

Silver Mine Subs[®] Franchise, Inc.

FRANCHISE AGREEMENT

Silver Mine Subs[®] Franchise, Inc.

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THIS CONTRACT IS SUBJECT TO ARBITRATION

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**SILVER MINE SUBS® FRANCHISE, INC.
FRANCHISE AGREEMENT**

PARTIES

THIS AGREEMENT is made by and between Silver Mine Subs® Franchise, Inc., a Colorado Corporation, hereinafter known as Silver Mine Subs® or "Franchisor" and the persons signing as Franchisee or Guarantors' and referenced to herein individually or collectively as "Franchisee," to evidence the agreement and understanding between the parties as follows:

RECITALS

WHEREAS, Franchisor has developed, operates and has the right to license a system or business program, including expertise for conducting and operating restaurants under the Mark Silver Mine Subs®; and

WHEREAS, Silver Mine Subs® Franchise Inc. owns the exclusive rights to use certain trade names, trademarks, logos, service marks and other property in connection with the operation of restaurants and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system (the "System") for the establishment and operation of a franchised restaurant offering a menu featuring:

Hot and Cold Submarine Sandwiches, salads, wraps, sides, soup and chili, assorted fountain and bottled beverages.

for the promotion and identification of the mark Silver Mine Subs® and stylized logo for the sale of products and services at Silver Mine Subs® locations (the hereinafter referred to as "Restaurant", Franchise Location or "Business"); and

WHEREAS, Franchisor has devised a uniform system for the establishment and operation of Businesses, including a distinctive exterior and interior restaurant design, trade dress décor and color scheme; uniform standards, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising and promotional programs; and other related benefits for use of Franchisee under the Names and Marks, all of which may be changed, improved, and further developed by Silver Mine Subs® Franchise, Inc. from time to time; and

WHEREAS, Silver Mine Subs® Franchise Inc. identifies its System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the mark Silver Mine Subs®, "Dig In At The Mine", and such other trade names, service marks, trademarks and trade dress as are now designated (and may hereafter be designated by Silver Mine Subs® Franchise, Inc. in writing) for use in connection with its System (the "Names and Marks").

WHEREAS, Silver Mine Subs® Franchise, Inc. continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products

marketed thereunder and under its System, and to represent the System's high standards of consistent quality, appearance, and service.

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, Franchisee desires to obtain a franchise from Franchisor for the right to use the "Names and Marks" and the expertise for operating a Silver Mine Subs[®] Restaurant and to obtain the benefits and knowledge of Franchisor's System including, but without limitation, business design, food and beverage items, operating methods, product preparation, advertising, sales techniques and materials, signs, personnel management, control systems, bookkeeping and accounting methods, and in general a style, method and procedure of business operation utilizing the Names and Marks as a Franchisee of Franchisor; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and Franchisee understands and acknowledges the importance of Silver Mine Subs[®] high standards of quality, cleanliness, appearance, and service and the necessity of operating the Business in conformity with Silver Mine Subs[®] standards and specifications.

NOW, THEREFOR, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each partner or shareholder if Franchisee is a partnership or corporation) hereby represents that he or she has conducted an independent investigation of the Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business contemplated by this Agreement.

II. FRANCHISEE'S ACKNOWLEDGEMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges that it has read and understands this Agreement, the Attachments hereto, and any agreements relating thereto, and that Franchisee has been advised by a representative of Silver Mine Subs[®] Franchise, Inc. to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by Silver Mine Subs[®] Franchise, Inc. or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by Silver Mine Subs[®]

Franchise, Inc. The only representations, warranties and obligations of Silver Mine Subs[®] Franchise, Inc. are those specifically set forth in the Uniform Franchise Offering Circular and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that Silver Mine Subs[®] Franchise, Inc. will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee, and has made no representation that it will buy back from Franchisee any products, supplies or equipment purchased by Franchisee in connection with the Business.

Franchisee acknowledges having received, read, and understood this Agreement and attachments thereto. Franchisee further acknowledges that Franchisor has accorded Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, attachments referred to herein, and agreements relating hereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Information For Prospective Franchisees Required By The Federal Trade Commission," at least ten (10) business days prior to the date on which this Agreement was executed.

III. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

The Franchisor does not make or present and has not prepared "Earning Claims" and has not made them any as an exhibit to the Uniform Franchise Offering Circular. Earnings claims located in the Uniform Franchise Offering Circular are the only statement of sales, profits or earnings that the Franchisee should rely upon.

Franchisee, and each party executing, this document hereto, acknowledges that Silver Mine Subs[®] Franchise, Inc., itself or through any officer, director, employee or agent, has not made, and Franchisee has not received or relied upon, any oral or written, visual, express or implied information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business, except as set forth in the Franchise Offering Circular reviewed by Franchisee or its representatives.

IV. INDEPENDENT CONTRACTOR

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from the Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such

notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business.

B. Franchisor Is Not In A Fiduciary Relationship
With Franchisee

It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

It is understood and agreed that nothing in this Agreement authorizes Franchisee, and Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of Silver Mine Subs® Franchise, Inc., or to incur any debt or other obligation in Silver Mine Subs® Franchise, Inc. name; and that Silver Mine Subs® Franchise, Inc. shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall Silver Mine Subs® Franchise, Inc. be liable by reason of any act or omission of Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against Franchisee or Silver Mine Subs® Franchise, Inc.

V. FRANCHISE GRANT

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to the License Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein for the right to operate a Business at the Location set forth in Section VI. (the "Accepted Location"), with the right to use solely in connection therewith the Franchisor's Names and Marks, its advertising and merchandising methods, and Franchisor's System, as they may be changed, improved and further developed from time to time only at the Accepted Location as set forth in Section VI. and provided the Franchisee shall adhere to the terms and conditions hereof.

VI. EXCLUSIVE AREA OR TERRITORY

The Franchise Location(s) shall be: within the State of _____ in the county(s) of _____

And in the Designated Marketing Area, as specified by Arbitron, of _____

The exact accepted location is: _____

If Accepted Location is not selected prior to the signing of this agreement, by the parties, then it shall be entered at a later date, under the terms of this agreement.)

Franchisee shall not relocate the Business without the express prior written consent of

Silver Mine Subs® Franchise, Inc. During the term of this Agreement, Silver Mine Subs® Franchise, Inc. shall not establish, nor license another party or entity to establish, a Silver Mine Subs® Restaurant within a circle around the accepted location which has a three (3) mile diameter and a one and one-half (1 1/2) radius **OR** Thirty-Thousand (30,000) population, whichever is less, with the accepted location as its' center point.

VII. TERM AND RENEWAL OF AGREEMENT

A. Term

The Franchise herein granted shall be for a term of ten (10) years from the date of execution and acceptance (the "Effective Date") of this Franchise Agreement (the "Agreement") by Silver Mine Subs® Franchise, Inc. and subject to earlier termination as herein provided.

B. Renewal

Franchisee may, at its option, renew this Franchise for one (1) additional period of ten years (10) years, if Franchisor is still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not less than six (6) months prior to the end of the then current term;
2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee shall complete to Franchisor's satisfaction such maintenance and renovation of the Business as Franchisor may reasonably require in writing. Franchisee shall renovate to the then current standardized format of Franchisor;
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliate(s) prior to renewal;
5. Franchisee shall execute, before the renewal term, the Franchisor's then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement. Franchisor shall charge Franchisee a renewal fee of ten percent (10%) of the current franchise fee;
6. Franchisee shall comply with Franchisor's then current qualification and training requirements; and
7. Franchisee must execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliate, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws.

VIII. FRANCHISEE'S INITIAL INVESTMENT

The Franchisee's initial investment will vary depending upon the size of the Business, its geographical location, leasehold improvements required, the number of Businesses selected by the Franchisee, and other factors.

Franchisee hereby certifies that he or she has reviewed the above-estimated start-up costs as detailed in the Uniform Franchise Offering Circular and has sufficient cash resources available to meet said expenses. These start-up costs are in addition to the franchise fee.

IX. FRANCHISEE'S INITIAL FRANCHISE FEE

A. Initial Franchise Fee

By executing this Agreement, Franchisee agrees to become a Franchisee and pay an initial franchise fee in the amount of twenty thousand dollars (\$20,000) for a single Silver Mine Subs® Franchise the "Initial Franchise Fee," which is due upon execution of this Agreement and receipt of which is hereby acknowledged by Silver Mine Subs® Franchise, Inc. If Franchisee purchases five (5) franchises at the signing of this agreement then the "Initial Franchise Fee" shall be fifteen-thousand (\$15,000) each. The Initial Franchise Fee for the five (5) store Area Development Agreement will be paid as indicated herein: Fifteen thousand (\$15,000) for the first store plus thirty-thousand dollars (\$30,000) for half of the remaining Franchise Fees. The outstanding Fees will be paid upon execution of the individual Franchise Agreement for each remaining store. The Initial Franchise Fee shall be paid in a lump sum in U.S. funds and shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by Silver Mine Subs® Franchise, Inc. in granting this franchise and for Silver Mine Subs® Franchise, Inc. lost or deferred opportunity to franchise others, except as described above in Section IX.A.

The State of California has required us refrain from collecting your Initial Franchise Fee or the ADA Initial Franchise Fee until we have provided all of our services. If we meet our obligations, and if you are not otherwise permitted a refund as described above, the Initial Franchise Fee or the ADA Initial Franchise Fee will be due to us.

The state of Illinois has reviewed our financial documents and as a result, has imposed certain financial assurances for the benefit of Illinois residents. The Initial Franchise Fee in Illinois will be placed in escrow at Bank One of Chicago Illinois, where it shall be held until Illinois franchisees are open for Business.

The states of Maryland and North Dakota have required us to defer the payment of the Initial Franchise Fee and the ADA Initial Franchise fee until we have provided all of the services we promised and which are listed in Item 11 below.

B. Time Limit for Starting Business

Franchisee shall complete the construction of the Restaurant in accordance with the provisions and requirements of Section XII hereof (the "Construction") and shall open the Restaurant for business within four to six (4 to 6) months of the date of execution of this Franchise Agreement (the "Opening Date"); provided, however, that Franchisee shall have the right to substitute a different site, if such different site is acceptable to Franchisor, within sixty (60) days of execution of this Agreement. Franchisor may grant Franchisee one thirty- (30) day extension past the four to six months allotted within which to open the Restaurant.

Provided that the Franchisee has made full and complete application for all building permits, licenses, and all other permits required to open a Silver Mine Subs® restaurant, within 60 days of the execution date of this agreement, Franchisor may agree to grant up to three (3) thirty (30) day extensions to obtain all necessary permits if the delay was due to causes beyond the reasonable control of Franchisee, which agreement of Silver Mine Subs® Franchise, Inc. will not be unreasonably withheld. Franchisee must submit documentation of the status of the application(s) ten (10) days prior to the date of each thirty- (30) day extension requested. Upon the grant of such extension(s) by Silver Mine Subs® Franchise, Inc., the Opening Date will be commensurately extended.

Should the Franchisee be unable to obtain all necessary permits and licenses during the stated period and extension time period or periods as a result of causes beyond the reasonable control of Franchisee (unless the requirement for the issuance of such permits and licenses is waived in writing by Franchisor), this Agreement shall be deemed terminated upon written notice from either Franchisee or Franchisor to the other, without the necessity of further action by either party or further documentation. Upon such termination, the Franchisor shall retain one-third (1/3) of the Franchise Fee as a Termination Fee, two-thirds (2/3) of the Franchise Fee will be refunded to the Franchisee within thirty (30) days of the notice by Franchisor of the termination of this Agreement.

During the term of this Agreement, the Accepted Location shall be used exclusively for the purpose of operating a franchised Silver Mine Subs® Restaurant. In the event the building shall be damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, Franchisee shall commence the required repair or reconstruction of the building within ninety (90) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement) and shall complete all required repair or reconstruction as soon as possible thereafter, in continuity, but in no event later than one hundred eighty (180) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored building will be that which existed just prior to the casualty; however, every effort should be made to have the restored building include the then-current image, design and specifications of new entry Silver Mine Subs® Restaurants. If the building is substantially destroyed by fire or other casualty, Franchisee may, with Franchisor's agreement and upon payment of an amount equal to twenty five percent (25%) of all insurance proceeds as a consequence of such casualty to the Franchisor as a royalty, terminate this Agreement in lieu of Franchisee's reconstructing the building.

It is understood and agreed that, except as expressly provided herein, this franchise is non-exclusive and includes no right of Franchisee to subfranchise.

C. Cooperation Required

Franchisee shall cooperate reasonably with Franchisor to ensure that the various actions occur that are necessary to obtain acceptance by Franchisor of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by Franchisor regarding Franchisee's business and finances.

D. Time Limit for Approving Franchisee

Franchisor, will approve or disapprove the Franchisee's application for a franchise within thirty (30) days.

X. OTHER FEES

A. Base Royalty Fees

In addition to the Initial Franchise Fee described in Item IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee pays to Silver Mine Subs[®] Franchise, Inc. a Base Royalty Fee of six percent (6%) on total Gross Sales of the Franchised Restaurant.

As used in this Agreement, "Gross Sales" shall include all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from the Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business including insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, (the retail value of any complimentary services or trade-outs or credit card discounts from Gross Sales up to a maximum of 2% of Gross Sales in the aggregate), and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in gross sales.

The Royalty Fee is uniform as to all persons currently acquiring a Franchise, nonrefundable, and is not collected on behalf of nor paid to any third party. The Royalty Fee shall be payable by the Franchisee and actually received by the Franchisor within four (4) days from the end of each week.

Any payment or report not actually received by Silver Mine Subs[®] Franchise, Inc. on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to Silver Mine Subs[®] Franchise, Inc. under this Agreement, Franchisee shall pay Silver Mine Subs[®] Franchise, Inc. in addition to the overdue amount, interest on such amount from the date it was due until paid at the lesser of the rate of eighteen (18%) percent per annum and the maximum rate allowed by the laws of the State in which Franchisee's business is located or any successor or substitute law (hereinafter the "Default Rate"), until paid in full.

B. National Advertising Fees

1. The National Advertising Fund ("Fund"), two percent (2%) of Gross Sales has been established as of 08/15/2004. We reserve the right, at our discretion to maintain and administer the central advertising fund (the Fund) for such advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote Silver Mine Subs®. We will direct all such programs, and will have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Fund. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request.

C. Local Advertising Plan and Expenditures

1. Local Advertising Plan

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of Franchisor as set forth in Franchisor's Manual or otherwise designated by Franchisor. Franchisee shall not advertise the Business in connection with any other business, except with Franchisor's prior written approval. Franchisee shall obtain Franchisor's prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to Franchisor (by personal delivery or through the mail, return receipt requested). Franchisee shall not use such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans and material upon the request of Franchisor. Any plans or materials submitted by Franchisee to Franchisor which have not been approved or disapproved in writing, within fifteen (15) days of receipt thereof, by Franchisor, shall be deemed approved.

Franchisor shall oversee all advertising and promotional programs and shall have the sole discretion to approve or disapprove the creative concept, materials and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that Franchisor undertakes no obligation in administering the Advertising Funds to make expenditures for Franchisee that are equivalent or proportionate to its contribution, or to insure that Franchisee benefits directly or pro-rata from advertising or promotion conducted under any Advertising Fund.

2. Local Advertising Expenditures

During the term of this Agreement, Franchisee shall spend a minimum of

two percent (2%) of the Gross Sales of the Restaurant on local advertising and promotion; provided, however, that Franchisor shall have the right to approve or disapprove any advertising proposed for use by Franchisee. In the event Silver Mine Subs® Franchise, Inc. establishes a Local Advertising Cooperative ("LAC") within Franchisee's Designated Market Area, DMA (as defined by Arbitron Corporation, or such other entity as shall be designated by Silver Mine Subs® Franchise, Inc., from time to time), Franchisee shall be obligated to contribute a minimum one percent (1%) of Gross Sales for local advertising and promotion expenditure described above to such Cooperative, to be actually received within four (4) days from the end of each week's accounting period. The LAC one percent (1%) will be deducted from the two percent (2%) the Franchisee is required to spend locally.

D. Grand Opening Expenditures

Franchisee shall expend, prior to the beginning of the second month of operation of Franchisee's Business, a minimum of 3,500 for advertising and promotional items, which advertising and promotional items must be used or employed prior to commencement, or during the first two months of operation of the Franchisee's Business. Franchisor may advise Franchisee regarding the preparation and placement of such advertising and promotional items. At least one daylong "open house" must be held where Franchisee invites prospective customers to visit the Restaurant to verify all Systems are in order and for additional training of staff with customer comments.

XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.C. of this Agreement.

There are no waivers of defense by the Franchisee in either the Franchise Agreement or other documents evidencing obligations to the Franchisor.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's System and adherence to the Operations Manual (the "Manual"), and to Franchisor's standardized design and specifications for decor of the Business and uniformity of equipment, layouts, signs, menus, and other incidents of the Business, are essential to the image and goodwill thereof. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of customer comment cards, questionnaires, and similar items. In order to further protect the System and the goodwill associated therewith, Franchisee shall:

1. Operate the Business and use the Operations Manual solely in the manner prescribed by Franchisor;
2. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and fictitious name registrations as Franchisor may, from time to time, direct;
3. Follow the methods of preparation, service, and presentation so as to conform to the specifications and standards of Franchisor in effect from time to time;
4. Use only such supplies, equipment, and products so as to conform to Franchisor's specifications in effect from time to time;
5. Sell from the Business all products specified by Franchisor and not sell or offer for sale any other products of any kind or character without first obtaining the express approval of Franchisor, which shall be at the full discretion of the Franchisor who shall have the sole right of decision in regards to all products to be sold in the Franchise Restaurant. Franchisor shall have the right to not approve any product for any reason whatsoever or for no reason whatsoever.
6. Discontinue selling or offering for sale or using any products Franchisor may, in its absolute discretion, delete from its standards and specifications for any reason whatsoever or for no reason whatsoever.
7. Maintain in sufficient supply, and use at all times, only such products, materials, supplies, ingredients, methods of preparation and service, weight and dimensions of products served, standards of cleanliness, health and sanitation and methods of service as conform to Silver Mine Subs[®] standards and specifications; and to refrain from deviating therefrom by using non-conforming items or methods without Silver Mine Subs[®] Franchise, Inc. prior written consent.
9. Purchase such equipment, supplies, or products as may be required by Silver Mine Subs[®] Franchise, Inc. for the appropriate handling and selling of any food or beverage products that become approved for offering in the System.
10. Require clean uniforms conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while in attendance at the Restaurant, and to cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Manual.
11. Permit Silver Mine Subs[®] Franchise, Inc. or its agents, at any reasonable time, to remove from the Restaurant samples of item without payment therefor, in amounts reasonably necessary for testing by Silver Mine Subs[®] Franchise, Inc. or an independent laboratory to determine whether said samples meet Silver Mine Subs[®] Franchise, Inc. then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Silver Mine Subs[®] Franchise, Inc. requires Franchisee to bear the cost of such testing

if the supplier of the item has not previously been approved by Silver Mine Subs® Franchise, Inc., or if the sample fails to conform to Silver Mine Subs® Franchise, Inc. specifications.

12. Not to install or permit to be installed on or about the Restaurant premises, without Silver Mine Subs® Franchise, Inc. prior written consent, any fixtures, furnishings, signs, equipment, or other improvements not previously approved as meeting Silver Mine Subs® Franchise, Inc. standards and specifications.

13. Employ a sufficient number of employees and maintain sufficient inventories as necessary to operate the Restaurant at its maximum capacity as prescribed or approved by Silver Mine Subs® Franchise, Inc. and to comply with all applicable Laws with respect to such employees.

14. Not engage in any trade practice or other activity or sell any product or literature which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or Silver Mine Subs® Franchise, Inc., the Restaurant, or the products sold thereat; or which constitutes deceptive or unfair competition, or otherwise is in violation of any applicable laws. The above limitations are closely related to the restaurant image, purpose and marketing strategy of the System, and therefor any change therefrom would fundamentally change the nature of the business.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by Franchisor for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Business other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor.

C. Comply With Laws

Franchisee shall comply with all federal, state and local laws and regulations, and shall obtain and at all times maintain any and all permits, certificates, or licenses necessary for full and proper operation of the Business franchised under this Agreement. Franchisor's standards may exceed any and all of the requirements of said laws.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its partners, officers, directors, agents, or employees shall, except as required in the performance of the duties contemplated by this Agreement, disclose or use at any time, whether during the terms of this Agreement or thereafter, any information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is

not generally known in the trade or industry about Franchisor's products, services, or licenses, including information relating to discoveries, ideas, manufacturing, purchasing, accounting, engineering, marketing, merchandising or selling.

E. Maintain and Renovate Business

Franchisee shall at all times maintain the Business in a clean, orderly condition and in first class repair and condition in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the System's image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions which may be reasonably specified by Franchisor.

At Silver Mine Subs® Franchise, Inc. request, which shall not be more often than once every five (5) years, Franchisee shall refurbish the Restaurant at its expense, to conform to the building design, trade dress, color schemes, and presentation of trademarks and service marks consistent with Silver Mine Subs® designated image, including, without limitation, remodeling, redecoration, and modifications to existing improvements. If the Franchised location is transferred or sold, the Franchisee must refurbish the Franchised Location to Silver Mine Subs® Franchise, Inc.'s then current standards, prior to the Purchaser or Transferees acceptance of the Franchised Location.

F. Maintain Competent Staff

Franchisor will create and make available to Franchisee training programs and other selected training material as Franchisor deems appropriate. Franchisee shall maintain a fully trained competent staff capable of rendering courteous quality service in a manner in keeping with the standards set by Franchisor. Franchisee may not seek to induce staff from any affiliate-owned location to work for them, nor any other employee(s) of a Silver Mine Subs franchised location.

G. Open Business Within Time Limit

Within one hundred twenty to one hundred eighty (120 to 180) days after execution of this Agreement, Franchisee must sign a lease for a Business location. Franchisee shall have obtained Franchisor's approval to open and shall have opened the Business and commenced operations. Time is of the essence. Prior to opening, Franchisee shall complete to Franchisor's satisfaction all preparations of the Business, in accordance with specifications set forth in the Manual, and as required by local governmental agencies, including the installation of fixtures, furnishings, and equipment and the acquisition of supplies and inventory.

H. Operate Business in Strict Conformity to Requirements

Franchisee understands and acknowledges that every detail of the design and operation of the Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the products and services sold by the Business under the System, and to protect Franchisor's reputation and goodwill.

Franchisee shall operate the Business in strict conformity with such standards, techniques, and procedures as Franchisor may from time to time prescribe in the Manual, or otherwise in writing, and shall not deviate therefrom without Franchisor's prior written consent. Franchisee further agrees to offer its customers all products and services which Franchisor may, from time to time, prescribe, to offer its customers only those products and services which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Business's operations, and to discontinue offering any products or services which Franchisor may, in its sole discretion, disapprove in writing at any time.

I. Use Approved Supplies and Products

1. Franchisee shall sell, serve, or otherwise dispense, only "Silver Mine Subs[®]" items and related products which may, from time to time, be specified in writing, designated, and approved for sale by Franchisor. The proprietary food products listed in the operations manual are a special recipe developed by Franchisor. The retail goods, which includes Uniforms, T-shirts, shorts, polo shirts, sweat shirts, sweat pants, hats, etc., are a special product using the Names and Marks, for Silver Mine Subs[®]. The "Proprietary Food Products" and "Retail Goods" developed by Franchisor are the only food products and retail goods approved for use by Franchisee. The "Proprietary Food Products" and "Retail Goods" must be purchased by the Franchisee directly from a Silver Mine Subs[®] Franchise, Inc. approved supplier.

2. To insure the consistent high quality and uniformity of products, equipment, inventory and other supplies served and used by all franchisees; "Silver Mine Subs[®]", Franchisee shall purchase all such items only approved by Franchisor. A list of suppliers is found in the Operations Manual. The Franchisor retains the right to alter, change, amend, and add to, or delete any approved vendor at any time. Notice of the same shall be delivered to Franchisee either by written notice or at any meeting of all franchisees. If Franchisee desires to purchase the items from an unapproved vendor, Franchisee must first obtain express written permission from Franchisor. Franchisor shall have the right to require, as a condition of its approval, that samples of the vendor(s) wares be delivered to the Franchisor for review and testing. In connection therewith, the vendor must permit representatives of Franchisor the right to inspect its facilities. Thereafter the Franchisor shall decide whether to approve or disapprove said vendor and may accept or reject the vendor for any reason or for no reason at all. The cost incurred by the Franchisor in this process shall be charged to the Franchisee.

3. Franchisor reserves the right to require Franchisee to purchase designated proprietary items and products, and products bearing the Names and Marks, as specified in the Manual from time to time, from Franchisor or its related or affiliated entities or from sources designated or approved by Franchisor, to the extent permitted by law.

J. Use Approved Equipment

In operating the Business, Franchisee shall install equipment, signs, furnishings, supplies and fixtures in accordance with the standards and specifications recommended by Franchisor or that will continue to be recommended by Franchisor.

K. Full-Time Manager Required

Franchisee agrees to maintain a competent, conscientious, trained staff, including at least one (1) fully trained, full-time Manager and to take such steps as are necessary to ensure that its employees preserve good customer relations.

L. Use Approved Signs

Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of the Names and Marks of Franchisor. Upon renewal of this Agreement, Franchisee shall be totally responsible for obtaining and equipping the Business with the signage that is approved for use by Franchisor at the time of the renewal of this Agreement. The color, size, design and location of said signs shall be as specified and/or approved by Silver Mine Subs® Franchise, Inc. Franchisee shall not place additional signs, posters or other décor items in, on or about the Accepted Location without the prior written consent of Silver Mine Subs® Franchise, Inc.

M. Use Approved Uniforms

Franchisee will require its employees to wear uniforms while working at the Business and such uniforms shall be of such design and color as Franchisor may prescribe from time to time, as set forth in the Manual.

N. Maintain Regular Business Hours

Franchisee shall keep the Business open and in normal operation during normal business hours for its geographical region, for seven (7) days per week, fifty two (52) weeks per year, with minimum hours of 10:00 AM to 3:00 AM, except Thanksgiving, Christmas Eve, Christmas Day, unless otherwise authorized in writing by Franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may be changed as Silver Mine Subs® Franchise, Inc. may from time to time specify in the Manual. If Franchisee operates the Business in a mall or similar facility, then Franchisee shall keep the Business open when the mall or similar facility is open to the general public, unless a waiver of hours is granted by the mall.

O. No Vending Machines

Jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, and cigarette, gum, candy, or other vending machines may not be installed in or at the Business.

P. Telephone Number of Business

Franchisee understands and agrees that the telephone number(s) for the Business constitute a part of the System and is subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) for the Business in the manner prescribed by Franchisor. See Exhibit 2 for Collateral Transfer of Numbers.

Q. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to Franchisor all discoveries, inventions or ideas, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any partner, officer, director, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such discoveries, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee with respect thereto. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System.

R. Permit Franchisor to Enter Business

Franchisee shall permit Franchisor and its agents or representatives to enter the Business at any reasonable time for the purpose of conducting inspections, shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to correct immediately any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

S. Additional Requirements for Business Entity

If Franchisee is or becomes a Business Entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business.
2. Franchisee's Certificate or Empowering Documents (or comparable governing documents) shall at all times provide that its activities are confined exclusively to operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. The Franchisee's Articles and by-laws must be amended to specifically require the stop transfer language as indicated in XII S(4) contained hereunder. Franchisee shall furnish

Silver Mine Subs[®] Franchise, Inc. promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any other documents Silver Mine Subs[®] Franchise, Inc. may reasonably request, and any amendments thereto, from time to time.

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock of Franchisee and shall furnish such list to Franchisor upon request.

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity interest (voting or otherwise) except in accordance with the provisions of Article XV. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE EQUITY INTERESTS IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT WITH SILVER MINE SUBS[®] DATED / / /. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS BUSINESS ENTITY.

5. All shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section XII.T. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation").

6. If Franchisee is or becomes a partnership, Franchisee shall furnish Silver Mine Subs[®] Franchise, Inc. promptly upon request a copy of its partnership agreement and any other documents Silver Mine Subs[®] Franchise, Inc. may reasonably request, and any amendments thereto, from time to time.

7. Franchisee shall maintain a current list of all general and limited partners and all owners of record and all beneficial owners of any class of voting stock of Franchisee and shall furnish the list to Silver Mine Subs[®] Franchise, Inc. promptly upon request, from time to time.

8. Each individual who or entity which holds a ten percent (10%) or greater ownership or beneficial ownership interest in Franchisee, directly or indirectly, (including each individual holding a fifty (50%) or greater interest in any partnership or corporation which has a ten percent (10%) or greater interest in Franchisee) shall enter into a continuing guaranty agreement under seal, in the form attached hereto as Exhibit A, as such form may be amended or modified by Silver Mine Subs[®] Franchise, Inc., from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Franchise Agreement).

T. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site for the Restaurant to be established under the Franchise Agreement and for constructing and equipping the Restaurant at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to the Accepted Location for the Restaurant unless such Accepted Location is accepted in accordance with the procedure herein set forth and which provides, without limitation, for (a) thirty (30) days prior written notice of any default thereunder specifying such default and the right (but with no obligation) of Franchisor to cure any such default within said period, and (b) approval of the Franchisor as an assignee of Franchisee's interest thereunder.

FRANCHISEE ACKNOWLEDGES THAT SILVER MINE SUBS® FRANCHISE, INC. ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY SILVER MINE SUBS® FRANCHISE, INC. THAT A SILVER MINE SUBS® RESTAURANT OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Before commencing the construction of the Restaurant, Franchisee, at its expense, shall comply, to Silver Mine Subs® Franchise, Inc. satisfaction, with all of the following requirements:

1. Franchisee shall submit a site plan to Silver Mine Subs® Franchise, Inc., including a footprint of the proposed building and architectural, kitchen and signage drawings for approval by Silver Mine Subs® Franchise, Inc. Franchisee, at its option, may use any architect or engineer currently used by Silver Mine Subs® Franchise, Inc. to prepare detailed plans and specifications for the construction of the Restaurant;
2. Franchisee shall use a qualified general contractor or construction supervisor to oversee the construction of the Restaurant and completion of all improvements, and Franchisee shall submit to Silver Mine Subs® Franchise, Inc. a statement identifying the general contractor or construction supervisor; and
3. Franchisee shall obtain all licenses, permits and certifications required for lawful construction and operation of the Restaurant including, without limitation, building, zoning, access, parking, driveway access, sign permits and licenses, and shall certify in writing to Silver Mine Subs® Franchise, Inc. that all such permits, licenses and certifications have been obtained. Franchisee shall obtain all health, life safety, and other permits and licenses required for operation of the Restaurant and shall certify that all such permits and licenses have been obtained prior to the Opening Date.
4. Franchisee shall cause such construction to be performed only in accordance with the site plan, and plans and specifications, approved by Silver Mine Subs® Franchise, Inc., and no changes will be made to said approved plans and specifications, or the design thereof, or any of the materials used therein, or to interior and exterior colors thereof, without the express written consent of Silver Mine Subs® Franchise, Inc.

U. Training

Prior to Franchisee's opening of the Business to the public, Franchisee and/or up to one (1) management personnel of Franchisee (or, if Franchisee is a corporation or partnership, a principal of Franchisee) shall complete to Silver Mine Subs® Franchise, Inc. satisfaction the management training program offered by Silver Mine Subs® Franchise, Inc.

At Silver Mine Subs® Franchise, Inc.'s option, key personnel subsequently employed by Franchisee shall also complete to Silver Mine Subs® Franchise, Inc.'s satisfaction, the management training program. Silver Mine Subs® Franchise, Inc. may, at its discretion, make available additional training programs, seminars, as well as refresher courses to Franchisee and/or Franchisee's designated individual(s) from time to time. Silver Mine Subs® Franchise, Inc. may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to Silver Mine Subs® Franchise, Inc. If Franchisee or Franchisee's designated individual's management training is discontinued by Silver Mine Subs® Franchise, Inc., Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to Franchisor. If Franchisee's new candidate does not adequately complete the management training, then Silver Mine Subs® Franchise, Inc. has the option of terminating this Agreement. Silver Mine Subs® Franchise, Inc. shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee or its employees in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

Franchisor offers training resources, as described below, to assist franchisees at their restaurant location for hourly employees. Franchisee shall give Franchisor not less than thirty (30) days notice of when training should begin. In order for training to begin, Franchisee shall have received a Certificate of Occupancy and Health Department approval for the building, and all refrigeration, kitchen equipment shall be functioning.

Pre-Opening Training

Prior to the opening of Franchised Restaurant unit Franchisor shall furnish training, at its designated training center, upon not less than thirty days (30) days prior written notice received by Franchisor from Franchisee:

Pre-Opening Support Supplied by Franchisor

Opening support will be given by your Operations Consultant. He or She will assist you in the setup and opening of the Franchised Restaurant and his/her total cost of travel, food and lodging will be paid by the Franchisor.

V. Miscellaneous

Franchisee shall give Silver Mine Subs® Franchise, Inc. advance written notice of Franchisee's intent to institute legal action against Silver Mine Subs® Franchise, Inc. specifying the basis for such proposed action, and shall grant Silver Mine Subs® Franchise, Inc.

thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Franchisee shall procure, prior to opening the Business, and shall maintain in full force and effect during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisor, and the officers, directors, partners, and employees of both Franchisor and Franchisee against any loss, liability, personal injury, death, property damage, or expense whatsoever arising or occurring upon or in connection with operating the Business. Franchisor shall be named as an additional insured on all such policies.

Prior to the opening of the Restaurant and thereafter at least thirty (30) days prior to the expiration of any such policy or policies, Franchisee shall deliver to Silver Mine Subs® Franchise, Inc. certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. All certificates shall expressly provide that not less than thirty (30) days prior written notice shall be given to Silver Mine Subs® Franchise, Inc. in the event of material alteration to termination, non-renewal, or cancellation of, the coverage's evidenced by such certificates.

B. Insurance Carrier Must be Approved by Franchisor

Such policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to Silver Mine Subs® Franchise, Inc. in accordance with standards and specifications set forth in the Manuals or otherwise in writing, from time to time, and shall include, at a minimum (except as additional coverage's and higher policy limits may be specified by Silver Mine Subs® Franchise, Inc. from time to time), the following initial minimum coverage:

1. (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, and medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than \$200,000 for one fire and \$200,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Names and Marks or vehicles are used in connection with the operation of the Business, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of \$5,000 per person and \$100,000 per accident, and property damage limits of \$50,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and aggregate. All such coverage's shall be on an occurrence basis and shall provide for waivers of subrogation.

2. Franchisee shall also maintain comprehensive crime and blanket

employee dishonesty insurance in an amount of not less than \$5,000.

3. All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment, food and beverage products. Coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.

4. Employer's Liability and Worker's compensation Insurance, as required by state law.

5. Business interruption insurance of not less than Fifty Thousand Dollars (\$50,000.00) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Silver Mine Subs® Franchise, Inc., nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XVIII. of this Agreement.

C. No Limitations on Coverage

Franchisee's obligations to obtain and maintain the foregoing insurance policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

D. Franchisee Must Provide Evidence of Coverage to Franchisor

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days' prior written notice to Franchisor.

E. Franchisor May Procure Insurance Coverage

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manual or otherwise in writing, Franchisor shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice from Franchisor.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of three (3) years, full, complete accurate records of sales, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by Franchisor in the Manual or otherwise specified in writing.

B. Franchisor's Right to Audit

Silver Mine Subs[®] Franchise, Inc. or its designated agents shall have the right, at all reasonable times, to examine and copy, at Silver Mine Subs[®] Franchise, Inc. expense, the books, records, and tax returns of Franchisee and the Business. Silver Mine Subs[®] Franchise, Inc. shall also have the right, at any time, to have an independent audit made of the books of the Business. If an inspection should reveal that any payments to Franchisor have been understated in any report to Silver Mine Subs[®] Franchise, Inc., then Franchisee shall immediately pay to Silver Mine Subs[®] Franchise, Inc. the amount understated upon demand, in addition to interest on such amount from the date such amount was due until paid, at the Default Rate, calculated on a daily basis. If an inspection discloses an understatement in any payment to Franchisor of two percent (2%) or more, Franchisee shall, in addition, reimburse Silver Mine Subs[®] Franchise, Inc. for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee' expense, by an independent certified public accountant satisfactory to Silver Mine Subs[®] Franchise, Inc. If an inspection discloses an understatement in any payment to Franchisor of four percent (4%) or more, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII. hereof. The foregoing remedies shall be in addition to any other remedies Silver Mine Subs[®] Franchise, Inc. may have pursuant to this Agreement and as provided at law and in equity.

C. Reporting of Gross Sales

Franchisee shall submit to Silver Mine Subs[®] Franchise, Inc. during the term of this Agreement, after the opening of the Restaurant, (a) a royalty report, on a one (1) week accounting period basis in the form prescribed by Silver Mine Subs[®] Franchise, Inc. from time to time, accurately reflecting all Gross Sales during each preceding one week accounting period, and such other data or information as Silver Mine Subs[®] Franchise, Inc. may require, from time to time, said report to be received by Franchisor within four (4) days from the date of expiration of each such one (1) week accounting period; and (b) profit and loss statements, balance sheets and trial balances prepared in accordance with generally accepted accounting principles, consistently applied, for each accounting period, to be received by Franchisor within fifteen (15) days after the date of expiration of each period covered by the report, (c) copies of all tax returns relating to sales at the Restaurant to be received by Franchisor within ten (10) days of the end of the state sales tax reporting period, and (d) such other data or information as Silver Mine Subs[®] Franchise, Inc. may require, from time to time.

D. Submission of Financial Statements

Franchisee shall, at its expense, submit to Franchisor, within thirty (30) days of the end of each calendar quarter during the term of this Agreement, on forms prescribed by Franchisor, a financial statement, which may be unaudited, for the preceding quarter, including both an income statement and balance sheet. Each financial statement shall be signed by Franchisee or by Franchisee's Treasurer or Chief Financial Officer, attesting that the statement is true and correct. Franchisee shall also, at its expense, submit to Franchisor within sixty (60) days of the end of each fiscal year of Franchisee during the terms of this Agreement, a complete financial statement for said fiscal year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as Franchisor may require. Franchisee shall also submit to Franchisor the current financial statement and other forms, records, reports, information, and data as Franchisor may reasonably designate, in the form, and at the times and the places reasonably required by Franchisor, upon request, and as specified from time to time in the Manual or otherwise in writing.

E. Disclosure of Financial Statements

Franchisee hereby grants permission to Silver Mine Subs[®] Franchise, Inc. to release to Franchisee's landlord, lenders or prospective landlords or lenders, any financial and operational information relating to Franchisee and/or the Restaurant; however, Silver Mine Subs[®] Franchise, Inc. has no obligation to do so.

F. Accounting Equipment

Franchisee shall follow and adhere to the daily accounting and reporting procedures as required by Silver Mine Subs[®] Franchise, Inc., from time to time, and shall purchase accounting and reporting equipment including, but not limited to, point of sale equipment (POS) as required by Silver Mine Subs[®] Franchise, Inc. The point of sale equipment to be used in the Restaurant must be pre-approved by Silver Mine Subs[®] Franchise, Inc.

Additionally, the software of the point of sale system shall contain the following, without limitation:

1. Security password identification for each employee, allowing the point of sale system to provide detailed information for each employee;
2. Detailed sales tracking ability including, but not limited to, hourly sales, department sales, customer counts, and accounting period to date sales information; and
3. Communication or polling ability for all sales information to be retrieved by Franchisee or Franchisor.

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. Pursuant to a license agreement originally dated April 1st, 2002 between Silver Mine Subs[®] Franchise, Inc. and Silver Mine Subs[®], Inc. a Colorado corporation, Silver Mine Subs[®] Franchise, Inc. has been granted the exclusive right to use the Names and Marks to establish Silver Mine Subs[®] restaurants in the United States and Canada.

2. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and

3. Franchisor will use and permit Franchisee and other franchisees to use the Names and Marks with the System and standards attendant thereto, which underlie the goodwill associated with and symbolized by the Names and Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Accepted Location;

3. Franchisee shall use and display, as Franchisor may require in the operation of the Business, a notice in the form approved by Franchisor indicating that Franchised Location is an independently owned and operated franchised business. During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the Business as Silver Mine Subs[®] Franchise, Inc. may designate in writing. The form and content of such identification shall comply with standards set forth in the Manual.

4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark "SILVER MINE SUBS[®]";

5. Franchisee's right to use the Names and Marks is limited to such usage's as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights;

6. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;

7. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;

8. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability; and

9. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation.

C. Franchisee Will Not Challenge Franchisor's Rights
In Its Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating thereunder; and

7. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person or corporation.

8. The right and license of the Names and Marks granted hereunder to Franchisee is nonexclusive, and Silver Mine Subs[®] Franchise, Inc. thus has and retains the rights, among others:

a. To use the Names and itself in connection with selling products and services;

b. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and

c. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the Names and Marks licensed hereunder or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System products for resale.

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Will Learn Proprietary Matters

Franchisee acknowledges that he or she will obtain knowledge of proprietary matters, techniques and business procedures or Franchisor that are necessary and essential to the operation of the Business, without which information Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, the layout of the Business and the Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. As used herein, "Proprietary Information" shall mean confidential information concerning:

1. Persons, corporations or other entities which are, have been or become Franchisees of the System and any investors therein;

2. Persons, corporations or other entities which are, have been or become customers of the Business;

3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;

4. The operating procedures of the System, including without limitation: distinctive management, bookkeeping and accounting systems and procedures,

advertising, promotional and marketing methods, personnel hiring and training procedures, the manufacturers, suppliers and uses of equipment, and lists of vendors and suppliers;

5. The economic and financial characteristics of the System and Franchisees, including without limitation: pricing policies and schedules, profitability, earnings and losses, and capital and debt structures;

6. The services and products offered to customers of Businesses, including, without limitation, the scope of services performed and services refused; and

7. All documentation of the information listed in Sections XVI.A.1. through XVI.A.7. hereof, including, without limitation, the Manual. During the term of this Agreement and following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Proprietary Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisor to divulge any secret processes, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Proprietary Information

The Franchisee may disclose Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Business. Franchisee shall obtain from each such employee, representative or agent, an agreement that such person shall not during the course of his employment, representation, or agency with Franchisee, or for a period of five (5) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the Proprietary Information of Franchisor.

C. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies which Franchisor may have.

D. Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in or to any patents which are material to the Franchise. However, Franchisor has common law copyright protection for the Manual and certain marketing, sales, and operations literature. Furthermore, Franchisor claims rights to certain trade secrets and confidential information as discussed above.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO

TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons.

B. Franchisee Must Comply With Laws

Franchisee shall, at Franchisee's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of this Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Business, including, without limitation, any required permits, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

C. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

D. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Business, or any improvements thereon.

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchisee further understands and agrees that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising therefrom against Franchisee. Franchisee shall indemnify and hold Franchisor and Franchisor's officers, directors, shareholders and employees harmless against any

and all claims arising directly or indirectly from, as a result of, or in connection with, Franchisee's operation of the Business, as well as the cost, including attorney's fees, of defending against same.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

B. Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Silver Mine Subs® Franchise, Inc. and the System. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Silver Mine Subs® Franchise, Inc., Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed by Silver Mine Subs® Franchise, Inc. or by any other franchisee or affiliate of Silver Mine Subs® Franchise, Inc., or otherwise directly or indirectly induce such person to leave his or her employment.

Franchisee covenants that, except as otherwise approved in writing by Silver Mine Subs® Franchise, Inc., Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any restaurant business featuring the overall SILVER MINE SUBS® concept, with similar decor or similar menu items to SILVER MINE SUBS® restaurants within a five (5) mile radius of the restaurant location designated hereunder, or within a five (5) mile radius of any other SILVER MINE SUBS® Restaurant in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Offering Circular of Silver Mine Subs® Franchise, Inc. in effect as of the date of expiration or termination of this Agreement. This covenant may not be enforceable in California.

C. Exception to Covenant Not to Compete

Section XIX.B. hereof shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly-Held Corporation.

D. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Divert or attempt to divert business or customers of the Business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or

3. Induce, directly or indirectly, any person who is at that time employed by Franchisor or by any other Franchisee of Franchisor, to leave his or her employment. The provisions of this Section XIX.D. shall apply only in the geographical area lying within the exclusive territory of the Business.

E. Franchisor Is Entitled to Injunctive Relief

Franchisee acknowledges that any failure to comply with the requirements of this Section XIX. will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section XIX. and waives any requirement for the posting of any bond(s) relating thereto. Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under the Agreement or otherwise.

F. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section XIX. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section XIX..

G. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against Silver Mine Subs[®] Franchise, Inc., whether or not arising from this Agreement, shall not

constitute a defense to the enforcement by Silver Mine Subs[®] Franchise, Inc. of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by Silver Mine Subs[®] Franchise, Inc. in connection with the enforcement of this Section XIX..

H. Binding Effect and Change

The Parties agree that the covenant found herein is intended to be a binding by and between the Parties; and Franchisee recognizes and agrees to be bound thereby. Notwithstanding the foregoing, in the event that it is determined that any limitation is found to be overly broad or burdensome, then it may be amended as required by arbitration so as to make a bind and enforceable covenant with the understanding that any such change shall be made with the intent of fashioning an enforceable covenant.

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

The Franchisor shall provide the Franchisee with the following assistance and services:

A. The Training Program

1. The Franchisor will provide a training program concerning the operation of the Business consisting of fifteen (15) days of training at a location to be designated by Franchisor. The training session will begin approximately forty five (45) days before the opening of the Business. The exact days will be mutually selected by Franchisor and Franchisee. Franchisee and/or his or her designated representative shall attend such training program at no charge to the Franchisee. Franchisee shall be responsible for any travel, lodging, meal or other costs for the attendee(s) of the training program at the Franchisor's Home Office. Franchisee must have at least one fully trained, full-time Manager operating the Business during the entire term of the Agreement. Either the Franchisee or Franchisee's Manager must attend the training sessions. Any person subsequently employed as a full-time manager of the Business may be required by Franchisor to complete the initial training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement.

2. Silver Mine Subs[®] Franchise, Inc. shall also offer training resources, at a cost to Franchisee to be determined by Silver Mine Subs[®] Franchise, Inc., to assist franchisee at their restaurant location for hourly employees.

3. Silver Mine Subs[®] Franchise, Inc. shall provide such continuing advisory assistance to Franchisee in the operation, advertising and promotion of the Business as Silver Mine Subs[®] Franchise, Inc. deems advisable. Silver Mine Subs[®] Franchise, Inc. shall also provide refresher training programs for Franchisee and to Franchisee's employees as Silver Mine Subs[®] Franchise, Inc. deems appropriate

4. Silver Mine Subs[®] Franchise, Inc. may, from time to time, provide

to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising as described in Section XC. of this Agreement and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials which Franchisee proposes to use must be reviewed and approved by Silver Mine Subs® Franchise, Inc., pursuant to Section XC. hereof.

5. The Franchisor may conduct additional seminars or other training programs for the benefit of the Franchisee, and Franchisee (and/or Franchisee's employees) may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by Franchisee.

6. Franchisee may make reasonable request for training in addition to that specified above, and Franchisor shall provide such training, at Franchisee's expense, including without limitation, any travel, lodging, meals and other related costs.

7. Franchisee shall complete and/or shall cause its employees to complete, to Franchisor's satisfaction, such other additional training as Franchisor may reasonably require from time to time.

8. Silver Mine Subs® Franchise, Inc. may provide Franchisee, from time to time, as Silver Mine Subs® Franchise, Inc. deems appropriate, such merchandising, marketing and other data and advice as may from time to time be developed by Silver Mine Subs® Franchise, Inc. and deemed by Silver Mine Subs® Franchise, Inc. to be helpful in the managing and operation of the Business.

9. Silver Mine Subs® Franchise, Inc. may provide such periodic individual or group advice, consultation and assistance, rendered by personal visit or telephone, or by newsletter or bulletins made available from time to time to all Silver Mine Subs® franchisees, as Silver Mine Subs® Franchise, Inc. may deem necessary or appropriate.

10. Silver Mine Subs® Franchise, Inc. may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on behalf of Silver Mine Subs® Franchise, Inc. regarding its plans, policies, developments and activities. In addition, Silver Mine Subs® Franchise, Inc. may provide such communication concerning new developments, techniques and improvements in the food preparation, equipment, food products, packaging and restaurant management which Silver Mine Subs® Franchise, Inc. feels are relevant to the operation of the Restaurant.

11. Silver Mine Subs® Franchise, Inc. shall provide the requirements for a standardized system for accounting, cost control and inventory control.

12. Silver Mine Subs® Franchise, Inc. shall seek to maintain the high standards of quality, appearance, and service of the System, and to that end shall conduct, as it deems advisable, inspections of the Restaurant franchised hereunder, and evaluations of the products sold and services rendered therein, minimum of a quarterly basis.

13. Franchisor is obligated to take any appropriate action to preserve the Names and Marks against unauthorized operations that infringe on such Names and Marks.

14. All obligations of Silver Mine Subs® Franchise, Inc. under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Site Selection

The Franchisee has the responsibility for selecting a site. The Franchisor shall then review and accept or not accept the Franchisee's site selection and lease agreement, based on an analysis of local competing businesses, population density and other demographics, visibility and accessibility, traffic patterns, the neighborhood, suitability of the premises to be leased and other factors more fully described in the Franchisor's Manual. The suitability of a site is determined on a case-by-case basis. Franchisor's acceptance of a site does not constitute a guarantee by Franchisor that the Business will be profitable at that site.

C. Business-Layout and Design

Provided that Franchisee leases an existing building, the Franchisor will assist the Franchisee with the layout and design of the Business including location of walls, counters and the location of equipment and fixtures within two weeks following the lease of the premises and delivery of the floor plan to the Franchisor. The costs of leasehold improvements, signs, furniture and fixtures for finishing out a Business are the responsibility of the Franchisee.

D. Post-Training Assistance

In addition to the assistance rendered to the Franchisee prior to opening, the Franchisor will provide continuing consultation and advise regarding business, financial, operational, technical, pricing, legal, sales and advertising matters, products, management of supplies, styles and type of service, operation of the Business, and development of personnel policies. The Franchisor will provide such assistance by telephone or, if the situation warrants, through on-site assistance of appropriate Franchisor personnel.

E. Operations Manual

In order to protect the reputation and goodwill of SILVER MINE SUBS® and to maintain high standards of operation under SILVER MINE SUBS® Proprietary Marks, Franchisee shall conduct its business in accordance with this Agreement and Training Manuals and/or Videotapes, described herein as the "Manuals" (one copy of which Franchisee shall acknowledge in writing upon receipt has been received on loan from Silver Mine Subs® Franchise, Inc. for the term of this Agreement), other written directives which Silver Mine Subs® Franchise, Inc. may issue to Franchisee from time to time whether or not such directives are made part of the Manuals, and any other manuals, videotapes, and materials created or approved for use in the operation of the Business by Franchisor, from time to time.

Franchisee shall at all times treat the Manuals, any written directives of Silver

Mine Subs® Franchise, Inc., any restaurant plans and specifications, and any other manuals created for or approved for use in the operation of the Business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by Silver Mine Subs® Franchise, Inc., shall at all times remain the sole property of Silver Mine Subs® Franchise, Inc. and shall at all times be kept and maintained in a secure place on the Restaurant premises.

Silver Mine Subs® Franchise, Inc. may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Business, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

Franchisee shall at all times insure that its copy of the Manuals is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manuals, the master copy of the Manuals maintained by Silver Mine Subs® Franchise, Inc. at Silver Mine Subs® Franchise, Inc.'s headquarters shall be controlling.

Any suggestions Franchisee may have concerning the improvement of products, equipment, uniforms, restaurant facilities, service format and advertising are encouraged and shall be considered by Silver Mine Subs® Franchise, Inc. when adopting or modifying the standards, specifications and procedures for the System.

F. Selecting Suppliers

Franchisor shall provide Franchisee a list of approved suppliers of necessary supplies.

G. Recommended Price Schedules

Franchisor shall advise Franchisee from time to time, concerning such suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a maximum retail price list. Nothing contained herein shall be deemed a representation by Franchisor that the use of the Franchisor's suggested prices will in fact optimize profits.

H. Advertising and Promotion

The Franchisor shall develop and provide creative materials for local and regional advertising and make such advertising materials available to its Franchisees for publication or

distribution in the Franchisee's market area at Franchisee's own expense. The Franchisor may be reimbursed for the creative and production costs for such items as billboard design, radio and video tape production, public relations campaigns, copy for newspaper, magazine advertisements, flyers and other promotional material from the Fund. The Franchisor shall provide specific guidelines for advertising initiated by individual Franchisees and shall reserve the right to disapprove any advertising which, in the Franchisor's opinion, is not in accordance with these guidelines. However, no approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in the Franchisor's opinion, be detrimental.

**EXCEPT FOR SERVICES DESCRIBED HEREIN,
FRANCHISOR SHALL PROVIDE NO OTHER SERVICES**

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of the Franchise System in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

XXII. SALE OF FRANCHISE

A. Assignment by Franchisee

This Agreement restricts the Franchisee's right to assign the Agreement to a third party, unless superseded by state law. Neither this Agreement, nor any of the Franchisee's rights or privileges, shall be assigned, transferred, shared, redeemed or divided by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, which consent will not be withheld or delayed unreasonably. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and payable to us or our affiliate;
2. The proposed assignee (or its partners, managers, directors, officers, or controlling shareholders, if it is a corporation or partnership) must meet the then-applicable standards of Franchisor;
3. The proposed assignee must not operate a franchise, license or other business offering services similar to those offered by the Business;

4. The assignee must execute and agree to be bound by the then current form of this Agreement, which form may contain provisions which materially alter the rights or obligations of Franchisee under this Agreement;

5. Franchisor shall not charge such assignee an Initial Franchise Fee for the Franchise, but will charge a transfer fee of Ten Percent (10%) of the then current initial Franchise Fee charged by Franchisor. If Franchisor determines that training is required, assignee will attend training at Franchisor's Home Office as required under the then current Franchise Agreement. Franchisor shall have the right to require Franchisee and its owners to execute a general release of Franchisor in a form satisfactory to Franchisor's counsel as a condition to its approval of assignment or other transfer of the Franchise;

6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and Silver Mine Subs[®] Franchise, Inc., its subsidiaries or affiliates and, at the time of transfer, shall not be in default thereof;

7. The transferor shall have executed a general release under seal, in a form satisfactory to Silver Mine Subs[®] Franchise, Inc., of any and all claims against Silver Mine Subs[®] Franchise, Inc. and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as Silver Mine Subs[®] Franchise, Inc. may request) shall enter into a written assumption agreement, in a form satisfactory to Silver Mine Subs[®] Franchise, Inc., assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and/or any new franchise agreement, as hereinafter provided;

9. The transferee shall demonstrate to Silver Mine Subs[®] Franchise, Inc. satisfaction that the transferee meets Silver Mine Subs[®] Franchise, Inc. educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Business.

10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as Silver Mine Subs[®] Franchise, Inc. may request) shall execute, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement, the standard form Franchise Agreement then being offered to new System franchisees and such other ancillary agreements as Silver Mine Subs[®] Franchise, Inc. may require for the Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty rate, advertising contribution, and service charge for goods; provided; however, that the

transferee shall not be required to pay an initial franchise fee;

11. The transferee, at its expense, shall upgrade the Restaurant to conform to the then-current standards and specifications of the new entry System and shall complete the upgrading and other requirements within the time specified by Silver Mine Subs® Franchise, Inc.;

12. Franchisee shall remain liable for all of the obligations to Silver Mine Subs® Franchise, Inc. in connection with the Business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Silver Mine Subs® Franchise, Inc. to evidence such liability;

13. Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the transfer;

14. At the transferee's expense, the transferee and, if applicable, the transferee's designated individual manager shall complete any training programs then in effect for franchisees upon such terms and conditions as Silver Mine Subs® Franchise, Inc. may reasonably require; and

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Restaurant site from the original franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable.

B. Assignment by Franchisor

Franchisor has an unrestricted right to transfer or assign all or part of its rights or obligations under this Agreement to any assignee or other legal successor to the interests of Franchisor.

C. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in the Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by Franchisor within six (6) months after death or mental incapacity, unless superseded by state law. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

Pending assignment, upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal, a manager shall be

employed for the operation of the Restaurant who has successfully completed Franchisor's training courses to operate the Restaurant for the account of Franchisee. If after the death or disability of the Principal, the Restaurant is not being managed by such trained manager, Silver Mine Subs® Franchise, Inc. is authorized to appoint a manager to maintain the operation of the Restaurant until an approved assignee will be able to assume the management and operation of the Restaurant, but in no event for a period exceeding one (1) year without the approval of the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Restaurant during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Restaurant, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to the Fees due hereunder, Silver Mine Subs® Franchise, Inc. shall charge such fund the full amount of the direct expenses incurred by Silver Mine Subs® Franchise, Inc. during such period of management for and on behalf of Franchisee, provided that Silver Mine Subs® Franchise, Inc. shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Restaurant, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Silver Mine Subs® Franchise, Inc. - appointed or approved manager.

D. Sale of Franchised Business

If the Franchisee (or its owners) desires to sell the Business, or part or all of the ownership of the Business, then Franchisor will reasonably assist Franchisee (or its owners) in connection therewith. If Franchisee (or its owners) shall obtain a bona fide written offer to purchase the Business, or such ownership, such offer shall be submitted promptly to Franchisor. For a period of thirty (30) days from the date of Franchisor's receipt of such offer, Franchisor shall have the right, exercisable by written notice to Franchisee (or its owners), to purchase the Business, or such ownership, for the price and on the same terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer. If Franchisor does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchisee or its owners, subject to the prior written approval of Franchisor. To enable Silver Mine Subs® Franchise, Inc. to determine whether it will exercise its option, Franchisee and the seller shall provide such information and documentation, including financial statements, as Silver Mine Subs® Franchise, Inc. may require. In the event that Silver Mine Subs® Franchise, Inc. elects to purchase said interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase said Interest by Silver Mine Subs® Franchise, Inc. Failure of Silver Mine Subs® Franchise, Inc. to exercise the option afforded by this Section XXII.D., shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XXII., with respect to a proposed transfer of any Interest. Any subsequent change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Silver Mine Subs® Franchise, Inc. as in the case of an initial offer.

XXIII. TERMINATION OF FRANCHISE, EXCEPT AS REQUIRED BY STATE LAW

Governing Law/Termination

If any mandatory provisions of governing state law prohibit termination of the Franchise Agreement as described herein, or if the same otherwise limit Silver Mine Subs® Franchise Inc.'s rights to terminate by imposing different rights or obligations as are found herein, or which renewal hereof, then such mandatory provisions of state law shall be deemed incorporated into the Agreement by reference and shall prevail over any inconsistent terms in the Agreement. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the law of a state other than the state in which Franchised Territory or Location exists, then the Franchisee shall agree that the Agreement shall be governed by the law of the State of Colorado and the rights to terminate, the option to purchase, the option to renew and other rights or obligations described in the Agreement shall prevail.

A. Impact of Statutes Upon Franchise Agreement

In accordance with the provisions of Florida Statute 559.803(9), if Franchisor fails to deliver the product, equipment, or supplies necessary to begin substantial operation of a SILVER MINE SUBS® franchise business within forty-five (45) days of the delivery date stated in the Franchise Agreement, Franchisee may notify Franchisor in writing, cancel the Franchise Agreement, and obtain a full refund of the Initial Franchise Fee. The delivery date of this Agreement shall be the first day of the training session.

The California Franchise Relations Act (Business and Professions Code, Section 20000 through 20043), became effective October 1, 1982. This Act provides certain rights to Franchisees, including: (1) limitations on Franchisor's ability to terminate a franchise except for good cause; (2) restrictions on Franchisor's ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of Franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of the Act, the terms of the Act may control in California.

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law Ill. Rev. Stat. 1987, ch. 12111/2, pars. 1719, 1720.

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

A. By Franchisor

Franchisee acknowledges that the strict performance of all the terms of this Agreement is necessary not only for protection of Franchisor, but also the protection of Franchisee and other franchisees of Franchisor. As a result, Franchisee therefor acknowledges and agrees that strict and exact performance by Franchisee of each of the covenants and conditions contained herein is a condition precedent to the continuation of this Agreement. If Franchisee shall breach any material provision of this Agreement, then Franchisor shall notify

Franchisee in writing of such breach, specifying its nature and giving Franchisee five (5) days, or such longer period as applicable law may require, in which to remedy same. If Franchisee shall fail to remedy such breach, then Franchisor can terminate this Agreement and the Franchise effective five (5) days, or such longer period as applicable law may require, after delivery of notice of termination to Franchisee.

C. Termination of Franchise Without Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it, without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Abandons, surrenders, or transfers control of the operation of the Business or fails to continuously and actively operate the Business, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;
2. Consistently fails or refuses to submit when due any financial statement, tax return or schedule, or to pay when due the Base Royalty Fees, or any other payments due Franchisor or its affiliate;
3. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;
4. Has made a material misrepresentation or omission on the application for the Franchise;
5. Transfers, assigns or subfranchises this Agreement without having the prior written consent of Franchisor, as set forth herein;
6. Discloses or divulges the contents of the Manual or any other Proprietary Information provided to Franchisee by Franchisor;
7. Repeatedly fails to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;
8. Commits a breach of this Agreement or engages in any other activity which has a material adverse effect on Franchisor or the Names and Marks;
9. Fails or refuses to comply with any provision of this Agreement or any other agreement between Franchisor and Franchisee relating to the Business or the Franchise, and does not correct such failure or refusal within thirty (30) days after written notice of such failure or refusal to comply is delivered to Franchisee;
10. Is convicted of a felony or has pleaded nolo contendere to a felony, unless otherwise provided by state law;

11. Engages in dishonest or unethical conduct;
12. Fails to discharge any valid lien placed against the property of the business;
13. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
14. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws.
15. Becomes insolvent or makes a general assignment for the benefit of creditors.
16. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee.
17. If a receiver or other custodian (permanent or temporary) of the Restaurant, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise.
18. If proceedings for a disposition with creditors under any state or federal law should be instituted by or against Franchisee.
19. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved or is wound up.
20. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee.
21. If any real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.
22. If, in violation of the terms of Sections XII., XVI. and/or XX. hereof, Franchisee, its principals, representatives, agents or employees disclose or divulge the contents of the Manuals or other confidential information provided to Franchisee by Silver Mine Subs® Franchise, Inc., or if Franchisee maintains false books or records, or submits any false reports to Silver Mine Subs® Franchise, Inc.
23. If any inspection of Franchisee's records discloses an understatement of payments due Silver Mine Subs® Franchise, Inc. of four percent (4%) or more.

24. If Franchisee's alternate candidate for management training shall not adequately complete such management training program, after either Franchisee or Franchisee's designated individual previously failed to complete adequately the management training.

D. Termination of Franchise With Cure.

Notwithstanding the foregoing, Franchisee shall cure violations of health, safety, or sanitation laws with 72 hours notice, and shall pay past due advertising and royalty fees upon five (5) days notice. Any default not specifically listed herein shall be cured within five (5) days of notice.

E. By Franchisee

Franchisee is entitled to termination of the Franchise Agreement and a full refund of all monies paid as consideration therefor if Franchisor violates Florida Statute 559.803(9). If Franchisee is in compliance with this Agreement and Franchisor breaches this Agreement and fails to cure such breach within thirty(30)days after written notice thereof is delivered to Franchisor, then Franchisee may terminate this Agreement and the franchise effective thirty (30) days after delivery to Franchisor of notice thereof. Any termination of this Agreement and the franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of this Agreement by Franchisor and Franchisor's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause.

E Impact of Statutes Upon Franchise Agreement

If any mandatory provisions of governing state law prohibit termination of the Franchise Agreement as described herein, or if the same otherwise limit Silver Mine Subs® Franchise Inc.'s rights to terminate by imposing different rights or obligations as are found herein, then such mandatory provisions of state law shall be deemed incorporated into the Agreement by reference and shall prevail over any inconsistent terms in the Agreement. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the law of a state other than the state in which Franchised Territory or Location exists or which permits the Franchisee to operate under the terms of this Franchise Agreement instead of that state law, then the Franchisee shall agree that the Agreement shall be governed by the law of the State of Colorado and the rights to terminate, the option to purchase, the option to renew and other rights or obligations described in the Agreement shall prevail.

In accordance with the provisions of Florida Statute 559.803(9), if Franchisor fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the Business within forty-five (45) days of the delivery date stated in the Franchise Agreement,

Franchisee may notify Franchisor in writing, cancel the Franchise Agreement, and obtain a full refund of the Initial Franchise Fee. The delivery date of this Agreement shall be the first day of such 45 day period.

The California Franchise Relations Act (Business and Professions Code, Section 20000 through 20043), became effective October 1, 1982. This Act provides certain rights to Franchisees, including: (1) limitations on Franchisor's ability to terminate a franchise except for good cause; (2) restrictions on Franchisor's ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of Franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of the Act, the terms of the Act may control in California.

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law. Ill. Rev. Stat. 1987, ch. 12111/2, pars. 1719, 1720.

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures, descriptions of products, and techniques associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles that display the Names and Marks. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information.

B. Franchisee Shall Cease Operating Business

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute

Franchisor's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, it will take such action that may be required to cancel all assumed names or equivalent registrations relating to its use of any Names or Marks and to notify the telephone company and listing agencies of the termination or expiration of Franchisee's right to use any telephone number in any classified ad and any other telephone directory listings associated with the Names and Marks or with the Business and to authorize transfer of same to Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone number and directory listings associated with any Names or Marks of the Business. Franchisee further authorizes Franchisor, and hereby appoints Franchisor as its attorney in fact, to direct the telephone company and all listing agencies to transfer same to Franchisor, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept such direction in this Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

E. Franchisee Must Return Manual and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Manual, training aids and any other materials that have been loaned to it by Franchisor. Franchisee further agrees to turn over to Franchisor any other manuals, computer programs, software, customer lists, records, files, instructions, correspondence and brochures, and any and all other confidential and proprietary materials relating to the operation of the Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and only Franchisee's copy of this Agreement and any correspondence between the parties, and any other document copies which Franchisee reasonably needs for compliance with any provision of law may be retained by Franchisee.

F. Franchisor May Purchase Inventory and Equipment

Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all inventory, equipment, supplies, signs, advertising materials and items bearing Franchisor's Names and Marks, at fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and determination of such appraiser shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost for the appraisal, if any, against any payment therefor.

G. Franchisee Must Pay Monies Owed to Franchisor

Franchisee shall pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Base Royalty Fees, National Fund contributions, payments for inventory, equipment or merchandise, or any other sums owed to Franchisor by Franchisee, which are then unpaid. Franchisee shall pay to Silver Mine Subs[®] Franchise, Inc. all damages, costs, and expenses, including reasonable attorney's fees, incurred by Silver Mine Subs[®] Franchise, Inc. in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.

XXV. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Base Royalty Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation hereunder. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to arbitration as provided in this Agreement.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

C. Arbitration

Except insofar as Franchisor elects to enforce this Agreement by judicial process, injunction, or specific performance (as hereinabove provided), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Larimer County, Colorado, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Franchisee the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in

accordance with the Federal Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor or Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement.

Governing Law/Consent to Jurisdiction

a. Except to the extent governed by the Federal Arbitration Act, (FAA) and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 105 1 et seq.) or other superceding state or federal law, the Franchise Agreement, and the relationship between Silver Mine Subs[®] Franchise, Inc. and Franchisee shall be governed by the laws of the State of Colorado.

b. Jurisdiction shall be in Larimer County, Colorado, unless mandatory provisions of state law prohibit the choice of any jurisdiction other than the county in which the Franchise is located. This paragraph may not be enforceable in California

If any mandatory provisions governing state law prohibit the use of arbitration, or otherwise limit the jurisdiction in which arbitration may be heard, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law shall be deemed incorporated in the Franchise Agreement by reference and shall prevail over any inconsistent terms in the Franchise Agreement. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the law of a state other than the state in which the Franchise is located, then the Franchisee shall agree that the Franchise Agreement shall be governed by the law of the State of Colorado and the rights to terminate, the option to purchase and other rights or obligations in the Franchise Agreement shall prevail.

D. Rights of Parties Are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Manual.

E. Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section XXIII. of this Agreement, to collect any amounts owed to Franchisor for any unpaid Base Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or

other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement, unless superseded by state law.

F. Construction

Any other agreements or instruments referred to herein or which relate to the purchase or lease by Franchisee from Franchisor of any fixtures, signs, equipment, merchandise, or the like, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor or Franchisee relating to the subject matter of this Agreement. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or partnership, as the case may be, the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine. References to "Franchisee" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee if Franchisee is a corporation or partnership.

G. Colorado Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Colorado, and venue shall lie in Larimer County, Colorado. This paragraph may not be enforceable in California.

H. Attorney Fees

In the event any legal proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party.

I. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

J. There Are No Unwritten Agreements; Operations Manual is Subject to Change.

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent

modification in writing is signed by the parties hereto. The manual may be amended at any time by Franchisor, however, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

K. Entire Agreement

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete Agreement between Silver Mine Subs[®] Franchise, Inc. and Franchisee concerning the subject matter hereof, and supersede all prior agreements. Except for those acts permitted to be made unilaterally by Silver Mine Subs[®] Franchise, Inc. hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

L. Force Majeure

Except for monetary obligations hereunder, or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in Article I of this Franchise Agreement.

XXVI. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of Silver Mine Subs[®] Franchise, Inc., Franchisee shall make a timely written request to Silver Mine Subs[®] Franchise, Inc. therefor, and such approval or consent shall be obtained in writing.

Silver Mine Subs[®] Franchise, Inc. makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefor.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall

such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXVII. AUTHORITY

Franchisee or, if Franchisee is a corporation or partnership, the individuals executing this Agreement on behalf of such corporation or partnership, warrant to Franchisor, both individually and in their capacities as partners or officers, that all the partners in the partnership or all of the shareholders of the corporation, as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in the partnership or corporation, as set forth in Section XXII. herein.

XXVIII. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified, registered or express mail, return receipt requested, or by overnight delivery service, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

SILVER MINE SUBS® FRANCHISE INC.:

**Silver Mine Subs® Franchise, Inc.
925 E. Harmony Road
Suite 500
Fort Collins, Colorado 80525**

Attention: Franchise Department

With Copy To: Corporon, Eyler & Katz, LLC.
Attorneys At Law
Attn: Michael J. Katz
13710 E. Rice Place
Aurora, Colorado 80015

Notices to Franchisee

NAME OF FRANCHISEE COMPANY

NAME OF FRANCHISEE CORPORATION

NAME OF FRANCHISEE

ADDRESS OF FRANCHISEE

CITY STATE ZIP CODE OF FRANCHISEE

Any notice by certified, registered or express mail, or overnight delivery service, shall be deemed to have been given at the earlier of the date and time of receipt or refusal of receipt or, if by mail, three (3) business days after being deposited in the United States mail.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the date and year first above written.

ATTEST:

Attest: _____

SILVER MINE SUBS® FRANCHISE INC.

By: _____
**NAME AND TITLE OF CORPORATE
OFFICER AUTHORIZED TO SIGN**

WITNESS/ATTEST:

Attest: _____

NAME OF FRANCHISEE CORPORATION

By: _____
Individually and as President

Individually

Individually

CLOSING ACKNOWLEDGEMENT

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES THAT:

- A. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND:
- B. NO ASSURANCE OR WARRANTY, EXPRESSED OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, AND;
- C. EXCEPT FOR THE COVENANTS SET FORTH IN THIS AGREEMENT, NO STATEMENT OR REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, HAS BEEN MADE TO THE FRANCHISEE IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

THE FOLLOWING ARE TRUE AND CORRECT AS OF THE DATE STATED HEREIN
 IMPORTANT DATES:

- 1. THE DATE ON WHICH I AS FRANCHISEE RECEIVED THE SILVER MINE SUBS[®] UNIFORM OFFERING CIRCULAR _____
 MONTH/DAY/YEAR
- 2. THE DATE OF THE FIRST FACE-TO-FACE MEETING WITH A SILVER MINE SUBS[®] REPRESENTATIVE TO DISCUSS THE POSSIBLE PURCHASE OF A SILVER MINE SUBS[®] FRANCHISE _____
 MONTH/DAY/YEAR
- 3. THE DATES I AS A FRANCHISEE RECEIVED THE FOLLOWING DOCUMENTS IN A FORM FOR EXECUTION:
 - a. Franchise Agreement with all exhibits. _____
 MONTH/DAY/YEAR
 - b. Area Development Agreement with all exhibits. _____
 MONTH/DAY/YEAR
 - c. Other _____
 MONTH/DAY/YEAR
 - d. Other _____
 MONTH/DAY/YEAR
- 4. THE EARLIEST DATE ON WHICH I DELIVERED CASH, CHECK, OR OTHER CONSIDERATION TO THE FRANCHISOR: _____
 MONTH/DAY/YEAR

**AMENDMENT TO CALIFORNIA FRANCHISE AND AREA DEVELOPMENT
AGREEMENTS OF
SILVER MINE SUBS FRANCHISE, INC.**

1. The terms of this Amendment are in addition to the terms of the California Franchise and ADA Agreements or Area Development Agreement of Silver Mine Subs Franchise, Inc (“Franchise and ADA Agreements” or “ADA Agreement”). The terms of this Amendment shall prevail over any inconsistent terms in the Franchise and ADA Agreements.

2. The post-term covenants not to compete may not be enforceable under California Business and Professional Code Section 16600.

3. Notwithstanding anything in the Franchise and ADA Agreements to the contrary, the following shall prevail:

a. Except for non-renewal based upon the rights enumerated in Section XXIV of the Franchise and ADA Agreements, which rights to terminate shall not be subject to this sub-paragraph, Franchisor may not fail to renew the Franchise unless Franchisor provides the Franchisee at least 180 days prior written notice of its intention not to renew; and

i. During the 180 days prior to expiration of the franchise the Franchisor permits the Franchisee to sell his business to a purchaser meeting the franchisor's then current requirements for granting new franchises, or if the Franchisor is not granting a significant number of new franchises, the then current requirements for granting renewal franchises; or

ii. (1) The refusal to renew is not for the purpose of converting the Franchisee's business premises to operation by employees or agents of the Franchisor for such Franchisor's own account, provided, that nothing in this paragraph shall prohibit a Franchisor from exercising a right of first refusal to purchase the franchisee's business; and

(2) Upon expiration of the franchise, the Franchisor agrees not to seek to enforce any covenant of the nonrenewed Franchisee not to compete with the Franchisor or franchisees of the Franchisor; or

iii. The Franchisee and the Franchisor agree not to renew the franchise; or

iv. The Franchisor withdraws from distributing its products or services through franchises in the geographic market served by the Franchisee, provided that:

(1) Upon expiration of the franchise, the Franchisor agrees not to seek to enforce any covenant of the nonrenewed Franchisee not to compete with the Franchisor or franchisees of the Franchisor; and

(2) The failure to renew is not for the purpose of converting the business conducted by the Franchisee pursuant to the franchise agreement to operation by employees or agents of the Franchisor for such franchisor's own account; and

(3) Where the Franchisor determines to sell, transfer, or assign its interest in a marketing premises occupied by a Franchisee whose franchise agreement is not renewed pursuant to this paragraph:

(A) The Franchisor, during the 180-day period after giving notice offers such Franchisee a right of first refusal of at least 30 days' duration of a bona fide offer, made by another to purchase such Franchisor's interest in such premises; or

(B) In the case of the sale, transfer, or assignment to another person of the Franchisor's interest in one or more other controlled marketing premises, such other person in good faith offers the Franchisee a franchise on substantially the same terms and conditions currently being offered by such other person to other franchisees; or

v. The Franchisor and Franchisee fail to agree to changes or additions to the terms and conditions of the franchise agreement, if such changes or additions would result in renewal of the franchise agreement on substantially the same terms and conditions on which the Franchisor is then customarily granting renewal franchises, or if the Franchisor is not then granting a significant number of renewal franchises, the terms and conditions on which the Franchisor is then customarily granting original franchises. The Franchisor may give the Franchisee written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal franchise shall be accepted in writing by the Franchisee. Such notice, when given not less than 180 days before the end of the franchise term, may state that in the event of failure of such acceptance by the Franchisee, the notice shall be deemed a notice of intention not to renew at the end of the franchise term.

3. Franchisor may offset against any repurchase offer made, any sums owed the Franchisor by the Franchisee pursuant to the Franchise and ADA Agreements or any ancillary agreements.

4. Except as amended herein, the terms of the Franchise and ADA Agreements shall remain in full force and effect.

EXHIBIT A
to Franchise Agreement
GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, and to induce Silver Mine Subs[®] Franchise, Inc. ("Franchisor"), to enter into the above attached franchise agreement (the "Franchise Agreement"), the undersigned (jointly and severally if more than one) unconditionally guarantee to Franchisor, its successors and assigns, the prompt payment and performance of any and all payments, indebtedness, obligations and liabilities of every kind or nature now or at any time hereafter owing to Franchisor by the franchisee identified in the Franchise Agreement ("Franchisee"), whether directly or indirectly, and the prompt, full and faithful performance and discharge by Franchisee of each of the terms, conditions, representations, warranties and provisions on the part of Franchisee contained in the Franchise Agreement or any modification, extension, renewal or substitution thereof. The undersigned agrees that no extension, compromise, arrangement, alteration in time or method of payment, and no other act or omission by Silver Mine Subs[®] Franchise, Inc. shall release or relieve the undersigned with respect to this Guaranty.

The undersigned agree on demand to pay or reimburse Silver Mine Subs[®] Franchise, Inc. for all expenses, collection charges, and attorneys' fees, whether out of court or in litigation, including appeals in bankruptcy court proceedings incurred by Silver Mine Subs[®] Franchise, Inc. in endeavoring to collect, enforce or defend Silver Mine Subs[®] Franchise, Inc.'s rights against Franchisee or under this Guaranty, with interest thereon subsequent to default at the highest lawful contract rate.

The undersigned waive notice of: (a) demand, default, nonpayment, protest, any adverse change in Franchisee's financial condition, and all other notices to which Franchisee or the undersigned might otherwise be entitled; (b) Silver Mine Subs[®] Franchise, Inc.'s granting of indulgences or extensions of terms of payment or performance, and (c) Silver Mine Subs[®] Franchise, Inc. releasing Franchisee, any guarantor or other person primarily or secondarily liable for failing to prosecute, collect or assert any remedies against any of them or against any collateral therein appertaining.

The undersigned agree that no delay or failure on Silver Mine Subs[®] Franchise, Inc. part in the exercise of any right or remedy against Franchisee or any of the undersigned shall operate as a waiver thereof, and no single or partial exercise by Silver Mine Subs[®] Franchise, Inc. of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

The undersigned agree that this Guaranty shall be fully assignable by Silver Mine Subs[®] Franchise, Inc. and shall bind each of the undersigned, together with their heirs, legal representatives, successors and assigns directly, unconditionally and primarily.

Dated this _____ day of _____, 2006.

GUARANTOR(S) Printed Name

GUARANTOR(S) Signature

EXHIBIT 1
TO
SILVER MINE SUBS[®] FRANCHISE, INC.
FRANCHISE AGREEMENT
INDEPENDENT INVESTIGATION

INDEPENDENT INVESTIGATION

This Exhibit refers to the Franchise Agreement dated _____
(the "Agreement"), by and between SILVER MINE SUBS[®] FRANCHISE, INC., a Colorado
corporation ("Franchisor") and _____
("Franchisee"), and is made part thereof.

Pursuant to Section VI of the Agreement, Franchisee has selected and Franchisor has approved a
designated site for the SILVER MINE SUBS[®] Franchised Location ("Franchised Location") to
be operated by Franchisee. The site at

Franchisee acknowledges that it has conducted its own investigation of this site and the
surrounding area and has selected the site as the location for its Franchised Location. Franchisee
further acknowledges that in approving the site, Franchisor is making no representations or
guarantees whatsoever as to the viability of the site. If the site has yet to be determined as of the
date of execution of this Franchise Agreement, the site location will be added at a later date with
all terms and caveats in force per this Agreement.

This Exhibit has been entered into and agreed to this _____ day of _____, 2006.

FRANCHISOR:

Silver Mine Subs[®] Franchise, Inc.

By: _____

Its: _____

FRANCHISEE:

By: _____
(Signature)

Its: _____

(Print Name)

(Signature)

Its: _____

(Print Name)