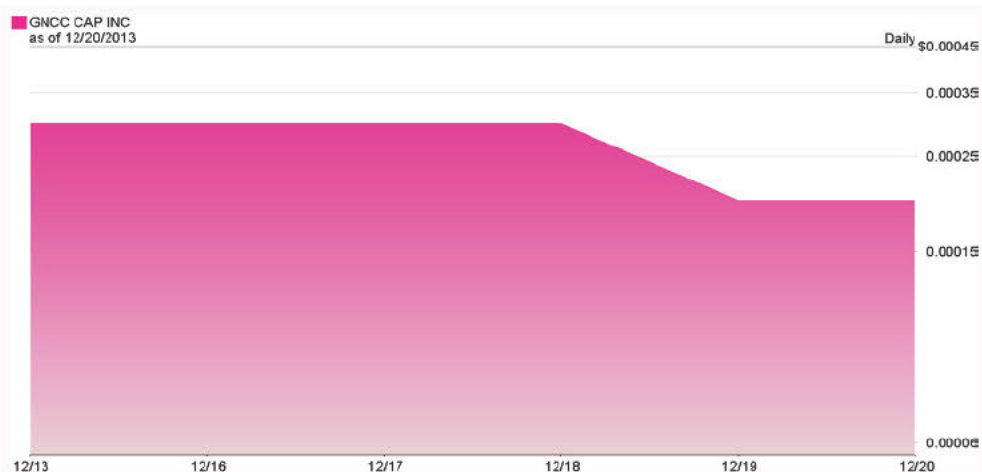
High Price	0.0004 (12/16/13)
Low Price	0.0001 (12/16/13)*
Average Price	0.0002
Median Price	0.0002
Number of	1042
Dollar Volume	258,005
Average Daily	263,318,541
Median Daily Volume	183,579,583
VWAP	0.0002
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	3.25 B

\*New 52 Week High/Low

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## Blue Sky

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	Monday 12/16/13	Tuesday 12/17/13	Wednesday 12/18/13	Thursday 12/19/13	Friday 12/20/13
Closing Bid	0.0002	0.0002	0.0002	0.0001	0.0001
Closing Ask	0.0003	0.0003	0.0003	0.0002	0.0002
High	0.0004	0.0003	0.0003	0.0003	0.0003
Low	0.0001	0.0001	0.0001	0.0001	0.0001
Last Sale	0.0003	0.0003	0.0003	0.0002	0.0002
Volume	690,472,452	183,579,583	75,452,246	257,420,542	109,667,882
Dollar Volume	131,823	37,279	15,338	51,639	21,928
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/20/13
Closing Bid	0.0100	0.0060	0.0016	0.0001
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0001
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0001
Last Sale	0.0100	0.0060	0.0019	0.0002



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Nov 2013 Vol	Nov 2013 Vol%	Oct 2013 Vol	Oct 2013 Vol%
ATDF	219,483,046	7.94	48,012,634	6.41
CANT	1,893,622	0.07	656,000	0.09
CDEL	331,556,274	11.99	102,031,258	13.63
CSTI	945,596,521	34.21	303,991,951	40.60
ETRF	572,516,854	20.71	127,807,297	17.07
LAMP	1,672,000	0.06	0	0.00
MAXM	6,099,906	0.22	0	0.00
NITE	492,123,979	17.80	157,847,068	21.08
VERT	189,906,488	6.87	0	0.00
VFIN	10,000	0.00	7,148,000	0.95
VNDM	3,600,000	0.13	1,252,600	0.17
<b>TOTAL</b>	<b>2.76 B</b>	<b>100</b>	<b>748,746,808</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No
6/14/13	2,000	100.0	466,910	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
12/17/13	Management Discussion and	Management Commentary on Loan Note Conversions & Trading
12/16/13	Supplemental Information	Assay Report on Company's "White Hills" Gold Exploration Property

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

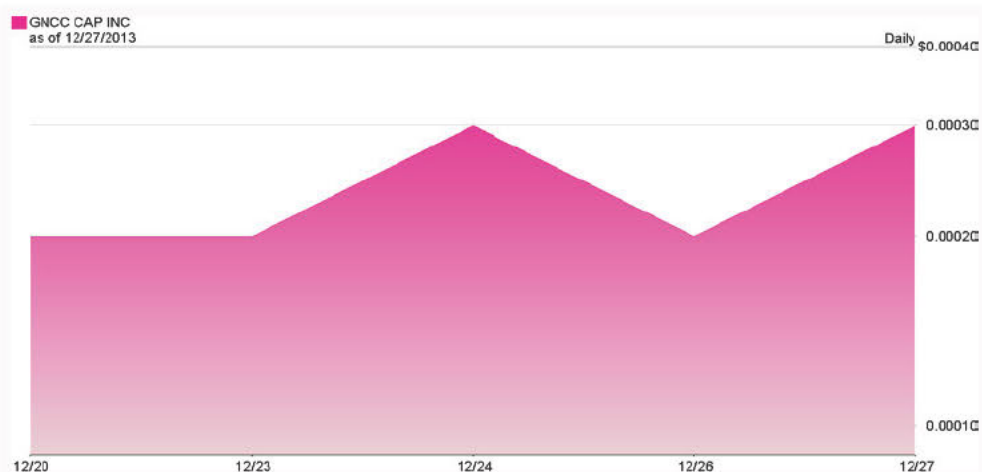
0.0003 +0.0001 (50.00%) V 290,761,399

High Price	0.0003 (12/23/13)
Low Price	0.0001 (12/23/13)
Average Price	0.0002
Median Price	0.0002
Number of	478
Dollar Volume	60,763
Average Daily	72,690,349
Median Daily Volume	74,657,444
VWAP	0.0002
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	3.25 B

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## Blue Sky

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	Monday 12/23/13	Tuesday 12/24/13	Wednesday 12/25/13	Thursday 12/26/13	Friday 12/27/13
Closing Bid	0.0001	0.0002	-	0.0002	0.0002
Closing Ask	0.0002	0.0003	-	0.0003	0.0003
High	0.0003	0.0003	-	0.0003	0.0003
Low	0.0001	0.0001	-	0.0001	0.0001
Last Sale	0.0002	0.0003	-	0.0002	0.0003
Volume	50,009,105	19,280,644	-	99,305,784	122,165,866
Dollar Volume	10,304	3,924	-	20,198	26,338
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 2 1/1/13-3/31/13	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/27/13
Closing Bid	0.0100	0.0060	0.0016	0.0002
High Bid	0.0300	0.0160	0.0095	0.0021
Low Bid	0.0074	0.0050	0.0007	0.0001
High	0.0350	0.0200	0.0120	0.0027
Low	0.0070	0.0048	0.0006	0.0001
Last Sale	0.0100	0.0060	0.0019	0.0003



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Nov 2013 Vol	Nov 2013 Vol%	Oct 2013 Vol	Oct 2013 Vol%
ATDF	219,483,046	7.94	48,012,634	6.41
CANT	1,893,622	0.07	656,000	0.09
CDEL	331,556,274	11.99	102,031,258	13.63
CSTI	945,596,521	34.21	303,991,951	40.60
ETRF	572,516,854	20.71	127,807,297	17.07
LAMP	1,672,000	0.06	0	0.00
MAXM	6,099,906	0.22	0	0.00
NITE	492,123,979	17.80	157,847,068	21.08
VERT	189,906,488	6.87	0	0.00
VFIN	10,000	0.00	7,148,000	0.95
VNDM	3,600,000	0.13	1,252,600	0.17
<b>TOTAL</b>	<b>2.76 B</b>	<b>100</b>	<b>748,746,808</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No





GNCC Capital, Inc.

OTCPink

## Weekly Activity

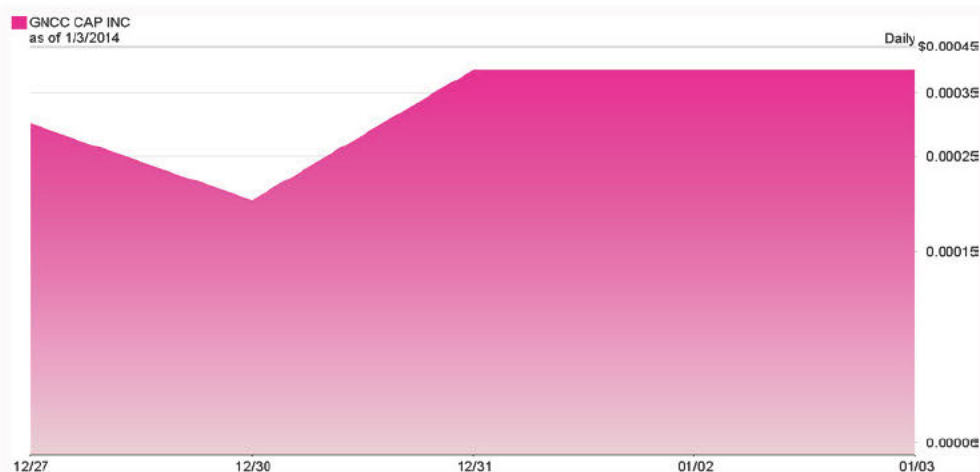
**0.0004 +0.0001 (33.33%) V 425,983,764**

High Price	0.0004 (12/31/13)
Low Price	0.0002 (12/30/13)
Average Price	0.0003
Median Price	0.0003
Number of	590
Dollar Volume	125,750
Average Daily	106,495,941
Median Daily Volume	95,196,653
VWAP	0.0003
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	3.25 B

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## Blue Sky

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	Monday 12/30/13	Tuesday 12/31/13	Wednesday 1/1/14	Thursday 1/2/14	Friday 1/3/14
Closing Bid	0.0002	0.0003	-	0.0003	0.0003
Closing Ask	0.0003	0.0004	-	0.0004	0.0004
High	0.0003	0.0004	-	0.0004	0.0004
Low	0.0002	0.0002	-	0.0002	0.0002
Last Sale	0.0002	0.0004	-	0.0004	0.0004
Volume	87,222,217	161,893,576	-	103,171,090	73,696,881
Dollar Volume	23,354	48,752	-	31,427	22,218
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-1/3/14
Closing Bid	0.0060	0.0016	0.0003	0.0003
High Bid	0.0160	0.0095	0.0021	0.0003
Low Bid	0.0050	0.0007	0.0001	0.0003
High	0.0200	0.0120	0.0027	0.0004
Low	0.0048	0.0006	0.0001	0.0002
Last Sale	0.0060	0.0019	0.0004	0.0004



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Dec 2013 Vol	Dec 2013 Vol%	Nov 2013 Vol	Nov 2013 Vol%
ATDF	185,634,756	4.68	219,483,046	7.94
CANT	2,917,000	0.07	1,893,622	0.07
CDEL	389,164,521	9.81	331,556,274	12.00
CHDN	109,780,583	2.77	0	0.00
CSTI	1.68 B	42.27	945,596,521	34.23
ETRF	571,289,323	14.40	572,516,854	20.72
MAXM	9,110,945	0.23	6,099,906	0.22
NITE	702,726,438	17.71	492,123,979	17.81
PUMA	152,600,303	3.85	0	0.00
VERT	107,917,389	2.72	189,906,488	6.87
VFIN	59,785,664	1.51	10,000	0.00
VNDM	10,000	0.00	3,600,000	0.13
<b>TOTAL</b>	<b>3.97 B</b>	<b>100</b>	<b>2.76 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No
6/28/13	0	-100.0	980,641	0.0	No

## News &amp; Financials

Release Date	Type	Subtitle
1/2/14	Notification of Late Filing	Notification of Late Filing in respect of Annual Report

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

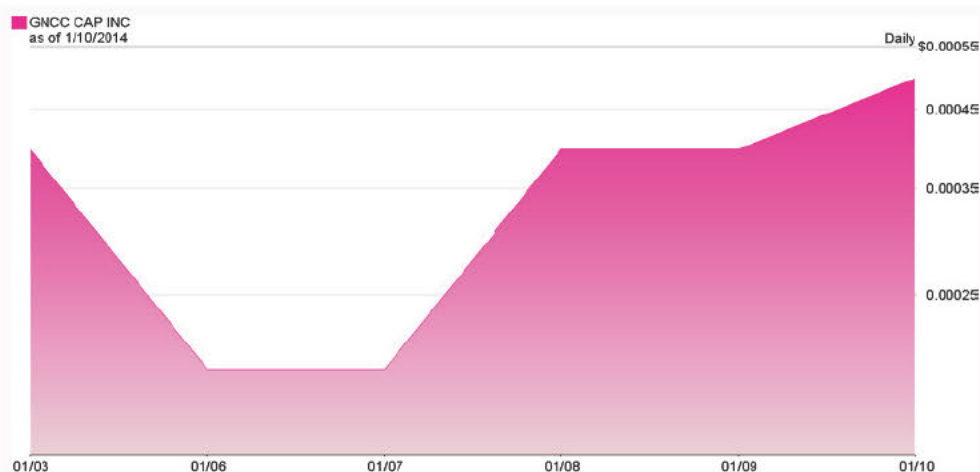
0.0005 +0.0001 (25.00%) V 435,751,019

High Price	0.0005 (1/10/14)
Low Price	0.0002 (1/6/14)
Average Price	0.0003
Median Price	0.0003
Number of	502
Dollar Volume	138,698
Average Daily	87,150,203
Median Daily Volume	74,912,241
VWAP	0.0003
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	3.25 B

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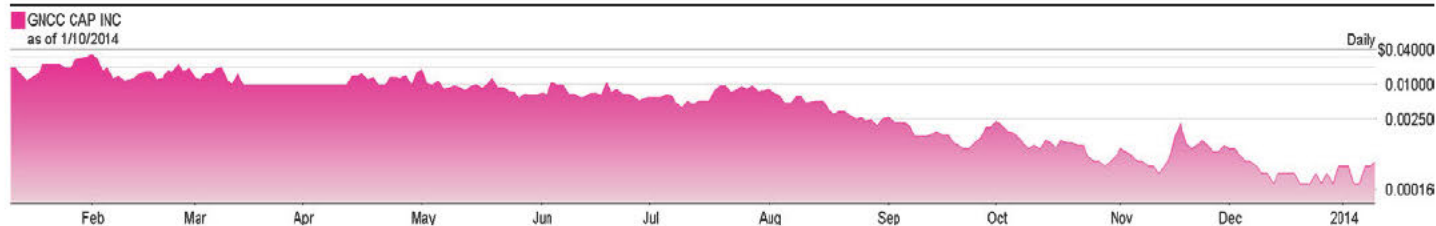
## Blue Sky

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	Monday 1/6/14	Tuesday 1/7/14	Wednesday 1/8/14	Thursday 1/9/14	Friday 1/10/14
Closing Bid	0.0002	0.0002	0.0003	0.0003	0.0004
Closing Ask	0.0003	0.0003	0.0004	0.0004	0.0005
High	0.0004	0.0004	0.0004	0.0004	0.0005
Low	0.0002	0.0002	0.0002	0.0002	0.0002
Last Sale	0.0002	0.0002	0.0004	0.0004	0.0005
Volume	36,596,909	49,879,983	74,912,241	104,734,855	169,627,031
Dollar Volume	10,756	14,623	22,046	27,821	63,454
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-1/10/14
Closing Bid	0.0060	0.0016	0.0003	0.0004
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0002
High	0.0200	0.0120	0.0027	0.0005
Low	0.0048	0.0006	0.0001	0.0002
Last Sale	0.0060	0.0019	0.0004	0.0005





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Dec 2013 Vol	Dec 2013 Vol%	Nov 2013 Vol	Nov 2013 Vol%
ATDF	185,634,756	4.68	219,483,046	7.94
CANT	2,917,000	0.07	1,893,622	0.07
CDEL	389,164,521	9.81	331,556,274	12.00
CHDN	109,780,583	2.77	0	0.00
CSTI	1.68 B	42.27	945,596,521	34.23
ETRF	571,289,323	14.40	572,516,854	20.72
MAXM	9,110,945	0.23	6,099,906	0.22
NITE	702,726,438	17.71	492,123,979	17.81
PUMA	152,600,303	3.85	0	0.00
VERT	107,917,389	2.72	189,906,488	6.87
VFIN	59,785,664	1.51	10,000	0.00
VNDM	10,000	0.00	3,600,000	0.13
<b>TOTAL</b>	<b>3.97 B</b>	<b>100</b>	<b>2.76 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
1/6/14	Supplemental Information	Revised Pricing in respect of Stock Issuance on November 8, 2013



## GNCC Capital, Inc.



## Weekly Activity

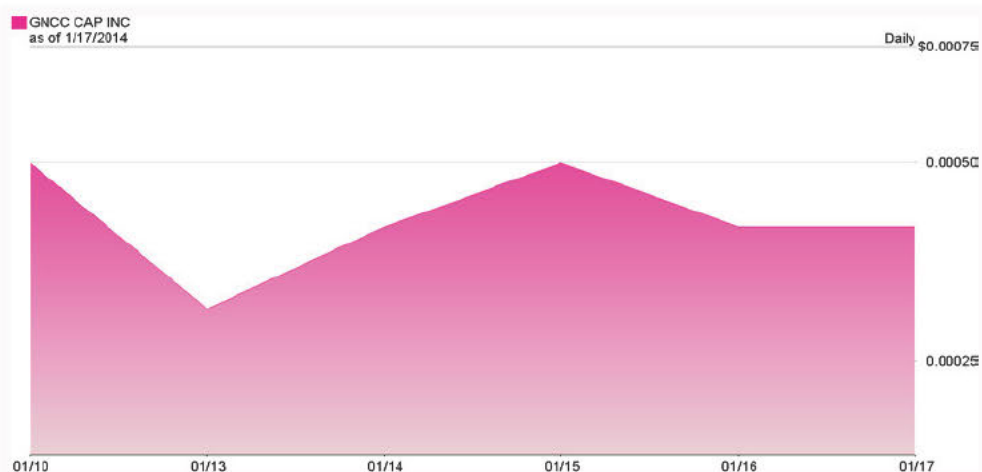
**0.0004 -0.0001 (20.00%) V 640,120,019**

High Price	0.0007 (1/13/14)
Low Price	0.0003 (1/13/14)
Average Price	0.0005
Median Price	0.0004
Number of	889
Dollar Volume	283,259
Average Daily	128,024,003
Median Daily Volume	85,578,434
VWAP	0.0004
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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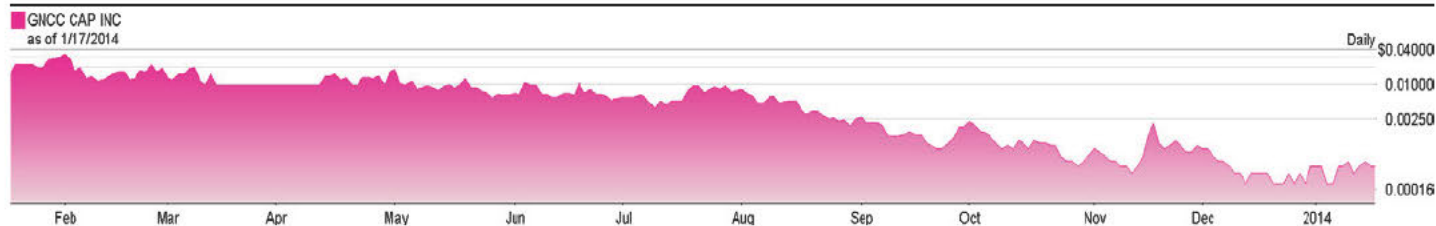
## Blue Sky

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	Monday 1/13/14	Tuesday 1/14/14	Wednesday 1/15/14	Thursday 1/16/14	Friday 1/17/14
Closing Bid	0.0003	0.0004	0.0004	0.0004	0.0003
Closing Ask	0.0005	0.0005	0.0005	0.0005	0.0004
High	0.0007	0.0005	0.0005	0.0005	0.0005
Low	0.0003	0.0003	0.0004	0.0003	0.0003
Last Sale	0.0003	0.0004	0.0005	0.0004	0.0004
Volume	345,206,258	85,578,434	97,564,863	70,902,798	40,867,666
Dollar Volume	162,497	33,119	46,829	26,626	14,191
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-1/17/14
Closing Bid	0.0060	0.0016	0.0003	0.0003
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0002
High	0.0200	0.0120	0.0027	0.0007
Low	0.0048	0.0006	0.0001	0.0002
Last Sale	0.0060	0.0019	0.0004	0.0004



GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Dec 2013 Vol	Dec 2013 Vol%	Nov 2013 Vol	Nov 2013 Vol%
ATDF	185,634,756	4.68	219,483,046	7.94
CANT	2,917,000	0.07	1,893,622	0.07
CDEL	389,164,521	9.81	331,556,274	12.00
CHDN	109,780,583	2.77	0	0.00
CSTI	1.68 B	42.27	945,596,521	34.23
ETRF	571,289,323	14.40	572,516,854	20.72
MAXM	9,110,945	0.23	6,099,906	0.22
NITE	702,726,438	17.71	492,123,979	17.81
PUMA	152,600,303	3.85	0	0.00
VERT	107,917,389	2.72	189,906,488	6.87
VFIN	59,785,664	1.51	10,000	0.00
VNDM	10,000	0.00	3,600,000	0.13
<b>TOTAL</b>	<b>3.97 B</b>	<b>100</b>	<b>2.76 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Western Treasure Holdings Corp
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Liberty Investment Services Ltd
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Emerald International Corporation
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Saffron Ventures GmbH
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Insight Holdings, S.A.
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Stelan Real Estate Management, Inc.
1/13/14	Supplemental Information	Details of Material Stockholders - January 13, 2014

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## GNCC Capital, Inc.

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1/13/14	Supplemental Information	
1/13/14	Supplemental Information	Partial Loan Note Conversions
1/13/14	Supplemental Information	Line of Credit Loan Agreement
1/13/14	Supplemental Information	Stock Repurchase Program
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Neutral Bay Investments, S.A.
1/13/14	Notice of Change in Substantial	Stockholder Disclosure - Searchlight Exploration, LLC
1/13/14	Management Discussion and	Management Commentary on Loan Note Conversions & Trading

GNCP

GNCC Capital, Inc.

OTCPink

## Weekly Activity

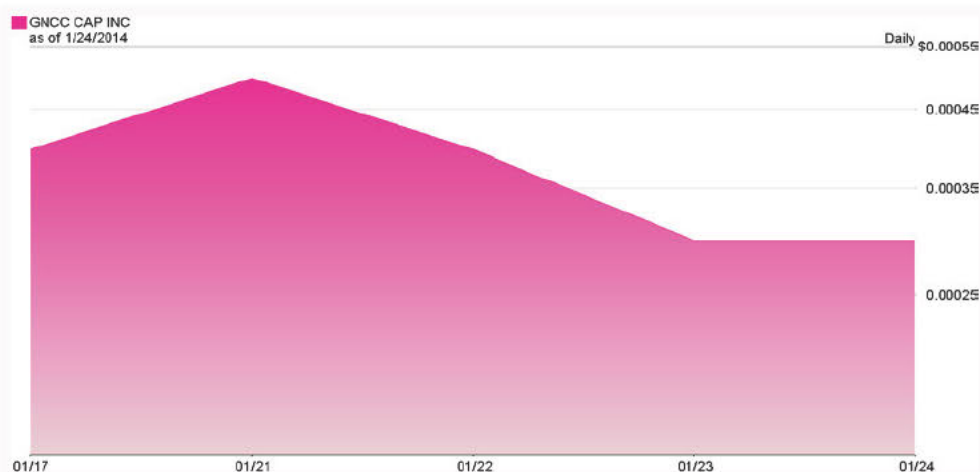
**0.0003 -0.0001 (25.00%) V 845,330,584**

High Price	0.0005 (1/21/14)
Low Price	0.0002 (1/23/14)
Average Price	0.0003
Median Price	0.0003
Number of	423
Dollar Volume	208,830
Average Daily	211,332,646
Median Daily Volume	136,933,631
VWAP	0.0002
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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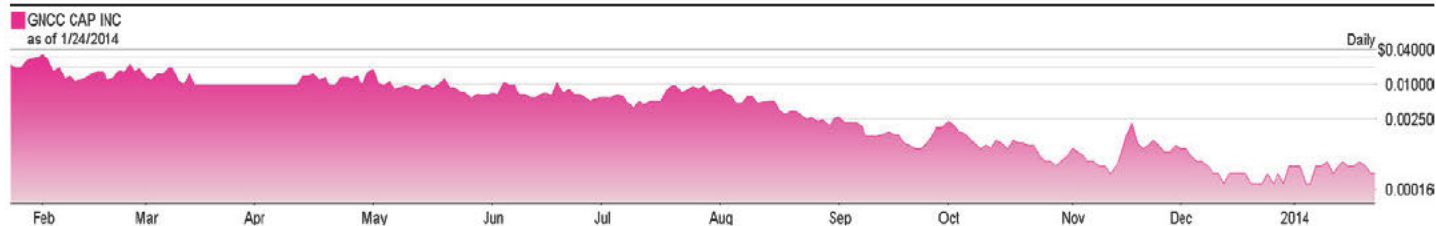
## Blue Sky

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	Monday 1/20/14	Tuesday 1/21/14	Wednesday 1/22/14	Thursday 1/23/14	Friday 1/24/14
Closing Bid	-	0.0004	0.0003	0.0002	0.0002
Closing Ask	-	0.0005	0.0004	0.0003	0.0003
High	-	0.0005	0.0005	0.0005	0.0003
Low	-	0.0003	0.0003	0.0002	0.0002
Last Sale	-	0.0005	0.0004	0.0003	0.0003
Volume	-	44,230,170	43,896,661	527,566,661	229,637,092
Dollar Volume	-	17,347	16,920	126,584	47,981
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-1/24/14
Closing Bid	0.0060	0.0016	0.0003	0.0002
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0002
High	0.0200	0.0120	0.0027	0.0007
Low	0.0048	0.0006	0.0001	0.0002
Last Sale	0.0060	0.0019	0.0004	0.0003





GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Dec 2013 Vol	Dec 2013 Vol%	Nov 2013 Vol	Nov 2013 Vol%
ATDF	185,634,756	4.68	219,483,046	7.94
CANT	2,917,000	0.07	1,893,622	0.07
CDEL	389,164,521	9.81	331,556,274	12.00
CHDN	109,780,583	2.77	0	0.00
CSTI	1.68 B	42.27	945,596,521	34.23
ETRF	571,289,323	14.40	572,516,854	20.72
MAXM	9,110,945	0.23	6,099,906	0.22
NITE	702,726,438	17.71	492,123,979	17.81
PUMA	152,600,303	3.85	0	0.00
VERT	107,917,389	2.72	189,906,488	6.87
VFIN	59,785,664	1.51	10,000	0.00
VNDM	10,000	0.00	3,600,000	0.13
<b>TOTAL</b>	<b>3.97 B</b>	<b>100</b>	<b>2.76 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No
9/30/13	5,548,000	100.0	20,512,272	1.0	No

## News &amp; Financials

Release Date	Type	Subtitle
1/20/14	Supplemental Information	Weekly Trading Statistics - W/E JANUARY 17, 2014

GNCP

## GNCC Capital, Inc.

STOP

## Weekly Activity

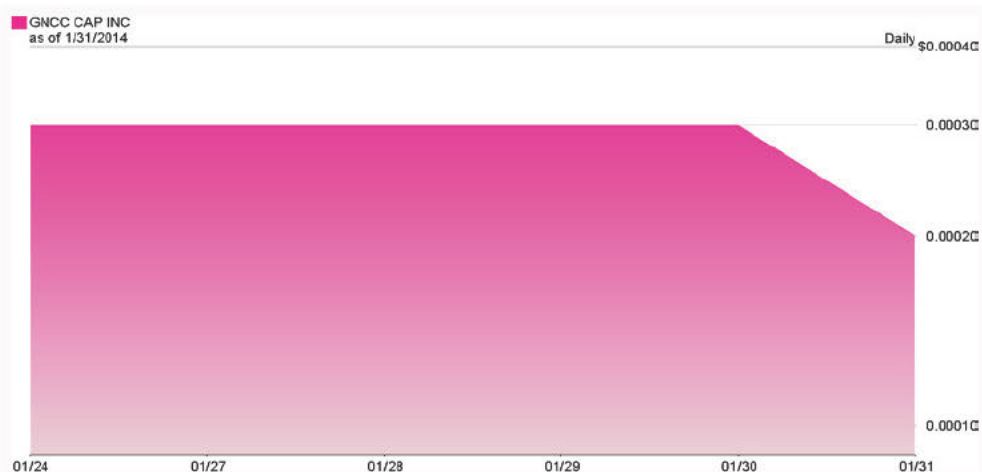
0.0002 -0.0001 (33.33%) V 417,070,014

High Price	0.0003 (1/27/14)
Low Price	0.0001 (1/29/14)
Average Price	0.0002
Median Price	0.0002
Number of	330
Dollar Volume	85,807
Average Daily	83,414,002
Median Daily Volume	59,224,340
VWAP	0.0002
52 Week High	0.0350 (2/1/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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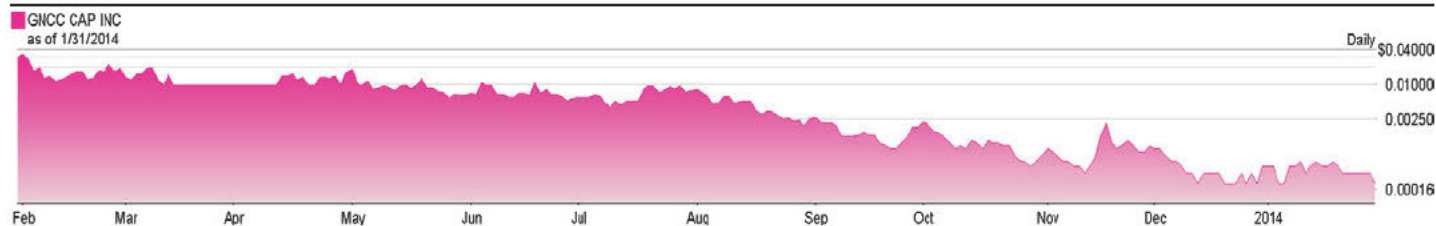
## Blue Sky

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	Monday 1/27/14	Tuesday 1/28/14	Wednesday 1/29/14	Thursday 1/30/14	Friday 1/31/14
Closing Bid	0.0002	0.0002	0.0002	0.0002	0.0001
Closing Ask	0.0003	0.0003	0.0003	0.0003	0.0002
High	0.0003	0.0003	0.0003	0.0003	0.0003
Low	0.0002	0.0002	0.0001	0.0002	0.0002
Last Sale	0.0003	0.0003	0.0003	0.0003	0.0002
Volume	102,830,464	59,224,340	160,000,573	49,685,660	45,328,977
Dollar Volume	22,568	12,031	31,691	9,947	9,572
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-1/31/14
Closing Bid	0.0060	0.0016	0.0003	0.0001
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0001
High	0.0200	0.0120	0.0027	0.0007
Low	0.0048	0.0006	0.0001	0.0001
Last Sale	0.0060	0.0019	0.0004	0.0002



## GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Dec 2013 Vol	Dec 2013 Vol%	Nov 2013 Vol	Nov 2013 Vol%
ATDF	185,634,756	4.68	219,483,046	7.94
CANT	2,917,000	0.07	1,893,622	0.07
CDEL	389,164,521	9.81	331,556,274	12.00
CHDN	109,780,583	2.77	0	0.00
CSTI	1.68 B	42.27	945,596,521	34.23
ETRF	571,289,323	14.40	572,516,854	20.72
MAXM	9,110,945	0.23	6,099,906	0.22
NITE	702,726,438	17.71	492,123,979	17.81
PUMA	152,600,303	3.85	0	0.00
VERT	107,917,389	2.72	189,906,488	6.87
VFIN	59,785,664	1.51	10,000	0.00
VNDM	10,000	0.00	3,600,000	0.13
<b>TOTAL</b>	<b>3.97 B</b>	<b>100</b>	<b>2.76 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
1/15/14	217,600	306378.88	114,096,854	1.0	No
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No



GNCP

GNCC Capital, Inc.



## Weekly Activity

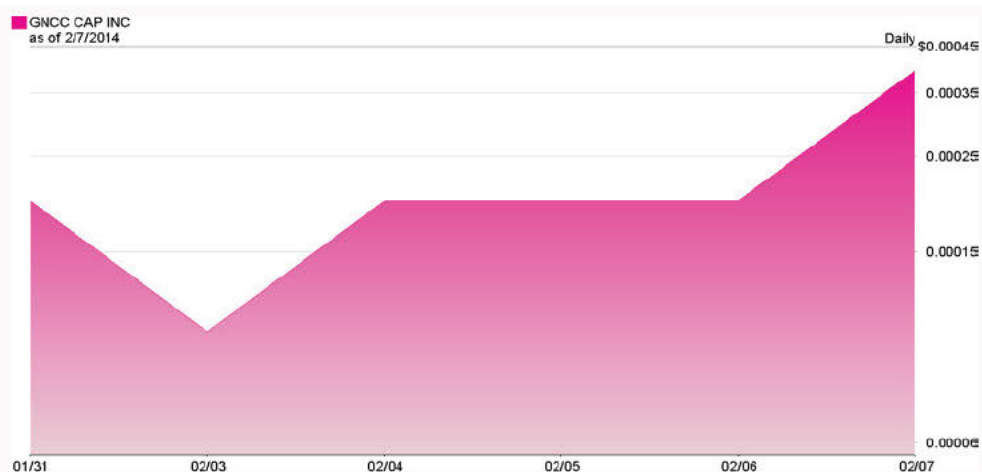
**0.0004 +0.0002 (100.00%) V 1.67 B**

High Price	0.0004 (2/7/14)
Low Price	0.0001 (2/3/14)
Average Price	0.0002
Median Price	0.0002
Number of	748
Dollar Volume	272,724
Average Daily	333,402,758
Median Daily Volume	275,921,811
VWAP	0.0002
52 Week High	0.0242 (2/27/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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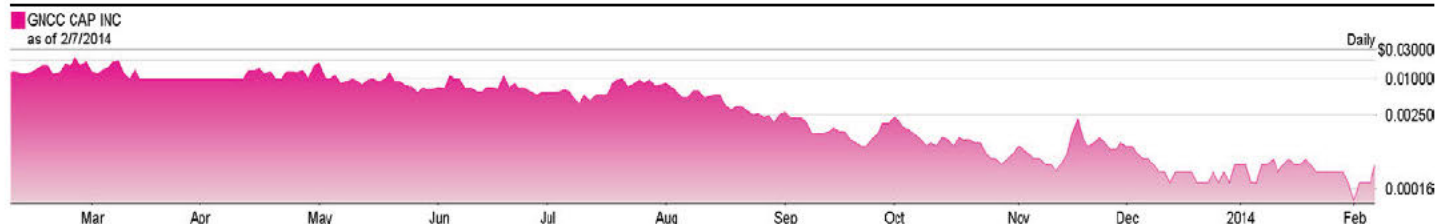
## Blue Sky

Contact Issuer Services to  
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Monitoring Service



	Monday 2/3/14	Tuesday 2/4/14	Wednesday 2/5/14	Thursday 2/6/14	Friday 2/7/14
Closing Bid	0.0001	0.0001	0.0001	0.0001	0.0003
Closing Ask	0.0002	0.0002	0.0002	0.0002	0.0004
High	0.0002	0.0002	0.0002	0.0002	0.0004
Low	0.0001	0.0001	0.0001	0.0001	0.0001
Last Sale	0.0001	0.0002	0.0002	0.0002	0.0004
Volume	597,562,354	275,921,811	228,413,962	84,606,061	480,509,606
Dollar Volume	49,628	47,134	39,973	13,997	121,996
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-2/7/14
Closing Bid	0.0060	0.0016	0.0003	0.0003
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0001
High	0.0200	0.0120	0.0027	0.0007
Low	0.0048	0.0006	0.0001	0.0001
Last Sale	0.0060	0.0019	0.0004	0.0004



## GNCC Capital, Inc.



## Volume By Market Participants

Monthly Information provided by

MPID	Jan 2014 Vol	Jan 2014 Vol%	Dec 2013 Vol	Dec 2013 Vol%
ATDF	234,320,010	9.32	185,634,756	4.81
CANT	4,281,300	0.17	2,917,000	0.08
CDEL	458,256,000	18.22	389,164,521	10.08
CHDN	6,170,734	0.25	109,780,583	2.84
CSTI	682,698,134	27.14	1.68 B	43.45
ETRF	592,671,129	23.56	571,289,323	14.80
MAXM	3,464,280	0.14	9,110,945	0.24
NITE	517,049,721	20.56	702,726,438	18.20
PUMA	574,500	0.02	152,600,303	3.95
VFIN	15,209,400	0.60	59,785,664	1.55
VNDM	444,399	0.02	10,000	0.00
<b>TOTAL</b>	<b>2.52 B</b>	<b>100</b>	<b>3.86 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
1/15/14	217,600	306378.88	114,096,854	1.0	No
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No
10/15/13	0	-100.0	31,397,807	0.0	No

## News &amp; Financials

Release Date	Type	Subtitle
2/6/14	Supplemental Information	Consulting Geologist Appointment - Raymond C Harris
2/6/14	Supplemental Information	Consulting Geologist Appointment - Craig L Parkinson

GNCP

## GNCC Capital, Inc.

STOP

## Weekly Activity

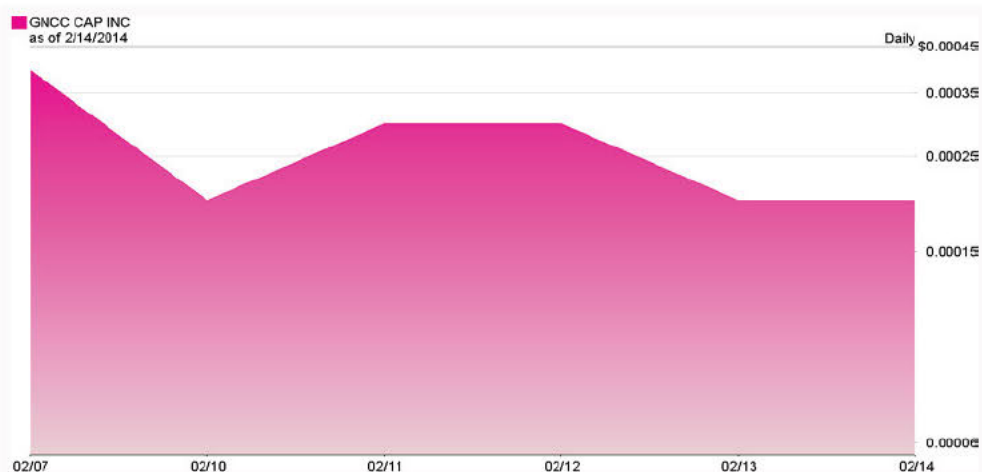
**0.0002 -0.0002 (50.00%) V 1.46 B**

High Price	0.0004 (2/10/14)
Low Price	0.0001 (2/11/14)
Average Price	0.0002
Median Price	0.0002
Number of	542
Dollar Volume	310,075
Average Daily	292,754,642
Median Daily Volume	309,597,058
VWAP	0.0002
52 Week High	0.0242 (2/27/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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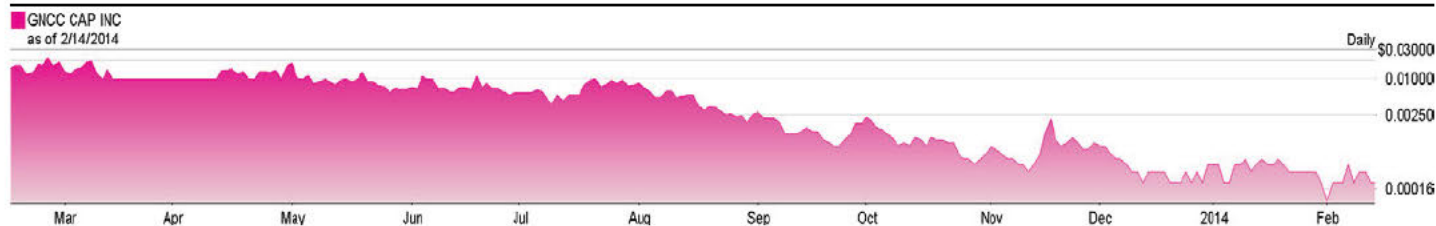
## Blue Sky

Contact Issuer Services to  
Subscribe to the Blue Sky  
Monitoring Service



	Monday 2/10/14	Tuesday 2/11/14	Wednesday 2/12/14	Thursday 2/13/14	Friday 2/14/14
Closing Bid	0.0002	0.0002	0.0002	0.0002	0.0002
Closing Ask	0.0003	0.0003	0.0003	0.0003	0.0003
High	0.0004	0.0003	0.0003	0.0003	0.0003
Low	0.0002	0.0001	0.0001	0.0002	0.0001
Last Sale	0.0002	0.0003	0.0003	0.0002	0.0002
Volume	347,341,027	554,060,632	309,597,058	131,986,039	120,788,456
Dollar Volume	79,711	110,770	64,908	29,802	24,885
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



	Qtr 3 4/1/13-6/30/13	Qtr 4 7/1/13-9/30/13	Qtr 1 10/1/13-12/31/13	Qtr 2 1/1/14-2/14/14
Closing Bid	0.0060	0.0016	0.0003	0.0002
High Bid	0.0160	0.0095	0.0021	0.0004
Low Bid	0.0050	0.0007	0.0001	0.0001
High	0.0200	0.0120	0.0027	0.0007
Low	0.0048	0.0006	0.0001	0.0001
Last Sale	0.0060	0.0019	0.0004	0.0002



## GNCC Capital, Inc.



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<b>TOTAL</b>	<b>2.52 B</b>	<b>100</b>	<b>3.86 B</b>	<b>100</b>

## Short Interest

Short Interest provided by FINRA.

Date	Short Interest	% Change	Avg. Daily Share Volume	Days to Cover	Split
1/31/14	0	-100.0	124,924,642	0.0	No
1/15/14	217,600	306378.88	114,096,854	1.0	No
12/31/13	71	100.0	168,851,722	1.0	No
12/13/13	0	-100.0	211,165,245	0.0	No
11/29/13	14,958,703	325089.2	188,332,049	1.0	No
11/15/13	4,600	100.0	97,224,567	1.0	No



GNCP

## GNCC Capital, Inc.



## Weekly Activity

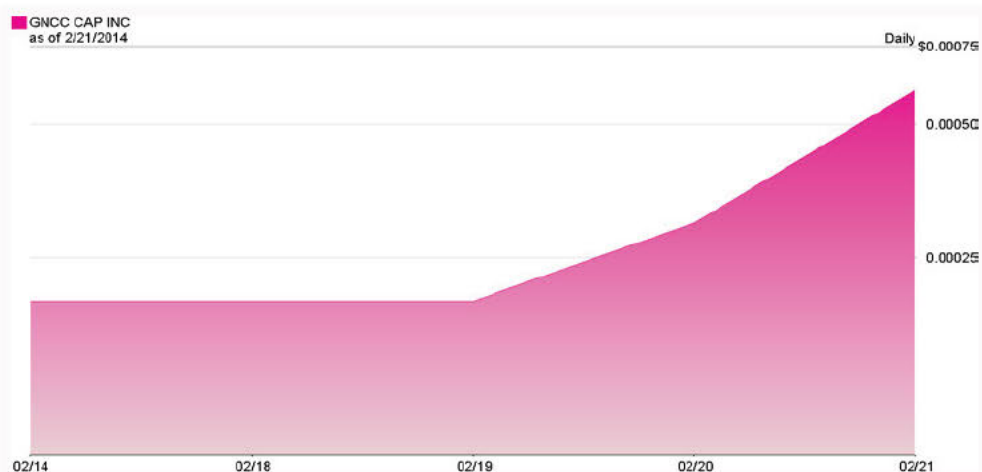
**0.0006 +0.0004 (200.00%) V 1.59 B**

High Price	0.0006 (2/21/14)
Low Price	0.0002 (2/18/14)
Average Price	0.0004
Median Price	0.0004
Number of	836
Dollar Volume	631,395
Average Daily	397,424,552
Median Daily Volume	387,476,460
VWAP	0.0004
52 Week High	0.0242 (2/27/13)
52 Week Low	0.0001 (12/16/13)
Shares Outstanding	6.25 B

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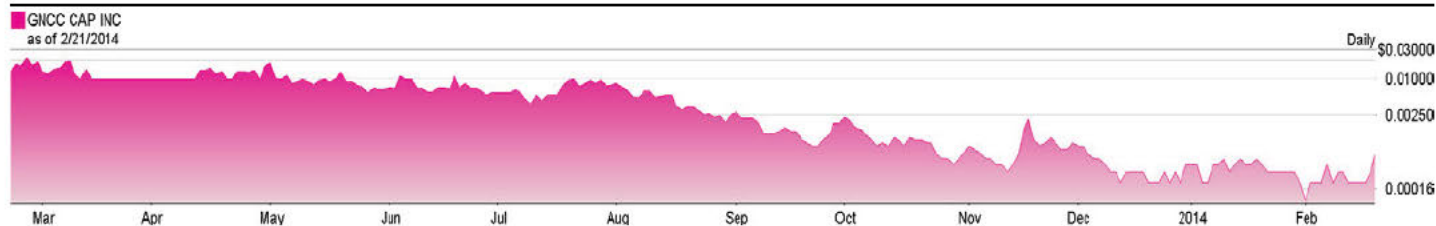
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	Monday 2/17/14	Tuesday 2/18/14	Wednesday 2/19/14	Thursday 2/20/14	Friday 2/21/14
Closing Bid	-	0.0002	0.0002	0.0003	0.0005
Closing Ask	-	0.0003	0.0003	0.0004	0.0006
High	-	0.0003	0.0003	0.0005	0.0006
Low	-	0.0002	0.0002	0.0002	0.0003
Last Sale	-	0.0002	0.0002	0.0003	0.0006
Volume	-	102,348,100	75,204,133	739,541,158	672,604,820
Dollar Volume	-	27,733	19,812	255,590	328,262
Reg Sho/Rule 4320	No	No	No	No	No

## Quarterly



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Low	0.0048	0.0006	0.0001	0.0001
Last Sale	0.0060	0.0019	0.0004	0.0006



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