

Item 1

THE FRANCHISOR, ITS PREDECESSOR, AND ANY AFFILIATES

FRANCHISOR

The Franchisor is Silver Mine Subs[®] Franchise, Inc., a Colorado corporation. For ease of reference, Silver Mine Subs[®] Franchise, Inc. will be referred to as "we," "us," "our," or "Silver Mine Subs[®]" in this Offering Circular. We will refer to the person or entity that buys the franchise as "you" and "your" throughout the Offering Circular. If you are a corporation, certain provisions of the franchise agreement also apply to your owners and will be noted.

We are a Colorado corporation, incorporated on April 1st, 2002. We do business as "Silver Mine Subs[®] Franchise, Inc". and "Silver Mine Subs[®]". Our business address is 925 E. Harmony Road, Suite 500, Fort Collins, Colorado 80525. We sell franchises for the operation of a restaurant known as Silver Mine Subs[®] (the "Businesses"). As of April 1st, 2002, we were a start-up business and therefore had sold no franchises as of that date. We have not sold any franchises in this state prior to the effective date of this agreement. The number of franchises sold from April 1, 2002 to the date of this Circular is found in Item 20 below. We have not conducted a business of the type to be operated by you. We have no predecessors. We have not offered franchises in other lines of business.

FRANCHISOR'S AFFILIATES

Our affiliate, Silver Mine Subs[®], Inc. (Affiliate) was incorporated in the State of Colorado on August 15th, 1996. It maintains a primary place of business and business address at 925 E. Harmony Road, Suite 500, Fort Collins, Colorado 80525. Our Affiliate does business under the name of Silver Mine Subs[®], Inc. and Silver Mine Subs[®] in connection with the operation of 9 Silver Mine Subs[®] restaurant locations, the first of which was started in Fort Collins, Colorado as of August of 1996. The "System" is licensed from the Affiliate. The Affiliate has no predecessors. The Affiliate has never offered franchises for the same type of business as that to be operated by you and has never offered franchises in any other line of business.

FRANCHISOR'S BUSINESS ACTIVITIES

Our business activities include the following types of franchise grants:

a. We shall grant to qualified persons (each referred to as a "Franchisee") the right to own and operate a Silver Mine Subs[®] Franchised Restaurant ("Franchised Restaurant") that shall feature carry-out, dine-in, and delivery services and operate from a location approved by us and specified in the Franchise Agreement ("Franchise Agreement") as attached in Exhibit 2.

b. We offer to qualified persons or entities (each referred to as a "Developer") options to obtain a license to develop, own and operate Silver Mine Subs[®] Franchised Restaurants featuring the Menu Items (as defined below) and offering carry-out, dine-in, and delivery services within a specific geographic area pursuant to the terms of the Area Development Agreement ("Area Development Agreement") attached hereto as Exhibit 2A. Developer shall comply with

all terms and conditions of the Area Development Agreement as well as the terms of each individual Franchise Agreement Developer executes. (Area Developer Agreement, Pages 4-5)

The Franchised Restaurant shall feature a variety of submarine sandwiches, wraps, salads, fresh-baked breads, side items, and other food and beverage products, all prepared in accordance with the specified recipes and procedures ("Menu Item"). The Franchised Restaurant shall be licensed to operate under the tradename, trademark and service mark "Silver Mine Subs[®]" in accordance with the terms of the Franchise Agreement.

We and our affiliates have also developed and continue to develop proprietary lines of specially formulated bread recipes and other food products ("Trade Secret Food Products") which shall be sold to customers from the Franchised Restaurant.

We may also own and operate company-owned Silver Mine Subs[®] businesses. The services we provide you are described in Item 11 of this Offering Circular.

BUSINESS ACTIVITIES

On April 30, effective back to January 31, 2003, we purchased from our Affiliate the right, title, and interest in and to the Marks and now own them outright. The System has been licensed to us since April 1, 2002. It is a 90 year license which permits us to license the System to you (Item 13).

The Franchised Restaurant will be similar to the Silver Mine Subs[®] restaurants operated by our Affiliate. Silver Mine Subs[®], Inc. is in no way involved with the operation of Silver Mine Subs[®] Franchise, Inc. Silver Mine Subs is not an agent of ours.

Silver Mine Subs[®] Franchise, Inc. agents for service of process are disclosed in Exhibit 1.

THE SILVER MINE SUBS[®] FRANCHISE

The Silver Mine Subs[®] franchise is a restaurant type business that offers a limited menu including, without limitation hot and cold submarine sandwiches, wraps, salads, soup and chili, fountain drinks, bottled beverages, side items, desserts, and Silver Mine Subs[®] logoed-apparel. Potential customers include members of the general public as well as corporations.

We offer a Franchise Agreement for the development and operation of a single Business at a specified location as well as an Area Development Agreement to develop 5 Businesses in a given territory. The Area Development Agreement may be expanded to include additional units of 5 businesses. We do not offer area development for units of less than 5 Businesses.

The Businesses are characterized by a distinctive exterior and interior restaurant design, trade dress, décor and color scheme; uniform guidelines, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising and promotional programs; all of which may be changed, improved, and further developed by Silver Mine Subs[®] Franchise, Inc. (the "System").

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including, but not limited to, the mark “**Silver Mine Subs[®]**” (name only), which is on the Principal Register of the United States Patent and Trademark Office, Registration Number 2649133, “**Dig In At The Mine**”(and design) Registration Number 2649132, “**Dig In At The Mine**” (words only) Registration Number 2709536, and “**Silver Mine Subs[®]**” (and design) Registration Number 2649131.

You will be competing with other businesses that offer restaurant services. The market for such services is highly developed in most areas.

The regulations specific to the operation of a Silver Mine Subs[®] are as follows:

You must obtain the proper food and beverage license from the proper licensing agencies.

You must comply with all local, state and federal laws in the operation of your Business. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

We have sold no franchises prior to the date of this offering circular. We have not offered franchises in other lines of business in the past.

We do not engage in any business other than the offer of franchises.

Item 2

EMPLOYERS AND PRINCIPAL BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS AND RELATED INFORMATION OF FRANCHISOR’S MANAGEMENT

Board of Directors and Treasurer: **JOHN LANGRECK**

Mr. Langreck accepted this position with Silver Mine Subs[®] Franchise, Inc. in April of 2002. Mr. Langreck is Co-Founder and current Co-Owner of Silver Mine Subs[®], Inc. Mr. Langreck is currently serving as Vice-President and Secretary of Silver Mine Subs[®], Inc. and sits on its Board of Directors. He has served in such capacity since August of 1996. Mr. Langreck has over twelve years in the foodservice industry. He will continue to serve in the capacity of Vice-President and Secretary and sit on the Board of Directors for Silver Mine Subs[®], Inc.

Board of Directors and President/CEO/CIO: **KEITH J. DUDEK**

Mr. Dudek accepted this position in April of 2002. He was the director of Corporate Development and Director of Information Technologies of the Affiliate from January 1, 2001 to April 2002. From October, 1998 to January 1, 2001, Vice President and Owner of Provence Food Services, Inc. From January 1, 1995 to October 1998, Mr. Dudek has been in the foodservice industry for over forty years serving in various capacities including multiple positions in his sixteen year career with McDonald’s Corporation, Director of Chicagoland Franchise Operations for Subway, Director of Operations and Corporate Development for Panda Management of Chicagoland, and Director of Franchise Operations for Jimmy John’s Franchise Inc.

Franchise Business Consultant: **DONALD BUDERUS**

Mr. Buderus accepted this position beginning May 1st, 2006. He has held previous positions with our affiliate, Silver Mine Subs Inc. as District Manager and Regional Vice President. Mr. Buderus has been in the foodservice industry for over fifteen years, over nine of those years from 1997 to the present with Silver Mine Subs Inc.

Item 3

LITIGATION

No litigation is required to be disclosed in this Offering Circular. No person or franchise broker listed in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling these persons from membership in any association or exchange.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy code.

Item 5

INITIAL FRANCHISE FEE

You must pay an initial franchise fee of \$20,000 (Initial Franchise Fee) for a Single Store Franchise Agreement, which is due at the time that you sign the Franchise Agreement (Franchise Agreement, Section IX). There are 3 situations in which a whole or partial refund of the Initial Franchise Fee will be available: (a) should you be unable to obtain all necessary permits and licenses for building out your business, but after you signed the Franchise Agreement, as a result of causes beyond your reasonable control (unless the requirement for the issuance of such permits and licenses is waived in writing by us), (b) if you are unable to complete training to our reasonable satisfaction. In both (a) and (b), the Franchise Agreement will be deemed terminated upon written notice from either you or us. Upon termination, we will retain 1/3 of the Initial Franchise Fee as a Termination Fee. 2/3's of the Initial Franchise Fee will be refunded to you within 30 days of the notice of the termination of the Franchise Agreement; (c) the Initial Franchisee fee will be refunded in full, if we fail to meet all of our pre-opening obligations which are set forth in Item 11 below.

The "ADA Initial Franchise Fee" for each of the 5 stores in the ADA is reduced from \$20,000 to \$15,000 per store for a total of \$75,000. At the time you sign the ADA Agreement, you must pay \$45,000, of the ADA Initial Franchise Fee. This is based upon payment in full of the Initial Franchise for the first unit (\$15,000), and then \$7,500 each for the remaining four

proposed units. The balance of \$7,500 is due for each subsequent store at the time the franchise agreement for that store is signed. There are 3 situations in which a whole or partial refund of the ADA Initial Franchise Fee will be available: (a) should you be unable to obtain all necessary permits and licenses for building a Business, but after you signed the Franchise Agreement, as a result of causes beyond your reasonable control (unless the requirement for the issuance of such permits and licenses is waived in writing by us); (b) if you are unable to complete training to our reasonable satisfaction. Under both (a) and (b) the Franchise Agreement will be deemed terminated upon written notice from either you or us. Upon such termination, we will retain 1/3 of the Initial Franchise Fee for that store only (and not for any other ADA developed stores) as a Termination Fee. 2/3's of the ADA Initial Franchise Fee for that store (and not for any other ADA developed stores) will be refunded to you within 30 days of the notice of the termination of the Franchise Agreement; and, (c) the ADA Initial Franchise fee will be refunded in full, if we fail to meet all of our pre-opening obligations which are set forth in Item 11 below.

We will only sell area development agreements for five (5) store "Units". Any stores in excess of a Unit (but less than 5 stores) must be purchased through a single unit Franchise. Each Business is operated pursuant to a separate Franchise Agreement. If you are in Illinois, it is earned and non-refundable only upon its delivery to us from an escrow account set up by us and as required by the state of Illinois and found in the last paragraph of this Item. The Developer should anticipate expending the amounts set forth in Item 6, and Item 7A for each additional Franchised Restaurant it develops.

In addition to the Initial Franchise Fee and the ADA Initial Franchise Fee, prior to opening and for each unit you purchase you must buy from us the following goods and services: Point of sale system (\$4,000 for the POS software license and approximately \$17,986 for the equipment and support software licenses); and core decorating package elements including pictures and murals, (approximately \$2,400). All other purchases will be from approved sources.

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.

Item 6

OTHER FEES FOR SINGLE FRANCHISEES AND AREA DEVELOPERS

Single Store

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty	6% of Gross Sales of the Business(1)	By Wednesday at 2:30 p.m. Mountain Time for the preceding week designated as Monday through Sunday paid through EFT	
National Advertising	Not to exceed 2% of Gross Sales of the Business	paid weekly by electronic funds transfer (EFT)(2)	
Advertising Local and/or Local Advertising Cooperative	Not to exceed 2% of Gross Sales of Business	paid weekly by electronic funds transfer (EFT)(2)	Spent in your local market to promote your Silver Mine Subs Franchised Location.
Training of Additional Personnel through our Corporate Training Program.	\$2000 per person for three week training course	When additional person is scheduled to attend classes	All additional expenses paid by you (lodging, travel, meals, etc.)
Additional Operating Assistance	\$275 per day at your location after 2 free days per year	At time additional assistance is requested by you	In addition, all expenses are paid by you
Audit Expenses	Cost of Audit Fees plus interest of 1.5% per month	10 days after receipt of audit report	Payable only if under payment is greater than 2% of reported amounts
Transfer Fee	10% of the then current single store initial franchise fee per unit	At the time that transferee executes the franchise agreement in effect for the transfer or sale of existing units	Payable to us when the Franchise Agreement or a material portion of the assets in the business or any interest in you is transferred
Renovations	Will vary based upon upgrades to décor, design, and equipment	Minimum of every five years or prior to the transfer of Franchised Location to another	Payable as incurred by You to Approved Suppliers of décor, design, and equipment elements
Computer update and ongoing support	Will vary based upon the changes in the System	Reasonable time after notification	Payable at the time of the changes or prepaid monthly for support

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Costs and Attorney's Fees	Will vary under circumstances	As Incurred	Payable as incurred by us in obtaining injunctive relief for the enforcement of any item of the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for any claims arising from your business
Approval of Suppliers	Up to \$500	As incurred	The fee will be no more than \$500 and will depend on the amount of time spent in the approval process

- Gross Sales of the Business shall mean the total of all revenues and income from the sale of all products, beverages, merchandise, services and other related items to your customers whether or not sold or performed at or from the Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Sales of the Business all sales tax or similar taxes which by law, are chargeable to customers by any taxing authority, whether you have collected them or not from the customer. You may also deduct from Gross Sales of the Business the amount of any documented refunds, credits, and charged tips.
- EFT refers to the electronic transfer of funds to us. This is accomplished by an agreement between your bank, you and us. Thereafter, we will access your account for the purpose of removing the applicable funds

ADA development costs for each store opened under the ADA(1)

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty	6% of Gross Sales of the Business(2)	By Wednesday at 2:30 p.m. Mountain Time for the preceding week designated as Monday through Sunday paid through EFT	
National Advertising	Not to exceed 2% of Gross Sales of the Business	paid weekly by electronic funds transfer (EFT)(3)	
Advertising Local and/or Local Advertising Cooperative	Not to exceed 2% of Gross Sales of Business	paid weekly by electronic funds transfer (EFT)(3)	Spent in your local market to promote your Silver Mine Subs Franchised Location.
Training of Additional Personnel through our Corporate Training Program.	\$2000 per person for three week training course	When additional person is scheduled to attend classes	All additional expenses paid by you (lodging, travel, meals, etc.)

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Additional Operating Assistance	\$275 per day at your location after 2 free days per year	At time additional assistance is requested by you	In addition, all expenses are paid by you
Audit Expenses	Cost of Audit Fees plus interest of 1.5% per month	10 days after receipt of audit report	Payable only if under payment is greater than 2% of reported amounts
Transfer Fee	10% of the then current single store initial franchise fee per unit	At the time that transferee executes the franchise agreement in effect for the transfer or sale of existing units	Payable to us when the Franchise Agreement or a material portion of the assets in the business or any interest in you is transferred
Renovations	Will vary based upon upgrades to décor, design, and equipment	Minimum of every five years or prior to the transfer of Franchised Location to another	Payable as incurred by You to Approved Suppliers of décor, design, and equipment elements
Computer update and ongoing support	Will vary based upon the changes in the System	Reasonable time after notification	Payable at the time of the changes or prepaid monthly for support
Costs and Attorney's Fees	Will vary under circumstances	As Incurred	Payable as incurred by us in obtaining injunctive relief for the enforcement of any item of the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for any claims arising from your business
Approval of Suppliers	Up to \$500	As incurred	The fee will be no more than \$500 and will depend on the amount of time spent in the approval process

1. The Area Developer will incur the same costs for each store it opens under the ADA agreement.
2. Gross Sales of the Business shall mean the total of all revenues and income from the sale of all products, beverages, merchandise, services and other related items to your customers whether or not sold or performed at or from the Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Sales of the Business all sales tax or similar taxes which by law, are chargeable to customers by any taxing authority, whether you have collected them or not from the customer. You may also deduct from Gross Sales of the Business the amount of any documented refunds, credits, and charged tips.
3. EFT refers to the electronic transfer of funds to us. This is accomplished by an agreement between your bank, you and us. Thereafter, we will access your account for the purpose of removing the applicable funds

Item 7

INITIAL INVESTMENT (Single Store)

Investment	Amount-Range Estimated	Method of Payment	When Payable	Whether Refundable	To Whom Payment is Made
Initial Franchise Fee (1)	\$20,000 for a Single Store Agreement.	Lump Sum	Upon signing of the Franchise Agreement	No	Silver Mine Subs [®] Franchise, Inc.
Real Estate Rent	\$1,500 to \$4,000 per Month	As Incurred	As Agreed	No	Landlord
Real Estate Security Deposit	\$1,500 to \$4,000	N/A	As Arranged	As Arranged	Landlord
Utility Deposits	\$0 to \$2,000	N/A	As Arranged	As Arranged	Utility Companies
Leasehold Improvements (2)	\$50,000 to \$85,000	N/A	As Arranged	As Arranged	Contractors
Furniture, Signage, decor (3)	\$10,000 to \$25,000	N/A	As Arranged	No	Approved Suppliers
POS System	\$18,000 to \$23,000	Upon Delivery and Installation	As Arranged	No	Silver Mine Subs [®] Franchise Inc. IT Division
Architecture and Design	\$5,000 to \$7,500	As Incurred	As Agreed	As Arranged	Your Architect or Construction Mgr.
Small wares and equipment(3)	\$45,000 to \$65,000	As Incurred	As Agreed	No	Us, or Approved Outside Suppliers
Training Expense	\$3,000 to \$7,500	As Incurred	As Incurred	No	Transportation, Hotels, Restaurants, etc.
Grand Opening (4)	\$3,500	As Incurred	As Incurred	As Incurred	Media, Printers, Promotional Material, etc.
Supplier/Supplies approved	Up to \$500 for inspection and evaluation	as incurred	As agreed	No	Us

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>	<u>Name of Fee</u>	<u>Amount</u>
Insurance	\$2,500 to \$10,000	As Incurred	As Agreed	As Agreed	Insurance Agent, based upon your market.
Initial Inventory (5)	\$2,000 to \$4,000-	As Incurred	As Agreed	In some instances, items may be returnable	Us or Approved Outside Suppliers
Additional Funds – 3 Months (6)	\$30,000 to \$50,000	As Incurred	As Agreed	No	Us or Approved Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (7)	\$192,500 \$311,000	As Incurred	As Agreed with each Supplier	In some instances, items may be returnable	Us, Other Approved Outside Suppliers, Landlord, Taxing Authorities, etc.

Note: Interest begins from the date of underpayment.

(1) Franchise Fee.

The Initial Franchise Fee for a single store is \$20,000. This fee is payable in full at the time you sign the franchise agreement. There are 3 situations in which a whole or partial refund of the Initial Franchise Fee will be available: (a) should you be unable to obtain all necessary permits and licenses for building out your business, but after you signed the Franchise Agreement, as a result of causes beyond your reasonable control (unless the requirement for the issuance of such permits and licenses is waived in writing by us), (b) if you are unable to complete training to our reasonable satisfaction. In both (a) and (b), the Franchise Agreement will be deemed terminated upon written notice from either you or us. Upon such termination, we will retain 1/3 of the Initial Franchise Fee as a Termination Fee. 2/3's of the Initial Franchise Fee will be refunded to you within 30 days of the notice of the termination of the Franchise Agreement; (c) the Initial Franchise fee will be refunded in full, if we fail to meet all of our pre-opening obligations which are set forth in Item 11 below. The State of California has required us to refrain from collecting the Initial Franchise Fee or ADA Initial Franchise fee until we have delivered all of our services to you. If we meet our obligations, and if you are not otherwise permitted a refund, then your Initial Franchise Fee or ADA Initial Franchise Fee will be due to us.

(2) Leasehold Improvements. There is no requirement to purchase real estate in connection with ownership of your business. A suitable store, as approved by us is normally rented; its size should be a range of 1200 square feet to 1500 square feet. Usually the location will need remodeling both inside and outside and must be brought up to current standards. These costs will vary, depending on whether the real estate was a previous restaurant operation or not. Local, state or other fees or taxes could cause extra costs in developing a new location. The location must be accepted by us in writing and construction or improvements must be approved in writing by us.

(3) Furniture, Signage, Decor and Small wares, Equipment. This includes equipment for food delivery, kitchen equipment, interior and exterior decor items, inside and outside signage, desks, chairs, storage cabinets, file cabinet, adding machine and basic office supplies.

(4) Grand Opening. You must conduct a grand opening advertising and promotional program for the Business during the period commencing 15 days before and ending 30 days after its opening.

(5) Initial Inventory. We estimate that the Initial Inventory will cost \$2,000 to \$4,000 for the food items, retail items, etc.

(6) Additional Funds. This estimates the initial amount of expenses for your first 3 months of operation of the Business. This includes funds to pay yourself or employees, payroll costs, costs associated with the operation of the phone and computer systems, additional advertising, and the like. This estimate also includes amounts incurred for inventory, real property maintenance, taxes, utilities, royalties, miscellaneous supplies and similar operational expenses. These figures are estimates and We cannot guarantee that You will not need additional operating capital when running the Business. Your costs and the possibility of the need for additional working capital will depend on factors including: Your management skill; business experience; local economic conditions; the market for the Services; the prevailing wage rate and competition, and the initial sales at the Business.

(7) Total Estimated Initial Investment.

This is an estimate only. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation or your living expenses.

Item 7A

AREA DEVELOPMENT INITIAL INVESTMENT(1)

Investment	Amount-Range Estimated per unit	Method of Payment	When Payable	Whether Refundable	To Whom Payment is Made
Initial Franchise Fee (2)	\$45,000 of \$75,000 total ADA Initial Franchise Fee	Good funds	Subject to Illinois escrow agreement. Upon signing of the ADA Agreement. \$7500 due upon signing of each Franchise	No	Silver Mine Subs [®] Franchise, Inc.
Real Estate Rent	\$1,500 to \$4,000 per Month	As Incurred	As Agreed	No	Landlord
Real Estate Security Deposit	\$1,500 to \$4,000	N/A	As Arranged	As Arranged	Landlord
Utility Deposits	\$0 to \$2,000	N/A	As Arranged	As Arranged	Utility Companies
Leasehold Improvements (3)	\$50,000 to \$85,000	N/A	As Arranged	As Arranged	Contractors
Furniture, Signage, and decor	\$10,000 to \$25,000	N/A	As Arranged	No	Approved Suppliers
POS System (4)	\$18,000 to \$23,000	Upon Delivery and Installation	As Arranged	No	Silver Mine Subs [®] Franchise Inc. IT Division
Architecture and Design	\$5,000 to \$7,500	As Incurred	As Agreed	As Arranged	Your Architect or Construction Mgr.
Equipment and small wares(4)	\$45,000 to \$65,000	As Incurred	As Agreed	No	Us, or Approved Outside Suppliers
Training Expense	\$3,000 to \$7,500	As Incurred	As Incurred	No	Transportation, Hotels, Restaurants, etc.
Grand Opening (4)	\$3,500	As Incurred	As Incurred	As Incurred	Media, Printers, Promotional Material, etc.
Insurance	\$2,500 to \$10,000	As Incurred	As Agreed	As Agreed	Insurance Agent.

Investment	Amount-Range Estimated per unit	Method of Payment	When Payable	Whether Refundable	To Whom Payment is Made
Supplier/Supplies approved	Up to \$500 for inspection and evaluation	as incurred	As agreed	No	Us
Initial Inventory (5)	\$2,000 to \$4,000-	As Incurred	As Agreed	In some instances, items may be returnable	Us or Approved Outside Suppliers
Vehicle Expense (6)	\$3,000 to \$6,000	As incurred	As incurred	not applicable	outside sources
Additional Funds – 3 Months (7)	\$30,000 to \$50,000	As Incurred	As Agreed	No	Us or Approved Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (8)	\$220,500 \$342,000	As Incurred	As Agreed with each Supplier	In some instances, items may be returnable	Us, Other Approved Outside Suppliers, Landlord, Taxing Authorities, etc.

EXPLANATORY NOTES:

(1) Area Development Area Development Agreements encompass units of five Businesses only and cannot be purchased for a lesser number. If you desire to purchase less than five Businesses, each must be purchased under a single store agreement. You can purchase five stores under the Area Development Agreement but any additional stores will be subject to a single store agreement. The figures represent the estimated costs incurred for each of the five stores.

(2) Franchise Fee. The initial Franchise Fee under the Area Development Agreement is reduced to \$15,000 per store for each of the 5 stores. The fee for the first store to be developed is paid at the time of the signing of the ADA Agreement. In addition, at this time you must pay \$7,500 each for the remaining units. The remaining ADA Initial Franchise Fee of \$7,500 per store is payable at the signing of each franchise agreement. In Illinois, the Initial Franchise Fee shall be placed in escrow (Franchise Agreement, Section 9(a)) The ADA Initial Franchise fee is refundable if we fail to meet all of our pre-opening obligations which are set forth in Item 11 below. Further, should you be unable to obtain all necessary permits and licenses for building out a store, but after you signed the Franchise Agreement for that location, as a result of causes beyond your reasonable control (unless the requirement for the issuance of such permits and licenses is waived in writing by us), the Franchise Agreement for that store only will be deemed terminated upon written notice from either you or us. Upon such termination, we will retain one-third (1/3) of the \$15,000 fee for that store as a Termination Fee. Two-thirds (2/3) of the \$15,000

will be refunded to you within 30 days of the notice by us of the termination of the Franchise Agreement. The State of California has required us to postpone the payment of all initial franchise fees until after we have delivered all of our initial obligations to you. You will be notified in writing when we have completed all of our obligations and you will then be required to pay all initial franchise fees. If we fail to meet our obligations, then we will not be able to collect the Initial Franchise Fee or the ADA Initial Franchise Fee until we have completed our obligations.

(3) Leasehold Improvements. There is no requirement to purchase real estate in connection with ownership of your business. A suitable store, as approved by us, is normally rented; its size should be a range of 1200 square feet. to 1500 square feet. These costs will vary, depending on whether the real estate was a previous restaurant operation or not. State or Federal Impact fees could cause extra costs in developing a new location. The location must be accepted by us in writing and construction or improvements must be approved in writing by us. Each location for the Area Development Agreement must be accepted by us in writing and construction or improvements must be approved in writing by us.

(4). (3) Furniture, Signage, Decor and Small wares, Equipment. This includes equipment for food delivery, kitchen equipment, interior and exterior decor items, inside and outside signage, desks, chairs, storage cabinets, file cabinet, adding machines and basic office supplies.

(5) Initial Inventory. We estimate that the Initial Inventory will cost approximately \$2,000 to \$4,000 for the food items, retail items, etc. This amount will vary in relation to the initial volume of business conducted by each store.

(6) Vehicle Expense. To the extent that you travel to and from your stores yourself, or if you have an area manager to whom you pay out-of-pocket expenses, you will incur costs for fuel and maintenance. These figures are only an estimate and will be affected by the distance between stores, the type and age of the vehicle, fuel and repair costs and, if applicable, any reimbursement schedule. You may lease or purchase a vehicle for this purpose. The investment for the purchase or lease a vehicle cannot be accurately determined as such matters as the make, age and condition of the vehicle, the terms of the purchase or lease, and your geographical location will vary. If you do lease or purchase a vehicle your initial investment will increase.

(7) Additional Funds. This estimates the initial amount of expenses for your first 3 months of operation of the Business. This includes funds to pay yourself or employees, payroll costs, costs associated with the operation of the phone and computer systems, additional advertising, and the like. This estimate also includes amounts incurred for inventory, real property maintenance, taxes, utilities, royalties, miscellaneous supplies and similar operational expenses. These figures are estimates and we cannot guarantee that you will not need additional operating capital when running the Business. Your costs and the possibility of the need for additional working capital will depend on factors including: Your management skill; business experience; local economic conditions; the market for the Services; the prevailing wage rate and competition, and the initial sales at the Business.

(8) Total Estimated Initial Investment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation or your living expenses. You must have sufficient capital to pay for your living expenses for at least six months.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

APPROVED SUPPLIES AND SUPPLIERS

You must adhere to the standards and specifications established by us with respect to restaurant procedure, advertising materials, supplies, equipment, POS hardware and software, furnishings and other items used in the operation of the Business.

You must also purchase all food, kitchen equipment, seating décor and fixtures in accordance with our approved standards and from approved suppliers.

A list of approved products and suppliers from whom other products may be purchased is published in our operations manual or in policy and procedures statements or provided to you by other written communication, and such list may be amended by us.

In addition, you must adhere to the standards and specifications established by us with respect to office procedures, advertising materials, supplies, equipment, fixtures, furnishings and other items used in the operation of the Business all of which is disclosed in the Operations Manual.

Other than those items you must purchase from us, you may purchase from any approved supplier.

If you occupy premises of a Silver Mine Subs[®] under a lease, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement (Exhibit 1 to Franchise Agreement) in order to secure performance of your liabilities and obligations to us; or, (ii) contain the following terms and conditions:

- a. The lessor must agree that without its consent, the lease and your right, title and interest under the lease may be assigned by you to us or our designee; and,
- b. The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the lease and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the lease as if the lease had been assigned by you to us.

All marketing and promotion by you in any manner or medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit to us (through the mail, return receipt requested), for our prior approval (except with respect to prices to be charged), samples of all advertising or promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. If you do not receive written disapproval from us within 10 working days, we will be deemed to have given the required approval. You may not use any marketing or promotional materials that we have disapproved.

You must furnish to Silver Mine Subs[®] Franchise, Inc. copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit.

The required purchases and leases of goods and equipment from approved sources equals about 85% of all purchases and leases of goods and services necessary to establish and operate the business.

EQUIPMENT WHICH MUST BE PURCHASED FROM US

We are the only approved supplier of the POS system software. There is no additional charge for the POS software. Other than the POS system software you must purchase from us, you may purchase items from any approved supplier.

THE PRECISE BASIS BY WHICH WE WILL OR MAY DERIVE REVENUE OR MATERIAL CONSIDERATION AS A RESULT OF REQUIRED PURCHASES OR LEASES

Until March of 2004, our Affiliate sold the POS hardware and software and the interior décor package you. In the year ended December 31, 2003 our revenue from the sale of this equipment was -0- or -0-% of our total revenue of \$50,647. The cost of equipment purchased in accordance with specifications represents approximately 5% in connection with the establishment of your business.

APPROVAL PROCESS

You may wish to obtain goods, services, equipment, inventory, or supplies, from sources not authorized by us. We will not unreasonably withhold our approval of a different supplier of your choosing so long as the supplier meets Our standards and specifications which will be supplied to you at the time you make a written request. We will supply you with these standards and specifications.

You must obtain approval by submitting a written request identifying the proposed supplier and the proposed goods, services, equipment, inventory, or supplies to be delivered. We may request a sample of each item along with test data, or other information to determine the quality of the same. We will notify you of our approval or disapproval within 30 days after we receive all of the information which we may request from You or the proposed supplier. If we do

not respond within a 30 day period, the proposed supplier will be deemed to be disapproved by Us.

In considering the approval of a new supplier, we will take into consideration the ability of the supplier to provide the same in a timely and consistent basis. Further we may condition Our approval on the supplier agreeing in writing: to not disclose any confidential information regarding Us or Our operations; to comply faithfully with Our specifications for all of these items; to demonstrate to Our reasonable satisfaction that it is able to supply commodities meeting Our specifications on a continuing basis; and, to demonstrate that it will continue to be, of good standing in the Business community with respect to its financial soundness and the reliability of its product and service.

We do charge a fee to secure Our approval of suppliers which may be up to \$500.00 per vendor (see Item 6 above.) The determination of the charge to approve a vendor will be in our sole discretion based upon the complexity of the review process required. Except for those vendors described above, We do not negotiate purchase arrangements with suppliers for the benefit of franchisees.

We have the right to designate vendors and suppliers if:

1. will not result in Your violation of any other agreement with an existing supplier;
2. will allow You to remain competitive in Your market area;
3. will not materially adversely affect Your Business; and,
4. will be in compliance with applicable laws and regulations.

APPROVED SOURCES

We have negotiated volume purchase agreements for the purchase of goods and equipment needed to operate the Business from the following vendors. The same is disclosed in the operations manual.

REBATES TO THE FRANCHISOR AND PROPORTION OF SERVICES OBTAINED FROM US

At the present time, We do not receive rebates or any material benefits from the above vendors. We do reserve the right to receive rebates and material benefits at any time in the future.

We do not provide or withhold material benefits to You (including renewal rights or the right to open additional Businesses) based on whether or not You purchase through the sources we designate or approve. However, purchases of unapproved Services or from unapproved vendors in violation of the Franchise Agreement will entitle Us, among other things, to terminate Your Franchise Agreement

We may modify any specification as to any good, Service, supply, or item of inventory, at any time, on a regional or national basis, by amendment to the Operation Manuals or by written notice to You. Once You are notified, You must make the change that is specified, all of these changes will be effective when received.

PURCHASING COOPERATIVES

Though there is none at this time, we may in the future, develop a regional purchasing cooperative in Your area. The purpose of the purchasing cooperative will be to obtain all of these items as insurance and Certification at a more competitive price. Upon the creation of the same, You must participate in the program. Any item carried by the cooperative will be of the same quality as then required by Us by any other franchisees.

CATEGORIES OF GOODS AND SERVICES THAT WE ARE THE ONLY APPROVED SUPPLIER

You must purchase from us the following goods and services: Point of sale system (approximately \$21,986); and core decorating package elements including pictures and murals, (approximately \$2,400). All other purchases will be from approved sources. There are no other Services, goods, or item of inventory that You must purchase from Us.

Item 9

SINGLE STORE FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Item 9

Single Store Franchisee's Obligations

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Single Unit

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Offering Circular</u>
(a) Site selection and acquisition/lease	Section XX.B	Items 7 and 11
(b) Pre-opening leases	Section VIII	Item 8
(c) Site development and other pre-opening requirements	Sections VIII, XII.G XX.C	Items 6,7,11
(d) Initial and ongoing training	Section XX.A	Item 11
(e) Opening	Section X.D	Item 11
(f) Fees	Sections IX and X	Items 5,6,7
(g) Compliance with standards and policies/Operations Manual	Section XII.A; XII.H	Item 11
(h) Marks and proprietary information	Sections XV XVI	Items 13, 14
(i) Restrictions on products/services offered	Section XII.I	Items 11, 16
(j) Warranty and customer service requirements	none	
(k) Territorial development and sales quotas	Section VI	Item 12
(l) On-going product/service purchases	Section XII.I	Item 8
(m) Maintenance, appearance and remodeling requirements	Section XII.E	Item 11
(n) Insurance	Section XIII	Items 7,8
(o) Advertising	Section X.B.; X.C	Items 6,7,11
(p) Indemnification	Section XVIII	Item 6
(q) Owner's participation/management/staffing	Section XII.F; XII.K	Items 11, 15
(r) Records/reports	Section XIV	Item 11
(s) Inspections/audits	Sections XII.S;XIV.B	Item 6

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Offering Circular</u>
(t) Transfer	Section XXII	Item 17
(u) Renewal	Section VII.B	Item 17
(v) Post-termination obligations	Section XXIV	Item 17
(w) Non-competition covenants	Section XIX	Item 17
(x) Dispute resolution	Section XXV.C	<u>Item 17</u>

Additional Provisions for Area Developers

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE AREA DEVELOPMENT AGREEMENT IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

<u>Obligation</u>	<u>Section in Area Development Agreement (ADA)</u>	<u>Item in Offering Circular</u>
(a) Site selection and acquisition/lease	Sections II, III, V	Items 7 & 11
(b) Pre-opening leases	Sections II, III, V, XII	Item 8
(c) Site development and other pre-opening requirements	Section II, III, V	Items 6, 7
(d) Initial and ongoing training	See franchise agreement	Item 11
(e) Opening	Sections III, V	Item 11
(f) Fees	Section II	Items 5, 6, 7
(g) Compliance with standards and policies/Operations Manual	Section V, VII	Item 11
(h) Marks and proprietary information	Section VI	Items 13, 14
(i) Restrictions on products/services offered	See franchise agreement	Items 11, 16

<u>Obligation</u>	<u>Section in Area Development Agreement (ADA)</u>	<u>Item in Offering Circular</u>
(j) Warranty and customer service requirements	none	
(k) Territorial development and sales quotas	Section VI	Item 8
(l) On-going product/service purchases	See franchise agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	See franchise agreement	Item 11
(n) Insurance	See franchise agreement	Items 7,8
(o) Advertising	See franchise agreement	Items 6,7,11
(p) Indemnification	Section XI	Item 6
(q) Owner's participation/management/staffing	See franchise agreement	Items 11,15
(r) Records/reports	See franchise agreement	Item 11
(s) Inspections/audits	See franchise agreement	Item 6
(t) Transfer	Section VIII	Item 17
(u) Renewal	See franchise agreement	Item 17
(v) Post-termination obligations	Section IX	Item 17
(w) Non-competition covenants	See franchise agreement	Item 17
(x) Dispute resolution	See franchise agreement	<u>Item 17</u>

Item 10

FINANCING

Neither we nor our affiliate currently offer, directly or indirectly, any financing arrangements to you or to an Area Developer. Neither do we guarantee your note, lease, or any other obligation.

Item 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we are not obligated to provide any other assistance to you.

Before you open we will:

1. Assist you in selecting a site (Franchise Agreement, Section XX B) (ADA Section III, and V).
2. Designate your exclusive area after approving a site selected by you (Franchise Agreement, Section XX B) (ADA Section V).
3. Review lease for site (Franchise Agreement, Section XX) (ADA Section V).
4. Furnish mandatory design specifications and layout criteria for the tenant finish of the leased premises (Franchise Agreement, Section XX). (ADA Section V).
5. Furnish specifications for all furniture, fixtures and equipment, POS and computer hardware and software, and signs (Franchise Agreement, Section XX) (ADA Section V).
6. Furnish paper products with our logo from an approved supplier as well as report forms to be used for all written or electronic reports (Franchise Agreement, Section XX). (ADA Section V).
7. Offer training as more specifically set forth below (Franchise Agreement, Section XX). (ADA Section V).
8. Send a representative to the site to insure that construction is completed to our specifications (Franchise Agreement, Section XX) (ADA Section V).
9. The day before opening and for two days thereafter, we will send a representative to the store to help with opening and initial operations (Franchise Agreement, Section XX). (ADA Section V).
10. Loan you one copy of the operations manual (which may be in several separate manuals). The manual is confidential and is our sole property. (Franchise Agreement, Section XX). (ADA Section V). The manual contains approximately 402 pages.

During Operation we will:

11. Modify, update or change the System including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new menu items or new technique. (Franchise Agreement, Section XX). (ADA Section V)
12. Approve or disapprove all promotional and advertising you wish to use. We must approve it in writing no less than 30 calendar days before its insertion. However, if we do not supply written notice within 15 calendar days, it is deemed to be approved. (Franchise Agreement, Section XX). (ADA Section V).
13. Provide feedback from POS polling on your operations including a comparison of your cost of goods to those of other stores. (Franchise Agreement, Section XX). (ADA Section V)
14. Periodically advise you or offer guidance to you on other matters concerning the operation of the store (Franchise Agreement, Section XII). (ADA Section V).
15. Provide you with the following:
 - a. an approved Supplier list and Approved Supplies List.

- b. Regulation of quality standards and products in conformance throughout the system of stores.
 - c. Coordination of advertising materials and strategies.
 - d. Additional training and support on an as-needed basis and for the then current fee (Franchise Agreement, Section XII). (ADA Section V)
 - e. On-going product development. (Franchise Agreement, Section XX). (ADA Section V).
16. Quality control visits both announce and unannounced and to also include "secret shopper" program. (Franchise Agreement, Section XX). (ADA Section V).
 17. At such time in the future as we deem appropriate, we will hold an annual convention at which new ideas and other matters will be discussed. (Franchise Agreement, Section XX). (ADA Section V).

Advertising

Local Advertising:

You must maintain a listing in both the white and yellow pages of the principal telephone directories in your primary trading area; we will decide which directories are in your primary trading area. You are free to undertake additional advertising at your own expense. All of your advertising programs; including materials used, must be approved by us in advance of their use. Advertising can be placed in any media you choose.

We will collect 2% of the Gross Sales each week for advertising placement in your local area. The Local Advertising Fee will be due at the same time as your Royalties and as part of the EFT withdrawal. This 2% expenditure will be coordinated through our contracted national advertising firm for media placement in Your market. If you decide to expend more funds for Local Advertising, above and beyond Your 2% commitment, We have the right to approve copy for all advertising. Such advertising may in any media You choose. The copy must be delivered to us no later than 30 calendar days before its insertion into the media. We shall have 15 days within which to approve. If we do not deliver to you written notice in that time, the copy will be deemed to be approved. (Items 6,8 and 9, Franchise Agreement, Section XX).

The Area Developer will have the same obligations for each business opened under the ADA.

You may advertise on the internet. Such advertising however must first be approved by us.

National Advertising

We will collect 2% of the Gross Sales for national advertising (National Advertising Fee). The National Advertising Fee will be due at the same time as your Royalties and as part of the EFT withdrawal. The National Advertising Fees will be placed in an interest bearing checking account, savings account, or any other account of our determination (Account). Any monies not used in any year will be carried to the next year. The Account will be administered by us at our sole discretion and may be used by us for all advertising expenditures reasonably intended to benefit all stores, and for the payments to us of costs related to administering the Account, such as reasonable salaries, administrative costs, travel expenses and overhead as we may incur in fulfilling activities related to the administration of the Account. We make no guarantee to you or to any other franchisee that advertising expenditures from the Account will benefit you or any other franchisee directly and on a pro rata basis. We will assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the Account or with respect to maintaining, directing or administering the Account. (Items 6, 8 and 9)

Any company-owned Businesses will participate in any national or regional advertising programs on the same basis as franchisee-owned Businesses.

The National Advertising Fee will be used for the creation of various advertising and promotional products. The media in which such advertising may be disseminated includes printed materials, posters, window clings, danglers in store, creation of radio and print on a local or regional basis. The advertising will be produced by a national or international advertising agency. A portion of the National Advertising Fee may in our discretion be allocated back to a regional advertising cooperative.

Upon your prior written request, we will make available to you, no later than 120 days after the end of each calendar year, an annual financial statement for the Account.

We reserve the right, upon 30 days prior written notice to you, to allocate all or a portion of the National Advertising Fees to a regional advertising program for the benefit of Businesses located within a particular region. We have the right to determine the composition of all geographic territories and market areas for the implementation of such regional advertising and promotion campaigns and to require that you participate in such regional advertising programs and when they may be established by us. If a regional advertising program is implemented on behalf of a particular region, we will only use contributions from franchisees within such region for the particular regional advertising program, to the extent reasonably calculable by us. We may also establish an advertising cooperative for a particular region to enable the cooperative to self-administer the regional advertising program. If a regional advertising cooperative is established in your area, you must participate in it.

In addition, to the Advertising Allocation, you must spend \$3,500 to promote the Grand Opening of your Store.

Cash Register Systems and On-Line monitoring

You must have and use a point of sale cash register system (POS System) which consists of a computer, software, touch screens, printers and integrated cash drawer that will track among other things: inventory, sales, discounting, and taxes. The hardware is not proprietary to us. We will supply you with the POS system. The proprietary software will also be delivered to you without additional charge.

The "back-office" computer must have the Windows XP Professional operating system using a Pentium 4 or equivalent chipset at a clock speed of at least 1 megahertz. The monitor must be capable of displaying 800 x 640 lines. It must have at least 1 gigabyte of RAM memory. It must also have Windows 2003 server software. The choice of new or used equipment, and the manufacturer of such equipment is up to you, so long as it operates under the minimum requirements above. You may be required to update the computer system as our System expands and changes. There is no specific frequency for such changes and as a result, we cannot determine the frequency of such changes or its cost.

You must maintain high-speed Internet access to the POS System, and use your best efforts to keep all equipment we supplied connected, powered on and in good working order, to ensure our access to the information and data regarding your Silver Mine Subs® Business. We will poll your system at such times as we deemed appropriate, in addition we will make available certain aggregate data (without identifying the name of any franchisee or his location) to help you manage your store better. You may be required to update the software or hardware in the POS System. We will notify you of this by an amendment to the Operations Manual. The software to operate the POS system is owned by and is proprietary to us. There is no separate license required for use of the POS System software (Franchise Agreement, Section XX.) The software will have to be delivered to you as part of your franchise package without charge. (Items 6,8 and 9).

The Area Developer will have the same obligations for each business opened under the ADA.

Maintenance of the Business

Pursuant to the Operations Manual (Franchise Agreement, XX) and the Quality Control Standard (Franchise Agreement, XX), you must maintain the interior and exterior of the Business in a clean, orderly and sanitary manner. Further we shall have the right, on or after the fifth anniversary of the opening of the Business to require you to perform such remodeling, repairs, replacements and redecoration, including the replacement or addition of new furniture, fixtures and equipment which may include a new POS system, computer hardware and software, so that the Business is up to the then-current standards of a newly developed Business.

Franchise Business Location Selection

You must locate a site for the Business within 30 days after you sign the Franchise Agreement. We have 30 days to approve or disapprove your site. If we do not approve your first proposed site, you will have 60 more days to find another site and submit it to us for approval. After we approve the site, you will have 30 days to lease the site and submit it to us for approval.

We will approve or disapprove the lease agreement within 15 days after receipt. In connection with the lease of the site, the landlord and you must enter into a Collateral Assignment of Lease Agreement in the form contained in Exhibit G to this Offering Circular.

Our assistance in connection with the selection and approval of a location is limited to the provision of written criteria for a satisfactory Business location, an on-site inspection and the review of information provided by you to determine whether the location fulfills the requisite criteria. The following factors are considered by us when we review a proposed site: (1) demographics; (2) traffic patterns; (3) parking; (4) competition; (5) visibility; (6) access; and, (7) the residential to commercial mixture. Our approval of a location does not infer or guarantee the success or profitability of an approved location in any manner.

Our approval of any lease does not infer or guaranty the success or profitability of the site.

If you fail to meet the deadlines for the selection of a site or submit incomplete information regarding the site to us, we will allow you 15 days to cure the deficiency. If you fail to do so, we have the right to terminate the Franchise Agreement and retain all fees. If we fail to reach an agreement as to a site, we have the right to terminate the Franchise Agreement and retain all fees .

Schedule For Opening

The typical length of time between the signing of the Franchise Agreement and the opening of the Business will be 4 to 6 months (Development Period.) We will extend the Development Period for a reasonable time in the event factors beyond your reasonable control prevent you from meeting the deadlines and you request an extension of time from us at least 15 days before the end of the Development Period. The factors which may affect this time period include, but are not limited to, your ability to locate a site, secure financing, obtain a lease, and the upgrading or remodeling of a location.

A Developer will have 3 years to develop the number of unit set forth in the ADA. The first unit must be developed within approximately 5 months of the date that the ADA is signed. (Items 6, 8 and 9, ADA Agreement, Section X. D).

Training Information

We provide an initial training program to be conducted in Fort Collins, Colorado or at an alternative location to be determined by us. The initial training program is offered by us no less than 6 times per year. The initial training program is typically a 21-day program, although in our discretion we may increase or decrease the length of the program by no more than 2 days depending on class size and experience. The program will include instruction on the purchasing and preparation of the raw materials used to make our Products, discussion of the recipes, merchandising, ordering, receiving, customer relations, accounting, franchise compliance, personnel management, quality control, nutrition education and marketing.

Up to two people may participate in our initial training program without charge of a tuition or fee. You must pay for any and all transportation and living expenses which are incurred in

connection with attendance at the training program. You, and any person designated to manage your Business (the "Principal Operator") must successfully complete the initial training program prior to the opening of your Silver Mine Subs® Business. You will not be allowed to open your Business until you and the Principal Operator receive a certificate from us which shows that you have successfully completed the training program.

We will make the initial training program available to replacement or additional Principal Operators during the term of the Franchise Agreement. We reserve the right to charge a tuition or fee, commensurate with our then current published prices, for such training, payable in advance. You must pay for all travel and living expenses which are incurred by your personnel during attendance at the training program. The availability of the training program to such additional individuals will be subject to space considerations and prior commitments to new Silver Mine Subs® franchisees.

You or your Principal Operator will be required to attend any seminars, conventions, programs or meetings offered by us and which we deem to be mandatory. We will not require that you attend any mandatory programs more than once a year. All mandatory training will be offered without charge of a tuition or fee but you must pay for all travel and living expenses which are associated with attendance at such programs.

If you are an Area Developer, we will train up to two persons for each unit that is developed.

Training will be conducted after the Franchise Agreement is signed and before you open.

As of our most recent fiscal year end, we provided the following training:

Subject	Time Begun	Instructional Manual	Days of Home Office Training	Hours of On the Job Training	Instructor
Food Prep, Bread Baking, Sandwich fabrication, Telephone Procedures, Delivery Overview, including Ordering Product, Cleaning, Maintenance Inventory Control, Product Mix Reports, & Other Operational Systems	This training regimen is started on the first day (day 1) of attendance by you and your management	The Operations Manual is the reference book used for the training program.	Phase 1 of the training encompasses the first 7 days of the Instructional School in Operations of a SILVER MINE SUBS®	Phase 1 of the training will include in its' curriculum on site training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual SILVER MINE SUBS® Store	Corporate Trainer on site along with Store Manager
Management Functions including the coordination of in-shop, delivery, and carry-out sales, personnel management and Silver Mine Subs®, additional hands-on practice		The Operations Manual is the reference book used for the training program	Phase 2 of the training encompasses the second 7 days of the Instructional School in Operations of a SILVER MINE SUBS®	Phase 2 of the training will include in its' curriculum on site training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual SILVER MINE SUBS® Store a minimum of 50 hours	Corporate Trainer on site along with Store Manager Along with Franchise Coordinator in various classroom and on site participation Keith Dudek, President of Silver Mine Subs® Franchise, Inc.

Subject	Time Begun	Instructional Manual	Days of Home Office Training	Hours of On the Job Training	Instructor
Administrative And Business, Cash Out, Record Keeping, Bookkeeping and misc. Office Procedures, Franchise Reporting, Inspection and Sales Increasing Visitations	This training regimen is started on the sixteenth day (day 16) of attendance by you and your management	The Operations Manual is the reference book used for the training program	Phase 3 of the training encompasses the 16th through 18th days of the Instructional School in Operations of a SILVER MINE SUBS [®]	Phase 3 of the training will include in its' curriculum on site training on a varied, as needed basis to acquaint you with hands on operating procedures in several SILVER MINE SUBS [®] Stores a minimum of 21 hours	Varied Office Personnel, including Bookkeeping and other actuarial staff Corporate Trainer, <i>Donald Buderus</i> , Franchise Business Consultant, <i>Keith Dudek</i> , President of Silver Mine Subs [®] Franchise, Inc.

Item 12

TERRITORY

Under either the Franchise Agreement, or under each business opened under the ADA, (each of which location shall be subject to a separate Franchise Agreement), you must operate your Business at a specific location or locations that is identified. You may not conduct business at any other site or sites other than the accepted Business site or sites which have been entered in your franchise agreement or made part of by an addendum attached to the agreement. You may not relocate the Business without our written consent which we will not unreasonably withhold or delay.

We will not, during the term of the Franchise Agreement, locate nor license another to locate another Silver Mine Subs[®] within the location identified in the Franchise Agreement (the "Territory").

Your Territory will not be altered even if there is a population increase or decrease. It will also not be affected by your sales volume.

The specific size of the Territory will be a circle encompassing a one and one half (1 ½) mile radius, or a population of 30,000, which ever is less, with your accepted location of your Silver Mine Subs[®] as the center (Territory). The Territory may vary to conform to the specific site location based upon density of population, business potential, existing business practices or other reasons which cannot be known until a particular site is reviewed, with the understanding that any

such change will not infringe on the perimeter of any other Territory. Certain locations, such as malls and downtown locations will have smaller Territories that will be determined on a site-specific basis. The accepted location, if not chosen prior to the awarding of your franchise, will be attached and made a part of your franchise agreement. The site of your Silver Mine Subs® within the Territory must be accepted by us. Relocation within the Territory also requires our permission and acceptance of the new site. We cannot establish either a company-owned Business or other franchise within the Territory.

There is no exclusive territory for an ADA Developer. The same factors used for evaluating a single site including, the density of population, existing business practices and business potential, will be used to when evaluating each Unit under the ADA Development Agreement.

Continuation of territorial exclusivity (either for a single unit or the ADA) does not depend on any stated sales volume, market penetration or other contingency. Continuation of the territorial exclusivity under the ADA depends on your ability to develop the territory within the time specified in the ADA. If you fail to timely develop, then the exclusivity will be lost

We and our affiliate have not established, and do not presently intend to establish, other franchises or company-owned businesses selling or leasing similar products or services under a trade name or trademark different from "Silver Mine Subs®" Marks. We do however reserve the right to advertise, market and sell Silver Mine Subs® branded and trademarked products, in your Territory, or in any other area we choose, through the internet, retail and wholesale outlets. This shall include, but not be limited to; food products, clothing and sauces which comprise part of the "System" within or outside the Territory at our sole discretion.

Item 13



TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks (all of which are owned by us) in connection with the operation of your Business. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Silver Mine Subs® and in the manner authorized by us.

The Marks were purchased by us on April 30, 2002, effective back to January 1, 2003 from our Affiliate. We are the exclusive owners. The formal process for getting the Marks transferred to us by the United States Patent and Trademark Office is now being completed. As a result of this purchase there are no agreements currently in effect which significantly limit our rights to use or license the Marks.

We also have a license to use the System. The license is between our Affiliate as the "Licensor" and us as the "Licensee" and was signed on the 30th day of April, 2003. It runs for 90 years. We have the right to license the System to you subject to maintaining quality control the System through the Franchise Agreement. (Franchise Agreement, Sections XII, XV and XVI.)

The Marks are registered on the Principal Register as follows:

<u>Trademarks:</u>	<u>Registration Number</u>	<u>Effective</u>
Silver Mine Subs® (words only)	2649133	November 12, 2002
 (and design)	2649132	November 12, 2002
 (design)	2649131	November 12, 2002
"Dig in at the Mine" (words only)	2709536	April 22, 2003

We are filing all required assignment for the transfer of the Marks to us though the purchase agreement gives us the right to immediately use these Marks in any manner we deem appropriate.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding. We are not obligated by the Franchise Agreement or any other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving the Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting therefrom.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect thereto within a reasonable time after notice thereof by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from Silver Mine Subs®, and to purchase and install new signs. We have no liability to you in connection therewith.

There are no infringing uses actually known to us at the time of this agreement that could materially affect your use of the Marks in the State of Colorado or in any other state.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with selling products and services; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

Your usage of the Marks, and any goodwill you establish is to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of the Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may periodically designate. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Business by placing your name on the Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchisee of Silver Mine Subs[®]" or such other phrase as we periodically direct.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim copyright protection of our Manual, and related materials, and advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, POS software, POS code, systems and knowledge of and experience in the operation and franchising of Silver Mine Subs[®] (the Confidential Information). We will disclose certain elements of the Confidential Information to you during the training programs, seminars and conventions, the Operations Manual and in guidance furnished to you during the term of the Franchise Agreement. These materials are considered proprietary and confidential, are our property, and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

You also agree that the Confidential Information is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and, (4) will adopt and implement all

reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure thereof to employees of the Business and the use of nondisclosure and non-competition clauses in employment agreements with such persons.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Business must at all times be under your direct, day-to-day, full time supervision (or if you are incorporated or are a partnership, then a managing shareholder or partner of the corporation or partnership, approved by us) or the manager who is approved by us. This person must have successfully completed the training program.

You (or your managing partner or shareholder) must use his or her best efforts in the operation of Silver Mine Subs®.

If you are a corporation or partnership, each shareholder or partner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached hereto as Exhibit 3.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only Silver Mine Subs® approved products and services specified by us in the Operations Manual and any periodic updates to be incorporated in the Manual. You may not offer for sale any products or services not specifically approved by us in writing and you may not use Silver Mine Subs® premises for any other purpose than the operation of Silver Mine Subs® and the sale of products approved by us.

You may advertise to sell Silver Mine Subs® products and services only to customers located within your Territory. Except as noted in this Item 16, we place no restrictions upon your ability to serve customers provided you do so from the location of the Business in accordance with our standards (see Item 12).

We reserve the right to reasonably change the types of authorized goods and services offered through the business. You will be notified of any such changes in writing and will be given a reasonable time not exceeding 10 days by which to comply. If compliance cannot be completed within the 10 days, then you will be given reasonable additional time within which to comply.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the exhibits attached to this offering circular.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section VII.A.	10 years
b. Renewal or extension of the term	Section VII.B.	One 10 year term if you meet certain conditions and on terms and conditions of franchise agreement we are then Using in granting franchises.
c. Requirements for You to renew or extend	Section VII.B	Written notice, full compliance, remodel, sign then current Franchise Agreement, sign release, pay renewal fee.
d. Termination by You	Section XXIII.E.	If we have materially failed to comply with terms of Franchise Agreement after 30 days
e. Termination by Us without cause	None	
f. Termination by Us with cause	Section XXIII.A.	We can terminate only if You commit any one of several listed violations.
g. "Cause" defined- defaults which can be cured	Sections 15.01 through 15.05	24 hours for violation of certain federal, state, or local rules or regulations; 15 days for monetary defaults, abandonment or failure to obtain approval of a vendor; 30 days for all other defaults which can be cured.

Provision	Section in Franchise Agreement	Summary
<p>h. "Cause" defined- defaults which cannot be cured</p> <p>"Cause" defined which can be cured</p>	<p>Section XXIII.C.</p> <p>Section XXIII. D.</p>	<p>Abandonment of business, surrender of control; misrepresentation or omission in application, felony conviction; unauthorized assignment; improper assignment upon death.</p> <p>Health, safety or sanitation violations (72 hour notice); 10 days for failure to pay; 30 days for all other defaults</p>
<p>i. Your obligations on termination/non-renewable</p>	<p>Section XXIV</p>	<p>Cease operations; pay outstanding amounts, de-identification, return of confidential information, assign phone numbers, comply with covenants.</p>
<p>j. Assignment of contract by Us</p>	<p>Section XXII.J.</p>	<p>No restriction on Our right to assign.</p>
<p>k. "Transfer" by You - definition</p>	<p>Section XXII.A.</p>	<p>Includes transfer of any interest.</p>
<p>l. Our approval of transfer by You</p>	<p>Section XXII.A.</p>	<p>We have the right to approve all transfers, Our consent not to be unreasonably withheld.</p>
<p>m. Conditions for Our approval of transfer</p>	<p>Section XXII.A.</p>	<p>Transferee qualifies, all amounts due are paid in full, transfer fee paid, then current contract signed, general release signed.</p>
<p>n. Our right of first refusal to acquire Your Business</p>	<p>Section XXII.D.</p>	<p>We have the right to match any offer.</p>
<p>o. Our option to purchase Your Business upon termination or nonrenewable</p>	<p>Section XXIV.F.</p>	<p>We can buy the Business for its fair market value.</p>
<p>p. Your death or disability</p>	<p>Section XXII.C.</p>	<p>Franchise must be assigned to approved buyer within 6 months.</p>

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section XIX. B.	No involvement in competing Business anywhere in the U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section XIX.B.	No competing Business for 2 years within 3 miles of Business
s. Modification of the agreement	Section XXV.J.	No modifications generally but Operation Manuals subject to change.
t. Integration/merger clause	Section XXV.J.	Only terms of franchise agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	Section XXV.C.	Arbitration in Larimer County, Colorado
v. Choice of forum	Section XXV.G.	Larimer County, Colorado (subject to state law).
w. Choice of law	Section XXV.G.	Colorado law applies (subject to state law).

These states have statutes which may supersede the franchise agreement in Your relationship with Us, including the areas of termination and renewal of Your franchise: ARKANSAS (Code, Sections 4-72-201 through 4-72-210); CALIFORNIA (Bus. and Prof. Code, Division 8, Chapter 5.5, Sections 20000 through 20043; These sections provide rights to You concerning termination or non-renewal of a franchise. If the Franchise Agreement is inconsistent with the law, the law will control); CONNECTICUT (CA. Stat. Title 42, Chapter 739, Section 42-133e through 42-133h); DELAWARE (Code Annotated, Tit. 6, Chapter 25, Sections 2551 through 2556); HAWAII (Rev. Stat., Title 26, Chapter 482E, Section 482E-6); ILLINOIS (Compiled Stat., Chapter 815, Sections 705/1 through 705/44); INDIANA (Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7); IOWA (Code, Title XX, Chapter 523H, Sections 523H.1 through 523H.17); MARYLAND (Code Sections 11-1301 through 11-1307, Code Article 27, Sections 369A through 370); MICHIGAN (Compiled Section 445.1527 [M.S.A.19.854(27)]); MINNESOTA (Stat. Section 80C.22); MISSISSIPPI (Code Sections 75-24-51 through 75-24-64); MISSOURI (Rev. Stat., Sections 407.400 through 407.410 and 407.420); NEBRASKA (Rev. Stat., Sections 87-401 through 87-410); NEW JERSEY (Rev. Stat. Section 56:10-1 through 56:10-12); NORTH DAKOTA (Century Code Sections 51-20.2-01 through 51-20.2-03); SOUTH DAKOTA (Codified Laws Section 37-5A-51); VIRGINIA (Code, Sections 13.1-557 through 13.1-574, Code, Section 58.1-612); WASHINGTON (Rev. Code, Title 19, Chapter 19.100, Sections 19.100.180 and 19.100.190); WISCONSIN (Stat., Sections 135.01 through 135.07). These and other states may also have court decisions that may supersede the Franchise Agreement

concerning Your relationship with us, including the areas of termination and renewal of Your franchise.

Notwithstanding anything herein to the contrary, it is agreed that the Illinois Franchise Disclosure Act (IFDA) shall govern the rights and obligations of the parties. Termination and non-renewal of the franchise is also governed by IFDA and to the extent of an inconsistent provision in the Franchise Agreement, Illinois law will prevail. Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is except that the franchise agreement may provide for arbitration in a forum outside of Illinois..

The Franchise Agreements also provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy law (11 U.S.C., Section 101 et seq.).

As to California franchisees, California Business and Professional Code Sections 20000 through 20043 provide rights to You concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. The Franchise Agreement applies of the laws and forum of the state of Colorado. This provision may not be enforceable under California law. California Corporation Code 31125 requires us to give you a disclosure document, approved by the Department of Corporations before a solicitation of a proposed modification of an existing franchise. The Franchise Agreement requires binding arbitration. The arbitration will occur in Larimer County, Colorado with the cost being borne by the losing party. This provision may not be enforceable under California law. The California Franchise Investment Law requires a copy of all proposed agreements relating to the franchise be delivered together with the offering circular. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures, Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

As to Maryland franchisees, binding arbitration is the sole relief available (except for certain claims concerning patents and trademarks, and except for the application for equitable relief) and is required under the Franchise Agreement. Arbitration will be held in Larimer County, Colorado, if permitted by the law of Maryland. Costs for arbitration, including attorney's fees, expert witness fees, transportation, lodging and the like, can exceed \$40,000. Any general release which you may be required to sign will not apply to a liability against us based on the Maryland Franchise Registration and Disclosure Law. Further, any limitation of claims provisions will not act to reduce the time afforded to you in bringing a claim under the Maryland Franchise and Disclosure Law. Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.

As to Minnesota franchisees, see also the termination and cancellation provisions of the Minnesota Franchise Law cited above.

As to North Dakota franchisees, covenants not to compete such as those mentioned above are generally considered to be unenforceable, and your consent to jurisdiction outside the state of North Dakota may not be enforceable.

As to South Dakota franchisees, notwithstanding anything herein to the contrary, the post term covenants not to compete and other matters are governed by South Dakota law.

In any arbitration involving a franchised purchased in Washington, the arbitration site shall be either in Washington or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator. The Washington Franchise Investment Protection Act governs any franchise sold in Washington.

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 superseding 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.

c. 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 you to agree to abide by the law of a state other than the state in which you are located, then you must 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.

Governing Law/Termination and Renewal

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 you to agree to abide by the law of a state other than the state in which you are located, then you must 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.

Further, to the extent that the law of the state in which the Business is located, states that arbitration, venue and/or jurisdiction must be determined by that state law, the effect of which

would be to cause arbitration, venue and/or jurisdiction to be in that state, then the state law shall prevail over any inconsistent term of the Franchise Agreement and the arbitration, venue and/or jurisdiction will be that of the state in which the Business is located.

Further, to the extent that the law of the state in which the Business is located has determined the requirement for a franchisee to sign a general release to be unenforceable, then any such requirement shall be deemed to be deleted and the franchisee shall not be required to sign the same; or if signed then such general release shall be deemed to be not enforceable.

Item 18

PUBLIC FIGURES

We currently do not use any public figure to promote our franchise.

Item 19

EARNINGS CLAIMS

The information included herein represents the sales experience, subject to the assumptions outlined below, of affiliate-owned and operated businesses for the period of January 1st, 2005 through December 31st, 2005. These figures reflect the average sales per store for 9 affiliate-owned stores. These figures reflect average sales, food costs (COG) and labor costs per store for 9 affiliate-owned stores, all of which were managed by Silver Mine Subs®, Inc. that were in operation for a 12 month period. The restaurants are located in Northern Colorado and Central Illinois. No Franchised stores are included in these figures.

The combined twelve month average of the 10 affiliate owned restaurants is as follows:

Gross Sales	\$600,303	100.00%
Cost of Goods	\$162,082	27.00%
Labor (includes Employer taxes)	\$195,219	32.52%
Overhead and Misc. Expenses	\$193,478	32.23%
Net Income from Operations	\$49,525	8.25%

GROSS SALES

Of the 9 affiliate-owned stores operating from January 1st, 2005 through December 31st, 2005, Gross Sales per restaurant averaged SIX-HUNDRED THOUSAND THREE-HUNDRED AND THREE dollars (\$600,303). For the 12 month period, 4 of Silver Mine Subs® restaurants exceeded the average and 5 of the restaurants had sales below the average. The highest grossing store had sales of EIGHT-HUNDRED THREE THOUSAND FIVE-HUNDRED EIGHTY-

THREE dollars (\$803,583), and the lowest grossing restaurant had sales of FOUR -HUNDRED THREE THOUSAND FOUR-HUNDRED AND SIXTY-THREE dollars (\$403,463).

NET INCOME FROM OPERATIONS

Net income from operations includes gross sales, less Cost of Goods (COG) and all expenses incurred by restaurant including labor. The average Net Income from operations of the 9 affiliate owned restaurants averages FORTY-NINE THOUSAND FIVE-HUNDRED AND TWENTY-FIVE dollars (\$49,525).

OPERATING EXPENSES

1. **Cost of Goods.** Cost of Goods (COG) includes all food items as well as beverage and paper costs such as cups, napkins, etc. The average Cost of Goods for the 9 affiliate-owned restaurants managed by Silver Mine Subs®, Inc. is TWENTY-SEVEN percent (27.00%) of Gross Sales.

2. **Labor** Labor costs cover all hourly and salaried employees including management salaries, bonuses, training and payroll taxes. The expense for management personnel may vary depending on the extent of Your involvement in the day-today operation of the Franchised Restaurant. The average Labor Costs, for the 9 affiliate-owned and operated restaurants, including management salaries, is THIRTY-TWO AND FIFTY-TWO TENTHS percent (32.52%) of Gross Sales.

3. **Overhead and Misc. Expenses** Overhead and Misc. Expenses covers all other operating expenses including rent, cam charges, promotional, advertising, office supplies, uniforms, etc. Included is also a six-percent 6% store contribution to corporate overhead and 4% store contribution to advertising expenses. The average Overhead and Misc. Expenses, for the 9 affiliate-owned and operated restaurants, is THIRTY-TWO AND TWENTY-THREE TENTHS percent (32.23%) of Gross Sales.

OTHER CONSIDERATIONS

Since seven out of the nine, affiliate-owned and operated businesses are located near college campuses, the business is somewhat seasonal. Sales typically decline when college is not in session.

BASIS OF COMPILATION

The affiliate-owned and operated restaurants included in the statement have offered the same products and services to the public as will be offered by the Franchised Restaurant.

The businesses included in the statement use a uniform accounting system. The statement has been prepared on a basis consistent with generally accepted accounting principles. Specific assumptions used in the presentation of the statement are indicated above.

The actual sales figures appearing in the statement should not be construed as the "profit" which might be experienced by a franchisee in a similar sales volume. The nature of these variables and the economic discretion exercised by individual franchisees renders a determination of the profit level a franchisee will attain impossible to ascertain. Substantiation of the data used in preparing the accompanying statement will be made available to a prospective franchisee upon reasonable request.

SUCH ACTUAL SALES, INCOME, GROSS OR NET PROFITS ARE OF SPECIFIC AFFILIATE-OWNED AND OPERATED BUSINESSES AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES, INCOME, GROSS OR NET PROFITS THAT WILL BE REALIZED BY ANY FRANCHISEE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE SALES, INCOME, GROSS OR NET PROFITS.

Except as provided in this Item 19 to this Offering Circular, we do not furnish or authorize our salespersons to furnish oral or written earnings claims information within this document concerning the actual sales, costs, income and or profits of Silver Mine Subs[®] in operation. Actual results may vary from unit to unit and we cannot estimate the results of any particular franchise. We have specifically instructed our sales personnel, agents, employees and officers that they are not permitted to make claims or statements as to earnings, sales or profits or prospects of success, nor are they authorized to represent or estimate dollar figures as to any particular Silver Mine Subs[®]. You should not rely on unauthorized representations as to earnings, sales, profits or prospects or chances of success.

Item 20
**FRANCHISED
STORE STATUS SUMMARY
FOR YEARS 2003/2004/2005**

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Franchisor	Left the System/ Other	Total from Left Columns	Franchisees Operating at year end
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/3
Colorado	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	1/4/4
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Wisconsin	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
TOTALS	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/6/10

**STATUS OF COMPANY-OWNED AND AFFILIATE-OWNED
STORES FOR YEARS 2003/2004/2005**

STATE	STORES CLOSED DURING YEAR	STORES OPENED DURING YEAR	TOTAL STORES OPERATING AT YEAR END
Colorado	0/0/1	2/0/0	8/8/7
Illinois	0/0/0	2/0/0	2/2/2
TOTALS	0/0/1	4/0/0	10/10/9

**PROJECTED OPENINGS
AS OF JANUARY, 2006**

	FRANCHISE AGREEMENT SIGNED	FRANCHISE AGREEMENTS SIGNED BUT STORES NOT OPENED	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Arizona		1	2	0
California			0	0
Colorado		1	3	0
Florida				0
Illinois				0
Kentucky				0
Maryland				0
Michigan				0
Minnesota				0
Nebraska				0
New York				0
North Dakota				0
Rhode Island				0
South Dakota				0
Texas				0
Utah				0
Virginia				0
Washington				0
Wisconsin				0
Wyoming			1	0
TOTALS		2	6	0

A list of the names of all Franchisees and the addresses and telephone numbers of their Businesses are listed as Exhibit 5 to this offering Circular. A list of the name and last known home address and telephone number of every Franchisee who has had their Franchise terminated, UFOC REV rev 10-18-04 rev 4-7-05 rev 4-19-06

cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise agreement during fiscal year 2005 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit 6.

Item 21

FINANCIAL STATEMENTS

Our audited financial statements using Generally Accepted Accounting Principles, as of December 31st, 2005, are attached to this offering circular as Exhibit 8.

Item 22

CONTRACTS

The following franchise related contracts are attached as exhibits to this offering circular:

Franchise Agreement - Exhibit 2
Area Development Agreement – Exhibit 2A
Guarantee of Obligations - Exhibit 3

Item 23

RECEIPT

The Receipt is found at the end of this Offering Circular.