

SECURITIES AND EXCHANGE COMMISSION

FORM 10SB12G

Form for initial registration of a class of securities for small business issuers pursuant to Section 12(g)

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FILER

GLOBAL CHASE INDUSTRIES INC

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Mailing Address
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ANOKA MN 55303

Business Address
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ANOKA MN 55303
6122411668

U.S. Securities and Exchange Commission

Washington, D.C. 20549

Form 10SB

GENERAL FORM FOR REGISTRATION OF SECURITIES OF SMALL
BUSINESS ISSUERS

Under Section 12(b) or (g) of the Securities Exchange Act of 1934

Global - Chase Industries, Inc.
(Name of Small Business Issuer in its charter)

Minnesota 41-1853444
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

320 East Main Street 55303
Anoka, Minnesota (Address of principal executive office)
(Zip Code)

Issuer's telephone number (612) 241-1668

Securities to be registered under Section 12(g) of the Act:

Common Shares
A Warrants
B Warrants

ITEM 1. DESCRIPTION OF BUSINESS

Global-Chase Industries, Inc. was formed in Minnesota in 1996 on January 3 as W.N. and Associates, Inc. The name was changed on July 2, 1996.

The company purchased an inventory of wildlife art from Rochkes, Inc. on July 20, 1996. The purchase consisted of 90,000 sets of wild bird pictures. Each set consists of two pictures. The pictures are lithographs, signed by the artist, R. L. "Bob" Kothenbuetel, and numbered. Mr. Kothenbuetel is an artist in the State of Washington and was selected as the Washington State Ducks Unlimited Artist of the year in 1982, and the year before one of his paintings was chosen for the Washington State Upland Bird Stamp.

The pictures are all 8" X 10.5" in size, and there are 7 different sets of two each. They may be sold as is, or are suitable for matting, framing, vellumming and glass, as the customer may desire. All sales to this time have been "as is."

All of the sales that have been made at this time have been to wholesalers/distributors of this type of art, for sale in North and South Dakota and in Minnesota. The sales have been for \$87.50 per set. The company has no

intention to confine itself to sales to wholesalers/distributors, but will also seek other sales.

The company has a lease on a building that has all of the equipment and material for building frames, so if it sells an order that requires the pictures to be framed it will be able to build the frames for them. Management of the company is skilled in wood working, and has agreed to do the work on a part time, as required basis.

The inventory was purchased under a contract with terms as follows:

During the first twelve (12) months of the Note, there shall be no principal or interest payable; interest will begin to accrue beginning in the thirteenth month at eight percent per year. Interest will be paid annually after 12 months. Starting with the thirty-first month, there shall be payments of \$100,000 per month which will be applied first toward interest then toward principal. The entire balance of the Note will be due and payable on July 20, 2001.

It is agreed that Seller may choose to exercise an option to convert all or a portion of the Note into a stock option of Global-Chase Industries, Inc., upon terms which will be determined between the parties at any time during the first eight months of this Note. For this option, Seller agrees that it will grant Buyer an Eighteen month extension upon terms that are acceptable to Seller.

ITEM 2. PLAN OF OPERATION

The company is in the business of wholesale sales of art works, including the final product of finishing the product such as framing.

The thrust of the business of the company is to develop a wholesale market of which pictures are either framed/matted/vellumed/glassed or sized and sold to other businesses that will reuse them in many different delivered forms. Such businesses that will reuse them are hotels, large office complexes, hospitals, and businesses as well as numerous others. Businesses that will use for resale are retail shops, variety outlets, custom framing business and others that will have need for a retail-type market.

The sales of the Company to date have been in the local area, North and South Dakota and Minnesota. The Company is pursuing sales in other parts of the country, and has no intent to limit itself to local sales.

The Company will also seek to purchase inventories of other art work if it can be located at a favorable price. The current inventory was purchased at a price of approximately \$50.00 per set, and is being sold at approximately \$87.50 per set. If other inventories can be found it will negotiate for the purchase of them.

The Company has made its agreements for the purchase of the inventory and the lease of the offices and shop on the basis that it will have few funds to begin with, and more funds later as sales progress. As a result there are no payments for the first 4 months of the lease, and no payments for the first year for the inventory.

ITEM 3. DESCRIPTION OF PROPERTY

The company owns no property at this time. The company leases a facility of 1,500 square feet at RR3, Elk River, Minnesota 55330. The company

has a 36 month lease that includes all the equipment on the premises. The company has a 4 month front end no charge to its lease and a progressive lease increase of \$1,000.00 every 8 to 12 months starting at \$3,850.00 a month. There is approximately \$12,000.00 in miscellaneous raw materials (building lumber, miscellaneous wood supplies for company use in its framing, etc.) on the premises that can be purchased and used from the lessor. It will be billed quarterly and inventoried yearly and then adjusted (the purchased materials). Prices are to be based on the Minneapolis, Minnesota wholesale market.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is no stock held by management at this time and there is no ownership that exceeds 5% of the company outstanding common stock at this time.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The executive officers and directors of the company, with a brief description are as follows:

Name	Age	Position
Robert Severson	42	CEO and a Director
Gary Larvinson	50	Secretary/Treasurer and a Director
Norman Olson	51	Director

Robert Severson, age 42, CEO and a Director. Mr. Severson has been the sole proprietor of R. C. Drywall from 1990 to the present time.

Gary Larvinson, age 50, Secretary/Treasurer and a Director. Mr. Larvinson has been the proprietor of "A Place for Everything," a furniture business in Elk River, Minnesota for more than the past five years.

Norman Olson, age 50, a Director. Mr. Olson is the sole proprietor of Olson Construction, and has been for more than the past five years.

ITEM 6. EXECUTIVE COMPENSATION

There is no employee that was paid as much as \$60,000 per year as salary. There is no contract for the payment of a salary to any employee.

All employees are part-time, this includes the management. There are eight part-time employees at this time, which includes management. Management has agreed to help, as needed, until the business requires full time employees. The company has agreed to pay part time employees \$8.00 per hour when they work.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

ITEM 8. LEGAL PROCEEDINGS

None

ITEM 9. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The company's common stock has not traded at this time.

There are 60 holders of the common stock of the Company. There have never been any dividends, cash or otherwise, paid on the common shares of the Company.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

There was a Form D for a Rule (504) offering in Minnesota filed in September, 1996. The offering was for \$50,000 and was sold to 22 persons, 12 accredited and 10 non-accredited.

Name	Date	Shares	Cost
Wallace Norman	7/96	900,000	\$ 2,250
David Paul	7/96	900,000	\$ 2,250
Jon Loder	7/96	900,000	\$ 2,250
James Thomas	7/96	900,000	\$ 2,250
Art Price	7/96	850,000	\$ 2,125
Michael H. Lenneman	7/96	850,000	\$ 2,125
Gary W. Burmeister	7/96	850,000	\$ 2,125
Francy Gleason	7/96	980,000	\$ 2,450
Timothy Harvey	8/96	980,000	\$ 2,450
James Smerdon	8/96	980,000	\$ 2,450
Robert Van Hoef	8/96	980,000	\$ 2,450
Albert Peterson	8/96	980,000	\$ 2,450
Virgil W. Michaelis	8/96	950,000	\$ 2,375
Brian L. Jansen	8/96	950,000	\$ 2,375
Marshall Newland	8/96	900,000	\$ 2,250
Charles E. Generoux	8/96	900,000	\$ 2,250
Neil Knop	8/96	800,000	\$ 2,000
Dora M. Hanson	8/96	800,000	\$ 2,000
Mike Moinichen	8/96	750,000	\$ 1,875
Tom Hammre	8/96	950,000	\$ 2,375
Rick Carpenter	8/96	975,000	\$ 2,437.50
Mike Praught	8/96	975,000	\$ 2,437.50

There was no underwriter on the sales of any of the securities, and no commissions were paid. All sales were for cash.

The registrant believes that all transactions were transactions not involving any public offering within the meaning of Section 4(2) of the Securities Act of 1933, since (a) each of the transactions involved the offering of such securities to a substantially limited number of persons; (b) each person took the securities as an investment for his own account and not with a view to distribution; (c) each person had access to information equivalent to that which would be included in a registration statement on the applicable form under the Act; (d) each person had knowledge and experience in business and financial matters to understand the merits and risk of the investment; therefore no registration statement need be in effect prior to such issuances.

ITEM 11. DESCRIPTION OF SECURITIES

The Company has authorized 700,000,000 shares of common stock, no par value. Each holder of common stock has one vote per share on all matters voted upon by the shareholders. The voting rights are noncumulative so that shareholders holding more than 50% of the outstanding shares on common stock are

able to elect all members of the Board of Directors. There are no preemptive rights or other rights of subscription.

Each share of common stock is entitled to participate equally in dividends as and when declared by the Board of Directors of the Company out of funds legally available, and is entitled to participate equally in the distribution of assets in the event of liquidation. All shares, when issued and fully paid, are nonassessable and are not subject to redemption or conversion and have no conversion rights.

There are 20,000,000 A Warrants and 20,000,00 B Warrants outstanding. The A Warrants are exercisable for 36 months from July 2, 1996 into common stock of the Company at an exercise price of \$.10 per share. The B Warrants are exercisable for 36 months from July 2, 1996 into common stock of the Company at an exercise price of \$.20 per share. Both the A Warrants and the B Warrants are callable by the Company, upon 30 days written notice, at a price of \$.01 per warrant.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Minnesota Statutes, Section 302A.521, contain an extensive indemnification provision which requires mandatory indemnification by a corporation of any officer, director and affiliated person who was or is a party, or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a member, director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. In some instances a court must approve such indemnification.

ITEM 13. FINANCIAL STATEMENTS

Please see the attached Financial Statements.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) Please see the attached Financial Statements

(b) Exhibits:

2.1 Articles of Incorporation, amendments and bylaws

2.2 Warrant Agreement

6.1 Agreement with Rochkes, Inc. and promissory note

6.2 Lease

GLOBAL-CHASE INDUSTRIES, INC.

FINANCIAL STATEMENTS

FROM JANUARY 3, 1996 (DATE OF INCEPTION) TO APRIL 30, 1996
AND THE SIX MONTHS ENDED OCTOBER 31, 1996

GARY A. LAPALME, C.P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Minneapolis, Minnesota

GLOBAL-CHASE INDUSTRIES, INC.

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and THE SIX MONTHS ENDED OCTOBER 31, 1996

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GARY A. LAPALME, C.P.A.
CERTIFIED PUBLIC ACCOUNTANTS
MAPLE GROVE EXECUTIVE CENTRE
7200 HEMLOCK LANE, SUITE 110

MAPLE GROVE, MINNESOTA 55369

(612) 424-5330
FAX (612) 424-2601

MEMBER
MINNESOTA SOCIETY OF C.P.A.S
AMERICAN INSTITUTE OF C.P.A.S

To the Stockholders and Board of Directors

GLOBAL-CHASE INDUSTRIES, INC.
Minneapolis, Minnesota

I have audited the accompanying balance sheet of GLOBAL-CHASE INDUSTRIES, INC. as of APRIL 30, 1996 and OCTOBER 31, 1996 and the related statements of earnings, stockholders' equity, and cash flows from JANUARY 3, 1996 (date of inception) to APRIL 30, 1996 and the six months ended OCTOBER 31, 1996. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GLOBAL-CHASE INDUSTRIES, INC. as of APRIL 30, 1996 and OCTOBER 31, 1996 and the results of its operations and its cash flows from JANUARY 3, 1996 (date of inception) to APRIL 30, 1996 and the six months ended OCTOBER 31, 1996 in conformity with generally accepted accounting principles.

/s/ Gary A. LaPalme

Gary A. LaPalme, C.P.A.
Certified Public Accountants

November 4, 1996

Minneapolis, Minnesota

GLOBAL-CHASE INDUSTRIES, INC.
BALANCE SHEETS
APRIL 30, 1996
OCTOBER 31, 1996

ASSETS

	April 30, 1996	October 31, 1996
--	-------------------	---------------------

----- -----

Current Assets

Cash	\$ --	\$ 95,000
Accounts receivable	--	185,000
Inventory	--	4,368,550
	-----	-----
Total Current Assets	--	4,648,550

Other Assets

Incorporation costs, net of accumulated amortization of \$10 and \$25 respectively	140	125
	-----	-----
TOTAL ASSETS	\$ 140	\$ 4,648,675
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Current portion of long-term debt	\$ --	\$ --
Accounts payable	150	17,739
Income taxes payable	--	28,000
	-----	-----
Total Current Liabilities	150	45,739
	-----	-----

Long-Term Debt

Note payable, net of portion included in current liabilities	--	4,500,000
	-----	-----

Commitments and Contingencies

Common stock, no par value, 100,000 authorized, -0- issued and outstanding at April 30, 1996 and 700,000,000 authorized and 20,000,000 issued at October 31, 1996	--	50,000
Retained earnings	(10)	52,936
	-----	-----
Total Stockholders' Equity	(10)	102,936
	-----	-----

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 140	\$ 4,648,675
	=====	=====

See Notes to Financial Statements

GLOBAL-CHASE INDUSTRIES, INC.
STATEMENTS OF EARNINGS
FROM JANUARY 3, 1996 (DATE OF INCEPTION) TO APRIL 30, 1996
and THE SIX MONTHS ENDED OCTOBER 31, 1996

	April 30, 1996	October 31, 1996
Sales	\$ --	\$230,000
Cost of Sales	--	135,054
Gross Profit	--	94,946
General and Administrative Expenses		
Legal fees	--	3,000
Secretarial services	--	2,796
Office expense	--	2,795
Meetings	--	1,200
Casual labor	--	938
Delivery	--	776
Telephone	--	677
Vehicle expense	--	525
Miscellaneous	--	502
Insurance	--	401
Utilities	--	375
Amortization of incorporation costs	10	15
Total General and Administrative Expenses	10	14,000
Net Earnings Before Taxes on Income	(10)	80,946
Taxes on Income	--	28,000
Net Earnings	\$ (10)	\$ 52,946
Earnings Per Share		
Primary	\$ --	\$.22
Fully Diluted	\$ --	\$.01

See Notes to Financial Statements

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GLOBAL-CHASE INDUSTRIES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY

FROM JANUARY 3, 1996 (DATE OF INCEPTION) TO APRIL 30, 1996
and THE SIX MONTHS ENDED OCTOBER 31, 1996

	Common Shares	Stock Amount	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>
BALANCES, JANUARY 3, 1996	--	\$ --	\$ --	\$ --
Net income, from January 3, 1996 (date of inception) to April 30, 1996	--	--	(10)	(10)
BALANCES, APRIL 30, 1996	--	--	(10)	(10)
Net income, Six Months Ended October 31, 1996	--	--	52,946	52,946
Issuance of Stock	20,000,000	50,000	--	50,000
BALANCES, OCTOBER 31, 1996	20,000,000	\$ 50,000	\$ 52,936	\$ 102,936

</TABLE>

See Notes to Financial Statements

GLOBAL-CHASE INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
FROM JANUARY 3, 1996 (DATE OF INCEPTION) TO APRIL 30, 1996
and THE SIX MONTHS ENDED OCTOBER 31, 1996

	April 30, 1996	October 31, 1996
Cash Flows From Operating Activities		
Net income	\$ (10)	\$ 52,946
Adjustments to reconcile net income to net cash used for operating activities:		
Amortization	10	15
Accounts receivable	--	(185,000)
Inventory	--	(4,368,550)
Accounts payable	150	17,589
Income taxes payable	--	28,000
Incorporation costs	(150)	--
Net Cash From Operating Activities	--	(4,455,000)

Cash Flows From Financing Activities

Proceeds from long-term debt-net	--	4,500,000
Issuance of common stock	--	50,000
	-----	-----
Net Cash From Financing Activities	--	4,550,000
	-----	-----
Net Increase in Cash	--	95,000
	-----	-----
Cash at Beginning of Period	--	--
	-----	-----
Cash at End of Period	\$ --	\$ 95,000
	=====	=====

See Notes to Financial Statements

GLOBAL-CHASE INDUSTRIES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FROM JANUARY 3, 1996 (DATE OF INCEPTION) TO APRIL 30, 1996
 and THE SIX MONTHS ENDED OCTOBER 31, 1996

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Company was incorporated on January 3, 1996 in the State of Minnesota. The Company's primary concentrations are to include the wholesaling of pictures and framed pictures primarily to other businesses. The company had no activity through April 30, 1996.

Development Stage Enterprise - The Company is in the development stage of its existence.

Name Change - The Company was incorporated on January 3, 1996 under the name of W.N. and Associates, Inc. Effective July 2, 1996 the name was changed to Global-Chase Industries, Inc.

NOTE B COMMON STOCK

The authorized number of common shares was 100,000 at April 30, 1996 and 700,000,000 at October 31, 1996. The number outstanding was zero at April 30, 1996 and 20,000,000 at October 31, 1996. The stock offering was done as a unit consisting of one common share, one common Warrant A, and one common Warrant B. Warrant A is exercisable at \$.10, and Warrant B is exercisable at \$.20. Both Warrants have a thirty six (36) month exercisable time frame from July 2, 1996. Both Warrants can be called by a written board resolution and will expire within thirty (30) days of being called if they are not exercised.

NOTE C LONG-TERM DEBT

\$4,500,000 Promissory note at 8% dated July 20, 1996 with the

following terms:

1. No principal or interest payable for first twelve months.
2. Interest accrual starts on thirteenth month and paid annually every twelve months after starting.
3. Interest and principal paid starting with the thirty first month at \$100,000 per month.
4. The note will be due and fully payable on July, 2001.

Current maturities are as follows:

Year ended:	April 30, 1997	\$ -0-
	April 30, 1998	-0-
	April 30, 1999	427,000
	April 30, 2000	907,000
	April 30, 2001	982,000
	Thereafter	2,184,000

		\$4,500,000
		=====

NOTE D LEASE OBLIGATION

Starting August, 1996 the Company is subject to the lease agreement that calls for no charge for the first four months, \$3,850 per month for the next 8 months, \$4,850 per month for the next twelve months, and \$5,850 per month for the final twelve months. The lease is through July, 1999.

Minimum lease payments are as follows:

Year ended:	April 30, 1997	\$ 19,250
	April 30, 1998	55,200
	April 30, 1999	67,200
	April 30, 2000	17,550

		\$ 159,200

NOTE E EARNINGS PER SHARE - Primary weighted earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding during the period.

Fully diluted weighted earnings per share is computed using the warrants as common share equivalents.

NUMBER OF SHARES		
From January 2, 1996		Six Months
(Date of Inception)		Ended
To April 30, 1996		October 31, 1996

Primary	-0-	239,130
Fully Diluted	-0-	7,173,913

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934,
the registrant caused this registration statement to be signed on its behalf by
the undersigned thereunto duly authorized.

Date: Global - Chase Industries, Inc.

/s/
Robert Severson, President

/s/
Gary Larvinson, Treasurer

REINSTATED ARTICLES
OF
W.N. & ASSOCIATES, INC.

The undersigned corporation hereby adopt the following Reinstated Articles which replace and supersede prior Articles filed:

ARTICLES OF INCORPORATION
OF
W.N. AND ASSOCIATES, INC.

The undersigned incorporator, being a natural person, 18 years of age or older, in order to form a corporate entity under Minnesota Statutes, Chapter 302A, hereby adopts the following Articles of Incorporation:

ARTICLE I

The name of the corporations Global - Chase, Industries, Inc.

ARTICLE II

The registered office of the corporation is located at 320 East Main Street, Anoka, Minnesota 55303, and the registered agent at that address is Carla Wirth.

ARTICLE III

The name and address of the incorporator is Wallace Nordvik, 19696 County Road 72, Elk River, Minnesota 55330.

ARTICLE IV

The corporation is authorized to issue an aggregate total of 700,000,000 shares.

ARTICLE V

In addition to the powers granted to the Board of Directors by Minnesota Statutes, Chapter 302A, the Board of Directors of this corporation shall have the power and authority to fix by resolution any designation, class, series, voting power, preference, right, qualification, limitation, restriction, dividend, time and place of redemption, and conversion right with respect to any stock of the corporation.

ARTICLE VI

Any action required or permitted to be taken at any meeting of the

Board of Directors may be taken without a meeting by written action signed by a majority of the Board of Directors then in office, except as to those matters which require shareholder approval, in which case the written action shall be signed by all members of the Board of Directors then in office.

ARTICLE VII

No holder of stock of this corporation shall be entitled to any cumulative voting rights.

ARTICLE VIII

No holder of stock of this corporation shall have any preferential, pre-emptive, or other rights of subscription to any shares of any class or series of stock of this corporation allotted or sold or to be allotted or sold and now or hereafter authorized, or to any obligations or securities convertible into any class or series of stock of this corporation, nor any right of subscription to any part thereof.

IN WITNESS WHEREOF, the Incorporator has executed these Articles of Incorporation, this _____ day of _____, 1996.

Wallace Nordvik

Robert Severson

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Subscribed and sworn to before me

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Subscribed and sworn to before me

this _____ day of _____, 1996.

This _____ day of _____, 1996.

Notary Public

Notary Public

The amendment was adopted by the shareholders, on the 2 day of July 1996.

Robert Severson

BY-LAWS

Exhibit 2.1

OF
GLOBAL - CHASE INDUSTRIES, INC.

ARTICLE I
MEETINGS OF SHAREHOLDERS

- 1.1 Regular Meetings. Regular meetings of shareholders may be called by the Chief Executive Officer, the Secretary, the Board of Directors, or by shareholder demanded in accordance with Minnesota Statutes. No meeting shall be designated a regular meeting unless specifically described as such in the notice of meeting or unless all the shareholders are present in person or by proxy, and none of them objects to this designation.
- 1.2 Special Meetings. Special meetings of the shareholders may be called for any purpose or purposes at any time by the Chief Executive Officer, Chief Financial Officer, two or more Directors, or by shareholder demand in accordance with Minnesota Statutes.
- 1.3 Time and Place of Shareholder Meeting. Except as otherwise provided by Statute, any meeting of shareholders shall be held on the date and at the time and place fixed by the Chief Executive Officer or the Board of Directors of the corporation.
- 1.4 Notice of Shareholder Meeting. Except as otherwise provided by Statute, written notice of the date, time, and place of any meeting of shareholders shall be given to every holder of voting shares at such address as appears on the stock book of the corporation at least five days prior to the meeting if by mail, or two days prior to the meeting if by telex, telegram, or in person.
- 1.5 Voting. Except where a greater percentage is required by Statute, the shareholders shall take action by the affirmative vote of the holders of a majority of the votes of the shares present.

ARTICLE II
DIRECTORS

- 2.1 Number, Term of Office. The number of Directors of the corporation shall be as determined from time to time by the shareholders. Up to five Directors can be authorized without shareholder approval. A minimum of one Director shall be maintained. If more than five Directors are to be considered, shareholder approval shall be required. Directors need not be shareholders. Each Director shall hold office for an indefinite term, not to exceed seven years, that expires at the regular meeting of shareholders next held after the Director's election and until a successor is elected and has qualified, or until the

earlier death, resignation, removal, or disqualification of the Director.

2.2 Removal. The Board of Directors or the shareholders may remove any Director of the corporation at any time, for cause or without cause. New Directors may be elected at a meeting at which Directors are removed.

2.3 **Board Meetings, Notice.** The Chief Executive Officer (if a Director), the Chairman of the Board of Directors (if one is elected) of Directors comprising at least one-third of the number of Directors then in office may call a Board meeting by giving five days notice if by mail, or two days notice if by telephone, telex, telegram, or in person, to all Directors of the day or date and time of the meeting. Meetings of the Board of Directors may be held at the day or date, time, and place, as shall be determined by the Board. If the day or date, time and place have been announced at a previous meeting of the Board, or if a meeting schedule is adopted by the Board, no notice is required. In absence of a designation by the Board of Directors, Board meetings shall be held at the principal executive offices of the corporation.

2.4 (a) **Advance Written Consent or Opposition.** Any member of the Board or committee thereof, as the case may be, may give advance written consent or opposition to a proposal to be acted on at a Board or committee meeting. If a Director or committee member is not present at the meeting, advance written consent or opposition to a proposal does not constitute presence for the purpose of determining whether a quorum exists, but such advance written consent or opposition shall be a vote in favor of or against the proposal or resolution acted upon at the meeting is substantially the same or has substantially the same effect as the proposal or resolution to which the member of the Board or committee has consented or objected.

(b) **Action Without Meeting.** Any action, other than an action requiring shareholder approval, may be taken by written action signed by the number of Directors that would be required to take the same action at a meeting of the Board at which all Directors were present. An action requiring shareholder approval required or permitted to be taken at a Board meeting may be taken by written action signed by all the Directors. Any such written action is effective when signed by the required number of Directors, unless a different effective time is provided in the written action. When written action is taken by less than all Directors, all Directors shall be notified immediately of its text and effective date. Failure to provide the notice does not invalidate the written action. A Director who does not sign or consent to the written action has no liability for the action or actions taken.

ARTICLE III OFFICERS

3.1 **Election, Term of Office, Removal.** The Board of Directors shall elect a

Chief Executive Officer and Chief Financial Officer, and may elect such other officers as it may deem necessary for the operation and management of the corporation, each of whom shall have the duties and responsibilities incident to the offices which they hold or as determined by the Board. Officers need not be Directors or shareholders. Without limiting the foregoing, the Board may elect a Chairman of the Board, President, one or more Vice Presidents, a Treasurer, a Secretary and such assistant officers as it may designate with titles to describe their duties, functions, or special responsibilities. Officers shall hold office at the will of the Board for an indefinite term until their successors are elected and qualified. Any officer elected or appointed by the Board of Directors may be removed by the Board at any time with or without cause.

ARTICLE IV AMENDMENTS

4.1 Subject to the power of shareholders to adopt, amend, or repeal these By-Laws as provided in Minnesota Statutes, Section, any By-Law may be amended or repealed by the Board of Directors at any meeting, provided that, after adoption of the initial By-Laws, the Board shall not adopt, amend, or repeal any By-Law fixing a quorum for meetings of shareholders, prescribing procedures for removing Directors or filling vacancies in the Board, or fixing the number of Directors or their classifications, qualifications, or terms of office. The Board may adopt or amend a By-Law to increase the number of Directors.

ARTICLE V INDEMNIFICATION

5.1 The corporation shall indemnify persons for such expenses and liabilities in such manner, under such circumstances, and to the extent required by Minnesota Statutes. Indemnification for all acts, whether "known" or "unknown".

Robert Severson, CEO/President

WARRANT AGREEMENT

WARRANT AGREEMENT, dated as of the _____ day of November, 1996, between Global-Chase Industries, Inc., a Minnesota corporation (the "Company") and IDATA, Inc., as Warrant Agent (the "Warrant Agent").

RECITALS

The Company has outstanding 20,000,000 A Warrants and 20,000,000 B Warrants, no par value, of the Company (hereinafter referred to as "Shares") to acquire up to 40,000,000 shares, such Warrants being referred to as "Warrants" and the Certificates representing the Warrants being referred to as the Warrant Certificates; and

The Board of Directors of the Company has duly authorized the issuance of the Warrants and the shares to be issuable upon exercise thereof; and

The Company desires to provide for the issuance of the Warrants and to provide for certain terms and provisions of the Warrants more fully than is set forth in the Warrant Certificates; and

The Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance of Warrants and other matters.

AGREEMENT

For the purposes of defining the terms and provisions of the Warrant Certificates and the Warrants and the respective rights and obligations of the Company, the Registered Holders, and the Warrant Agent, the parties agree as follows:

SECTION 1. Definitions.

In addition to the definitions set forth elsewhere:

(a) "Corporate Trust Officer" shall mean the office of the Warrant Agent (or its successor) at which at any particular time its principal corporate trust business shall be administered, which office is located at this date at Dallas, Texas.

(b) "Expiration Date" shall mean the close of business on July 2, 1999, or, if in Minneapolis, MN, such date shall be a holiday or a day on which banks are authorized to close, then the next following day which in such city is not a

holiday or a day on which banks are authorized to close.

(c) "Initial Exercise Date" shall mean July 2, 1996.

(d) "Purchase Price" shall mean \$.10 for A Warrants and \$.20 for the B Warrants, per share, as such amount may be adjusted as provided in Section 11.

(e) "Registered Holder" or "Holder" shall mean the person in whose name any Warrant Certificate shall be registered on the books maintained by the Warrant Agent pursuant to Sections 5 and 8.

(f) "Registered Holders" or "Holders" shall mean the person in whose name any Warrant Certificate shall be registered on the books maintained by the Warrant Agent pursuant to Sections 5 and 8.

SECTION 2. Appointment of Warrant Agent.

The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions set forth hereinafter in this Agreement, and the Warrant Agent hereby accepts such appointment.

SECTION 3. Warrants and Issuance of Warrant Certificates.

Each Warrant shall entitle the Registered Holder of the Warrant Certificate representing such Warrant to purchase one share upon the exercise thereof during a term to commence on the Initial Exercise Date and expire on the Expiration Date, subject to modification and adjustment as provided in Section 11. Each Warrant shall remain attached to its share as a Unit until the Initial Exercise Date and shall not be separately tradeable until 30 days from that date. Upon execution of this Agreement and thereafter, Warrant Certificates representing Warrants to purchase the shares shall be executed by the Company and delivered to the Warrant Agent and shall be countersigned, attached to shares and delivered by the Warrant Agent upon written order of the Company signed by its president, any vice president, its treasurer or its secretary.

From time to time, until the Expiration Date, the Warrant Agent shall countersign and deliver Warrant Certificates in required whole share denominations to the persons entitled thereto in connection with any transfer or exchange permitted under this Agreement. Except as provided in Section 10, no Warrant Certificate shall be issued except (i) Warrant Certificates initially issued pursuant to the transactions contemplated hereby; (ii) Warrant Certificates issued on or after the Initial Exercise Date upon the partial exercise of any Warrant Certificate to evidence the portion of such Warrant Certificate not exercised; (iii) Warrant Certificates issued upon transfer or exchange of Warrants permitted by this Agreement, and (iv) Warrant Certificates issued pursuant to the provisions of Section 11(b).

SECTION 4. Form and Execution of Warrant Certificates.

The Warrant Certificate shall be in registration form substantially in

the form annexed hereto as Exhibit A (the provisions of which are hereby incorporated herein) and may have such letters, numbers or other marks or identification or designation and such legends, summaries or endorsements printed, lithographed or engraved thereon as the company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the warrants may be listed, or to conform to usage. The Warrant Certificates shall be dated the date of countersignature thereof by the Warrant Agent (whether upon initial issuance, transfer or exchange or in lieu of mutilated, lost, stolen, or destroyed Warrant Certificates).

Warrant Certificates shall be signed on behalf of the company by its president or a vice president and by its secretary or an assistant secretary. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future president, vice president, secretary or assistant secretary and may be imprinted or otherwise reproduced on the Warrant Certificates and for that purpose the company may adopt and use the facsimile signature of any person who shall have been president, vice president, secretary or assistant secretary, notwithstanding the fact that at the time the Warrant Certificate shall be countersigned and delivered or disposed of he shall have ceased to hold such office.

In case any officer of the company who shall have signed any of the Warrant Certificates shall cease to be such officer before the Warrant Certificates so signed shall have been countersigned by the Warrant Agent, or disposed of by the company, such Warrant Certificate nevertheless may be countersigned and delivered or disposed of as though such person had not ceased to be such officer of the company; and any Warrant Certificate may be signed on behalf of the company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the company to sign such Warrant Certificate, although at the date of this execution of this Warrant Agreement any such person was not such officer.

SECTION 5. Registration and Countersignature.

Warrant Certificates issued as provided herein shall be registered in the name of the Registered Holders of the Warrant Certificates to whom they are issued.

Warrant Certificates shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned.

The company and the Warrant Agent may deem and treat the Registered Holder(s) of the Warrant Certificates as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for the purpose of any exercise thereof, any distribution to the holder(s) thereof, and for all other purposes, and neither the company nor the Warrant Agent shall be affected by any notice to the contrary.

SECTION 6. Exercise; No Fractional Shares or Warrants.

Each Warrant represented by a Warrant Certificate, may be exercised upon the terms and subject to the conditions set forth herein and in such Warrant Certificate, at any time on or after the Initial Exercise Date but not after the Expiration Date. Each Warrant and Warrant Certificate not exercised on the Expiration Date shall thereupon become void and all rights of the Holder thereunder and under this Agreement shall cease. A Warrant shall be deemed to have been exercised immediately prior to the close of business on the date (the "Date of Exercise") of the surrender to the Warrant Agent at its Corporate Trust Office of the Warrant Certificate representing such Warrant, with the exercise form thereon duly executed by the Holder thereof or his attorney duly authorized in writing, together with payment to the Warrant Agent of the Purchase Price in cash or by official bank or certified check, and the person entitled to receive the Shares deliverable upon such exercise shall be treated for all purposes as the Holder of such Shares at the close of business on the Date of Exercise. If the Date of Exercise is in Minneapolis, Minnesota, a holiday or a day on which banks are authorized or obligated by law to close, then the next following day which is not a holiday or a day on which banks are authorized or obligated by law to close shall be deemed the Date of Exercise. Upon the exercise of any Warrant, the Warrant Agent shall promptly notify the company in writing of such fact, of the number of Shares to be delivered upon such exercise, and of the amount of cash received in payment of the Purchase Price. The Warrant Agent shall deposit all moneys received upon the exercise of Warrants in a special account and shall deliver all or part of such moneys to or upon the order of the company upon receipt of instructions from the president, any vice president, the treasurer or the secretary of the company.

The company shall not be obligated to issue any fraction of a Share upon the exercise of any Warrant or Warrants. If more than one Warrant shall be exercised at one time by the same Holder, the number of full Shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Shares issuable upon the exercise of all Warrants otherwise issuable or deliverable upon exercise of a Warrant, The company shall deliver cash in an amount equal to the market value of any such fraction of a Share, computed either (i) on the basis of the last reported sale price of the company's Shares on any national securities exchange where listed, on the last trading day prior to the Date of Exercise or, if there shall not have been a sale on such day, on the basis of the average of the last reported bid and asked price on such exchange, or (ii) if the company's Shares shall not then be listed or admitted to trading on any national securities exchange, on the basis of the average of the last reported bid and asked prices on such day as reported by NASDAQ or a similar service or organization selected by the Board of Directors of the company, or (iii) if not determinable as aforesaid, then on the basis of the average of the last reported bid and asked prices on such day as furnished by the principal market maker in the company's Shares, as determined by the company. Upon such surrender of a Warrant Certificate, the payment of the Purchase Price, and subject to the fifth paragraph in Section 7, the Warrant Agent shall thereupon (i) promptly requisition, from any transfer agent of the Shares of the company, one or more certificates for the number of Shares to be purchased, and (ii) promptly after receipt of such certificate or certificates for Shares cause the same to be delivered to or upon the order of the Registered

Holder of such Warrant Certificate, registered in such name or names as may be designated by such Holder, together with a check in payment for any fraction of a Share. The company irrevocably authorizes the Warrant Agent to make all such requests for Shares and the transfer agent or transfer agents for the Shares of the company to comply with all such requests.

The company shall not be obligated to issue any fractional Warrants on any distribution of Warrants to Registered Holders of Warrant Certificates pursuant to Section 11(b) hereof or to issue Warrant Certificates which evidence fractional Warrants, but the company shall in such event pay to the Registered Holder of any company shall in such event pay to the Registered Holder of any Warrant Certificate who would upon such adjustment, but for the operation of this paragraph, be entitled to receive a fractional fraction of a Warrant, computed either (i) on the basis of the last reported sale price of Warrants on any national securities exchange where listed, on the trading day next following the record date for such adjustment or, if there shall not have been a sale on such day, on the basis of the average last reported bid and asked prices on such exchange, or (ii) if the Warrants shall not then be listed or admitted to trading on any national securities exchange, on the basis of the average of the last reported bid and asked prices on such exchange, on the basis of the average of the last reported bid and asked prices regular way on such day as reported by NASDAQ or a similar service or organization selected by the Board of Directors of the company, or (iii) if not determinable as aforesaid, then on the basis of the last reported bid and asked prices on such day as furnished by any principal market maker in the Warrants, as determined by the company, or (iv) if there has been no bid and asked prices reported by any such market maker, on the basis of that portion of the Unit purchase price attributable to the Warrant as designated in the prospectus offering the Units. Each Registered Holder of a Warrant Certificate by the acceptance thereof expressly waives his right to receive a certificate for a fractional Warrant upon adjustments of the type described herein.

In the event that less than all of the Warrants evidenced by a Warrant Certificate surrendered upon the exercise of Warrants are exercised at any time prior to the Expiration Date, a new Warrant Certificate or Certificates will be issued for the remaining number of Warrants evidenced by the Warrant Certificate so surrendered, pursuant to the provisions of Section 3. All Warrant Certificates surrendered upon exercise of Warrants shall be canceled by the Warrant Agent. Such canceled Warrant Certificates shall then be disposed of by such Warrant Agent in a manner satisfactory to the company.

No adjustments shall be made for any cash dividends on Shares issuable upon the exercise of a Warrant.

SECTION 7. Reservation of Shares; Listing; Payment of Taxes, Etc.

The company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Shares, for the purpose of enabling it to satisfy any obligation to issue Shares upon exercise of Warrants, the full number of Shares deliverable upon the exercise of all outstanding Warrants.

The company covenants that all Shares which may be issued upon exercise of Warrants will upon issue be fully paid and nonassessable and free from all taxes, liens, charges and security interests with respect to the issue thereof.

The company will from time to time take all actions which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities and securities acts filings under federal and state laws, which may be or become requisite in connection with the issuance, sale, transfer, and delivery of the Warrant Certificates, the exercise of the Warrants, the issuance, sale, transfer and delivery of the Shares issued upon exercise of the Warrants, and all actions which may be necessary so that such Shares, immediately upon their issuance upon the exercise of Warrants, will be listed on the principal securities exchange within the United States of America, if any, on which all other Shares are then listed.

The company shall pay all documentary, stamp or similar taxes and other governmental charges that may be imposed with respect to the issuance of the Warrants, or the issuance or delivery of any Shares upon exercise of the Warrants; provided, however, that if Shares are to be delivered in a name other than the name of the Registered Holder of the Warrant Certificate representing any Warrant being exercised, then no such delivery shall be made unless the person requesting the same has paid to the Warrant Agent the amount of any such taxes or charges incident thereto.

The company will make available to the Warrant Agent any cash which may be payable as provided in Sections 6 and 7 hereof prior to the time the Warrant Agent shall be required to make any such payment. The company will file with the Warrant Agent a statement setting forth the name and address of its transfer agent and its registrar for Shares.

SECTION 8. Exchange and Registration of Transfer.

Warrant Certificates may be exchanged for other Warrant Certificates representing an equal aggregate number of Warrants and may be transferred in whole or in part at any time prior to the Expiration Date; provided that Warrant Certificates shall be transferable only in combination with Shares as whole units prior to the Initial Exercise Date. Warrant Certificates to be so exchanged shall be surrendered to the Warrant Agent at its Corporate Trust Office, and the company shall execute, and the Warrant Agent shall countersign and deliver in exchange therefor, the Warrant Certificate or Certificates which the Holder making the exchange shall be entitled to receive, pursuant to Sections 3 and 4.

The Warrant Agent shall keep, at such office, books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrant Certificates in accordance with Section 5 and the transfer thereof. Upon due presentment for registration of transfer of any Warrant Certificate at such office, the company shall execute, and the Warrant Agent shall countersign and deliver to the transferee or transferees a new Warrant Certificate or

Certificates representing an equal aggregate number of Warrants.

All Warrant Certificates presented for registration or transfer or for exchange shall have the assignment form on the reverse thereof duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the company and the Warrant Agent, duly executed by the Registered Holder thereof or his attorney authorized in writing.

No service charge shall be made for any exchange or registration of transfer or Warrant Certificates, but the company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and which the company is not required to pay hereunder.

All Warrant Certificates so surrendered or surrendered for exchange in case of mutilated Warrant Certificates shall be promptly canceled by the Warrant agent and thereafter retained by the Warrant Agent unless otherwise directed by the company in writing.

SECTION 9. Purchase and Cancellation of Warrants.

The company shall have the right, at its option, to purchase or acquire Warrants upon tender or in the open market or through private sale or exchange or upon any securities exchange or in any other way, at the best prices at which outstanding Warrants are, in the judgment of the company, obtainable. Any such purchase shall be in accordance with all other provisions of this Agreement. In the event the company shall purchase or otherwise acquire any Warrant or Warrants after the issuance thereof, such Warrant or Warrants shall thereupon be delivered to the Warrant Agent and be canceled by it and retired.

The company may redeem the warrant from the warrant holder at any time, for the redemption price of \$0.01 per warrant after first giving the warrant holder 30 days advance written notice of the intent to redeem the warrant.

SECTION 10. Loss or Mutilation.

Upon receipt by the company and the Warrant Agent of evidence satisfactory to them of any ownership of and the loss, theft, destruction or mutilation of any Warrant Certificate and (in the case of loss, theft or destruction) of indemnity satisfactory to them, and (in the case of mutilation) upon surrender and cancellation thereof, the company shall execute and the Warrant Agent shall countersign and deliver in lieu thereof a new Warrant Certificate of like tenor evidencing Warrants to purchase the same number of shares at the same price per share as the Warrant Certificate so lost, stolen or destroyed or the Warrant Certificate so surrendered and canceled. Any such substitute Warrant Certificate shall constitute an original contractual obligation of the company, whether or not the allegedly lost, stolen or destroyed Warrant Certificate shall be at any time enforceable by anyone. Applicants for a substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the company or the Warrant Agent may prescribe.

SECTION 11. Adjustment of Purchase Price and Number of Shares Deliverable or Number of Warrants.

The Purchase Price, the number of shares purchasable upon the exercise of each Warrant, and the number of warrants outstanding are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 11.

(a) (i) In case the company shall at any time after the date of this Agreement (i) declare a dividend on the shares in shares of its capital stock, (ii) subdivide the outstanding shares, (iii) combine the outstanding shares into a smaller number of shares, or (iv) issue any shares of its capital stock by reclassification of the shares (including any such reclassification in connection with a consolidation or merger in which the company is the continuing corporation), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Holder of any Warrant exercised after such time shall be entitled to receive the aggregate number and kind of shares which, if such Warrant had been exercised immediately prior to such time, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. Such adjustment shall be made successively whenever any event listed above shall occur. If, as a result of an adjustment made pursuant to this subsection, the Holder of any Warrant thereafter exercised shall become entitled to receive shares of two or more classes, the Board of Directors of the company (whose determination shall be conclusive and shall be described in a statement filed with the Warrant Agent) shall determine the allocation of the adjusted Purchase Price between or among shares of such classes.

(ii) In case the company shall fix a record date for the issuance of rights or warrants to all holders of shares entitled (for a period expiring not more than 45 days after such record date) to subscribe for or purchase shares (or securities convertible into shares) at a price per share (or having a conversion price per share, if a security convertible into shares) less than the current market price per share (as defined in subsection (iv) of this Section 11(a) on such record date, the current Purchase Price to be in effect after such record date shall be determined by multiplying the current Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be (a) the number of shares outstanding on such record date plus (b) the number of shares so offered (or reserved against exercise of such conversion rights), multiplied by the offering price (or the initial conversion price) and divided by the current market price and of which the denominator shall be the number of shares outstanding on such record date plus the number of additional shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined by the Board of Directors of the company. Shares owned by or held for the account of the company or any majority owned subsidiary shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that

such rights or warrants are not so issued, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(iii) In case the company shall fix a record date for the making of a distribution to all holders of shares (including any such distribution made in connection with a consolidation or merger in which the company is the continuing corporation) or evidences of its indebtedness or assets (other than cash dividends or cash distributions payable out of consolidated earnings or earned surplus or dividends payable in shares) or subscription rights or warrants (excluding those referred to in subsection (ii) of this Section 11(a), the current Purchase Price to be in effect after such record date shall be determined by multiplying the current Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the current market price per share (as defined in subsection (iv) of this Section 11(a) on such record date, less the fair market value (as determined by the Board of Directors of the company, whose determination shall be conclusive, and described in a statement filed with the Warrant Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share and of which the denominator shall be such current market price per share. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the purchase price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

If any such rights or warrants shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration payable to the company upon the exercise thereof, the Purchase Price then applicable shall, forthwith upon any such increase becoming effective, be readjusted to reflect such increase.

(iv) For the purpose of any computation under subsections (ii) and (iii) of this Section 11(a), the current market price per share on any date shall be deemed to be the average of the daily closing prices for 30 consecutive trading days immediately preceding the day in question, after appropriate adjustment for share distributions, subdivisions, combinations or reclassifications occurring within said 30-day period. The closing price of each day shall be the last reported sale price; or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case on any national securities exchange where listed, or, if the shares are not listed or admitted to trading on any national securities exchange, the average of the last reported bid and asked prices as reported by NASDAQ, or if not determinable as aforesaid, the average of the last bid and asked prices as furnished by the principal market matter in the company's shares, as determined by the company.

(v) In any case in which this Section 11(a) shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the company may elect to defer until the occurrence of such event the issuing to the Holder of any Warrant exercised after such record date of the Shares and other capital stock of the company, if any, issuable upon such

exercise over and above the Shares and other capital stock of the company, if any, in which the Holder was entitled to purchase on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the company shall deliver to such Holder, a due bill or other appropriate instrument evidencing such Holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(vi) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase over decrease of at least 12-1/2 Cents in such price; provided, however, that any adjustments which by reason of this subsection are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(vii) In the event that at any time as a result of an adjustment made pursuant to subsection (i) of this Section 11(a), the Holder of any Warrant thereafter exercised shall become entitled to receive any shares of the company other than shares, thereafter the Purchase Price of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to shares contained in subsections (i) through (vii) of this Section 11(a).

(viii) Unless the company shall have exercised its election as provided in subsection (b) of this Section 11, upon each adjustment of the Purchase Price as a result of the calculations made in subsections (i), (ii) or (iii) of this Section 11(a), each Warrant outstanding prior to the making of the adjustment in the Purchase Price shall thereafter evidence the right to purchase, at the adjusted Purchase Price, the number of shares (calculated to the nearest hundredth) obtained by (a) multiplying the number of shares purchasable upon exercise of a Warrant prior to adjustment of the number of shares by the Purchase Price in effect prior to adjustment of the Purchase Price and (b) dividing the product so obtained by the Purchase Price in effect after such adjustment of the Purchase Price.

(b) The company may elect on or after the date of any adjustment of the Purchase Price, in substitution for any adjustment in the number of shares purchasable upon the exercise of a Warrant as provided in subsection (viii) of Section 11(a), to adjust the number of Warrants owned by each Holder of a Warrant on such date as hereinafter provided. Each Warrant outstanding after such adjustment of the number of Warrants shall entitle the Holder thereof to purchase one share at the adjusted Purchase Price. Each Warrant held of record prior to such adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest hundredth) obtained by (a) multiplying the number of Warrants held of record prior to adjustment of the Purchase Price and (b) dividing the product so obtained by the Purchase Price in effect after adjustment of the Purchase Price.

The company shall make a public announcement of its election to adjust the number of Warrants, indicating the record date for the adjustment, and, if

known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but shall be at least 10 days later than the date of the public announcement. Upon each adjustment of the number of Warrants pursuant to this Section 11(b) the company shall, as promptly as practicable, distribute to Holders or record on such record date Warrant Certificates evidencing, subject to Section 6, the additional Warrants to which such Holders shall be entitled as a result of such adjustment, or, at the option of the company, shall distribute to such Holders of record in substitution and replacement for the Warrant Certificates held by such Holders prior to the date of adjustment, and upon surrender thereof, if required by the company, no Warrant Certificates evidencing all the Warrants to which such Holders shall be entitled after such adjustment. Warrant Certificates so to be distributed shall be issued, executed and countersigned in the manner specified in Sections 3 and 4 hereof (but may bear, at the option of the company, the adjusted Purchase Price) and shall be registered in the names of the Holders of record of Warrant Certificates on the record date specified in the public announcement.

(c) (i) In case of any capital reorganization of the company, or in case of any reclassification or change of outstanding shares issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or combination), or in case of any consolidation or merger of the company with or into another entity, or in case of any sale or conveyance to another entity of the property of the company as an entirety or substantially as an entirety, then, as a condition of such reorganization, reclassification, change, consolidation, merger, sale or conveyance, the company or such successor or purchasing entity, as the case may be, shall forthwith enter into a supplemental agreement ("Supplemental Agreement") with the Warrant Agent which will provide that the Holder of each Warrant then outstanding will have the right thereafter to receive on exercise of such Warrant the kind and amount of shares and other securities and property which would have been received upon such reorganization, reclassification, change, consolidation, merger, sale or conveyance by a holder of a number of shares equal to the number of shares issuable upon exercise of such Warrant immediately prior to such reorganization, reclassification, change, consolidation, merger, sale or conveyance. Such Supplemental Agreement shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 11. The above provisions of this Section 11(c) shall similarly apply to successive reorganizations, reclassifications and changes of shares and to successive consolidations, mergers, sales or conveyances.

(ii) In case of any consolidation or merger of the company with or into another entity, or in case of any sale or conveyance to another entity of all or substantially all of the property of the company, then, in lieu of the procedure specified in Subsection (i) of Section 11(c), the company may at its option redeem the outstanding Warrants as a whole, but only if the current market price per share exceeds the Purchase Price on the date the company gives notice of such redemption, as such current market price is determined under Subsection (v) of Section 11(a) except that in determining such market price for purposes of this Subsection (ii), the prices shall be those determined by averaging prices for the five earliest consecutive business days within the seven business days

before the notice of redemption is given. the option shall be exercised by a written notice given to the Holders of record at the close of business immediately preceding the date on which the notice is given. The notice shall be mailed not less than 30 days before the redemption date. The Notice shall specify the date fixed for redemption and the redemption price at which Warrants are to be redeemed and shall state that payment of the Warrants to be redeemed will be made at the principal office of the Warrant Agent in the City of Minneapolis, Minnesota, upon presentation and surrender of the Warrants and that from and after the redemption date no interest will accrue on amounts held for a Holder. The notice of redemption shall also include a statement with respect to the existence of the rights of the Holder to exercise his rights to acquire shares and the Purchase Price applicable and shall state that the exercise rights as to shares pursuant to the Warrant will terminate on the close of business on the business day before the redemption date. If the company has given notice of redemption as above provided and has deposited funds sufficient to pay the redemption price, the Warrants called for redemption and still unexercised and outstanding shall be due and payable on the redemption date and shall no longer be deemed to be outstanding thereafter and shall cease to be entitled to any further rights or amounts other than to receive the redemption price from amounts held by the Warrant Agent. The Warrant Agent shall hold the redemption monies in trust for the owners of the Warrants called for redemption and shall pay the same to holders without interest upon presentation and surrender of warrants.

The redemption price attributable to each Warrant to buy one share shall be the excess of (x) the current market price per share as determined under the first sentence of this Subsection (ii) over (y) the Purchase Price in effect on the close of business on the last business day before the notice of redemption is given.

(d) (i) Upon any adjustment of the Purchase Price pursuant to this Section 11, the company shall forthwith (a) cause to be filed with the Warrant Agent a certificate of a firm of independent accountants (which may be the independent accountants for the company) setting forth the Purchase Price after such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be conclusive evidence of the correctness of such adjustment, and (b) cause to be mailed to each of the Registered Holders of the Warrant Certificates written notice of such adjustment. Where appropriate, such notice may be given in advance and included as a part of the notice required to be mailed under the provisions of Section 11(d)(ii).

(ii) In case:

(a) The company shall authorize the issuance to all holders of shares of rights or warrants to subscribe for or purchase shares or any securities convertible into shares, or of any other subscription rights or warrants; or

(b) The company shall authorize the distribution to all holders of shares or evidences of its indebtedness or assets (other than cash dividends or cash distributions payable out of consolidated earnings or earned surplus or

dividends payable in shares); or

(c) Of any consolidated or merger to which the company is a party and for which approval of any shareholders of the company is required, or of the conveyance or transfer of the properties and assets of the company substantially as an entirety, or of any capital reorganization or reclassification or change of outstanding shares issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); or

(d) Of the voluntary or involuntary dissolution, liquidation or winding up of the company; or

(e) The company proposes to take any action (other than actions of the character described in Section 11(a)(i)) which would require an adjustment of the Purchase Price pursuant to Section 11;

Then the company shall cause to be filed with the Warrant Agent and shall cause to be given to each of the Registered Holders of the Warrant Certificates at their address appearing on the Warrant register, at least 20 days (or 60 days in any case specified in clause (c) above) prior to the applicable record date hereinafter specified, written notice stating (i) the date as of which the holders of record of shares to be entitled to receive any such rights, warrants or distributions are to be determined, or (ii) the date on which any such reorganization, consolidation, merger, conveyance, transfer, dissolution, liquidation, or winding up is expected to become effective, and the date as of which it is expected that holders of record of shares shall be entitled to vote upon, and if approved, to exchange their shares for securities or other property, if any, deliverable upon such conveyance, transfer, dissolution, liquidation or winding up. The failure to give the notice required by this subsection or any failure to give the notice required by this subsection or any defect therein shall not affect the legality or validity of any distribution, right, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any such action. Such notice shall also set forth such facts as shall indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Purchase Price and the kind and amount of the shares and other securities and property deliverable upon exercise of the Warrants.

(iii) Nothing contained in this Agreement or in any of the Warrant Certificates shall be construed as conferring upon the Holders thereof of the right to vote or to consent or to receive notice as shareholders in respect of the meetings of shareholders or the election of Board of Directors of the company or any other matter, or any rights whatsoever as shareholders of the company.

(iv) The form of Warrant need not be changed because of any change pursuant to this Section 11 in the Purchase Price or in the number of shares purchasable upon the exercise of a Warrant, and Warrant Certificates issued after such change may state the same Purchase Price and the same number of

shares as are stated in the Warrant Certificates initially issued pursuant to this Agreement. However, the company may at any time in its sole discretion (which shall be conclusive) make any change in the form of Warrant that it may deem appropriated and that does not affect the substance thereof; and any Warrant Certificate thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

(e) Anything in this Section 11 to the contrary notwithstanding, no adjustment in the Purchase Price or in the kind or amount of shares or other securities issuable upon exercise of the Warrants or in any other respect shall be made, and no notice need be given, pursuant to the provisions of this Section 11, by reason of the offer and sale of the Shares, Warrants and Units contemplated in the recitals to this Agreement or the issuance of Shares upon the exercise of the Warrants.

SECTION 12. Concerning The Warrant Agent.

The Warrant Agent acts hereunder solely as agent for the company and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not, by countersigning and delivering Warrant Certificates or by any other act hereunder, be deemed to make any representations as to the validity of this Warrant Agreement (except its valid execution hereof) or the validity or value or authorization of the Warrant Certificates or the Warrants represented thereby or any shares or other shares or other property delivered upon exercise of any Warrant or whether any such shares or other shares are fully paid and nonassessable. The Warrant Agent shall not at any time be under any duty or responsibility to any Holder of Warrant Certificates to make or cause to be made any adjustment of the Purchase Price provided in this Agreement, or to determine whether any fact exists which may require any such adjustment, or with respect to the nature or extent of any such adjustment, when made, or with respect to the method employed in making the same. It shall not (i) be liable for the correctness of any recital or statement of fact contained herein or in the Warrant Certificates or for any action taken, suffered or omitted by it in reliance on any Warrant Certificate or other document or instrument believed by it in good faith to be genuine and to have been signed, sent or presented by the proper party or parties, (ii) be responsible for any failure on the part of the company to comply with any of its covenants and obligations contained in this Agreement or in the Warrant Certificates, or (iii) be liable for any act or omission in connection with this Agreement except for its own negligence or willful misconduct.

The Warrant Agent may at any time consult with counsel satisfactory to it (who may be counsel to the company) and shall incur no liability or responsibility to the company or to any Holder of any Warrant Certificate or any other person or corporation for any action taken, suffered or omitted by it in good faith in accordance with the opinion or advice of such counsel.

Any notice, statement, instruction, request, direction, order, election or demand of the company shall be sufficiently evidenced by an instrument signed by its President, any of its Vice Presidents, its Secretary, any of its Assistant

Secretaries or its Treasurer (unless other evidence in respect thereof is herein specifically prescribed). The Warrant Agent shall not be liable for any action taken, suffered or omitted by it in accordance with such notice, statement, instruction, request, direction, order or demand believed by the Warrant Agent to be genuine and to have been signed, sent or presented by the proper party or parties.

The company agrees to pay the Warrant Agent reasonable compensation for its services hereunder and to reimburse it for all expenses, including counsel fees, taxes and governmental charges and other charges of any kind and nature, incurred by the Warrant Agent hereunder; it further agrees to indemnify the Warrant Agent and save it harmless against any and all losses, expenses and liabilities, including judgments, costs and counsel fees, for anything done or omitted by the Warrant Agent in the execution of its duties and powers hereunder, except losses, expenses and liabilities arising as a result of the Warrant Agent's negligence or willful misconduct.

The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the company or one or more registered holders of Warrant Certificates shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses which may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as it may consider proper, whether with or without any such security or indemnity. All rights of action under this Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrant Certificates or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent, and any recovery of judgment shall be for the ratable benefit of the Registered Holders of the Warrants, as their respective rights or interests may appear.

The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own negligence or willful misconduct), after giving 30 days prior written notice to the company. The company may remove the Warrant Agent and discharge it from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own negligence or willful misconduct), after giving 30 days prior written notice to the Warrant Agent. At least 15 days prior to the date such resignation or removal is to become effective, the Warrant Agent shall cause a copy of such notice of resignation or removal to be mailed to the Registered Holder of each Warrant Certificate. Upon such resignation or removal the company shall appoint in writing a new warrant agent. If the company shall fail to make such appointment within a period of 30 days after it has been notified in writing of such resignation by the resigning Warrant Agent, or within 30 days after it has notified the Warrant Agent in writing of such removal, then the Holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new warrant agent. If a new warrant agent shall not have been appointed by the date such resignation or removal becomes effective, the duties of the Warrant Agent shall be carried out by the company pending such appointment. Any new warrant agent,

whether appointed by the company or by such a court, shall be bank or trust company having a capital and surplus, as shown by its last published report to its stockholders, of not less than \$1,000,000 and having its principal office in either Minneapolis or St. Paul, Minnesota.

After acceptance in writing of such appointment by the new warrant agent is received by the company, such new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act or deed; but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed, the same shall be done at the expense of the company and shall be legally and validly executed and delivered by the resigning warrant agent. Not later than the effective date of any such appointment the company shall file notice thereof with the resigning or removal Warrant Agent and shall forthwith cause a copy of such notice to be mailed to the Registered Holder of each Warrant Certificate.

Any corporation into which the Warrant Agent or any new warrant agent may be converted or merged or any corporation resulting from any consolidation to which the Warrant Agent or any new warrant agent shall be a party or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be a successor Warrant Agent under this Agreement without any further act, provided that such corporation is eligible for appointment as successor to the Warrant Agent under the provisions of the preceding paragraphs, any such successor Warrant Agent shall promptly cause notice of its succession as Warrant Agent to be mailed to the company and to the Registered Holder of each Warrant Certificate. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, any of the Warrants shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrants so countersigned; and in case at that time any of the Warrants shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrants either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases such Warrant shall have the full force provided in the Warrant and in these instructions.

The Warrant Agent, its subsidiaries and affiliates, and any of its or their officers, directors, stockholders, or employees may buy and hold or sell Warrants or other securities of the company and otherwise deal with the company in the same manner and to the same extent and with like effect as though it were not Warrant Agent. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the company or for any other legal entity.

SECTION 13. Modification of Agreement.

The Warrant Agent and the company may by supplemental agreement make any changes or corrections in this Agreement (i) that they shall deem appropriate to cure any ambiguity or to correct any defective or inconsistent provision or manifest mistake or error herein contained; or (ii) that they may

deem necessary or desirable and which shall not adversely affect the interests of the Holders of Warrant Certificates; but this Agreement shall not otherwise be modified, supplemented or altered in any respect except with the consent in writing of the Holders of Warrant Certificates representing not less than 66-2/3% of the Warrants outstanding; provided, however, that no change in the number or nature of the shares purchasable upon the exercise of Warrant, or the Purchase Price therefor, or the Expiration Date of a Warrant, shall be made without the consent in writing of the Registered Holder of the Warrant Certificate representing such Warrant, other than such changes are as specifically prescribed by or contemplated in this Agreement as originally executed.

SECTION 14. Notices.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been made when delivered, or three business days after being mailed first-class postage prepaid, or on the next business day after being delivered to a telegraph office for transmission:

- (i) if to the Registered Holder of a Warrant Certificate at the address of such Holder as shown on the Warrant register maintained by the Warrant Agent; or
- (ii) if the Company at 320 East Main Street, Anoka, Minnesota 55303, or at such other address as may have been furnished to the Warrant Agent in writing by the Company; or
- (iii) if to the Warrant Agent at IDATA, Inc., 14675 Midway Road, Dallas, Texas 75244, or at such other address as may have been furnished to the Company in writing by the Warrant Agent.

SECTION 15. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

SECTION 16. Persons Benefiting.

This Agreement shall be binding upon and inure to the benefit of the Company, the Warrant Agent and their respective successors and assigns, and, to the extent that the provisions hereof are incorporated in the Warrant Certificates by the provisions hereof are incorporated in the Warrant Certificates by the terms hereof, shall be binding upon and shall inure to the benefit of the Holders from time to time of the Warrant Certificates, and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to confer upon any other person or corporation any legal or equitable right, remedy or claim or to impose upon any other person any duty, liability or obligation.

SECTION 17. Counterparts.

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 18. Descriptive Headings.

The descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 19. Termination.

This Agreement shall terminate at the close of business on July 2, 1999 or such later date as Warrant Certificates remain eligible for exercise. Notwithstanding the foregoing, this Agreement will terminate on any earlier date is all Warrants have been exercised. The provisions of Section 12 shall survive such termination.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed.

GLOBAL-CHASE INDUSTRIES, INC.

By: _____
Robert Severson, President

IDATA, INC.

By: _____

CONTRACT FOR SALE
OR PROPERTY

AGREEMENT made by and between Rochkes, Inc., Seller, and Global-Chase Industries, Inc., Buyer.

For good consideration it is agreed between the parties that:

1. Seller agrees to sell, and Buyer agrees to buy the following described property:

90,000 SETS OF WILDLIFE ARTWORK IMAGES.

2. Buyer agrees to pay to Seller the total purchase price of \$4,500,000 as evidenced by the attached Note.

3. Seller warrants it has full legal title to said property, authority to sell same, and that said property shall be sold free and clear of all liens, encumbrances and claims except as disclosed.

4. Said property is sold in "as is" condition, Seller disclaiming any warranty of merchantability or working order or condition of the property except that it shall be sold in its present condition.

5. This agreement shall be binding and inure to the benefit of the parties, their successors, assigns and personal representatives.

SIGNED under seal this 20th day of July 1996.

ROCHKES, INC.

GLOBAL-CHASE INDUSTRIES, INC.

PROMISSORY NOTE

\$4,500.00
Minnesota

Minneapolis,

FOR VALUE RECEIVED, the undersigned, a Minnesota corporation promises to pay to the order of Rochkes, Inc., the principal sum for Four Million Five Hundred Thousand (\$4,500.00) Dollars, together with interest on the unpaid principal balance at a rate of Eight percent (8%) per annum, for Artwork further described in the attached Bill of Sale. Additional terms of this Agreement are outlined in Exhibit "A."

Upon default in the payment of any amount due hereunder, the whole of the principal sum then remaining unpaid and all interest accrued thereon shall, at the option of the holder hereof, become immediately due and payable upon demand. Failure to exercise this option shall not constitute a waiver of the right to exercise this option at a later date.

In the event of default hereunder, the undersigned agrees to pay all costs and expenses of collection, including reasonable attorneys' fees.

The undersigned agrees to pay this Note and waives demand, presentment, protest, and notice of dishonor, and exonerates the holder hereof from any duty and obligation to make demand on anyone for payment or to give notice to anyone of non-payment hereof and further consents to the extension, renewal, exchange, surrender or release of this Note or any person bound hereunder by the holder hereof.

The undersigned promisor and each and every person who has provided security for, or has otherwise acted as an accommodation party in connection with the indebtedness evidenced by this Note at any time without penalty.

This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

GLOBAL-CHASE INDUSTRIES, INC.
BY: ROBERT SEVERSON, PRESIDENT

Exhibit "A" to the Note dated July 20, 1996 between Rochkes, Inc., and Global-Chase Industries, Inc.

ADDITIONAL TERMS AND CONDITIONS OF THE NOTE:

1. During the first twelve (12) months of this Note, there shall be no principal or interest payable, interest will begin to accrue beginning in the thirteenth (13) month. Interest will be paid annually after 12 months.

Starting with the thirty first (31) month, there shall be payments of \$100,000 per month which will be applied first toward interest then toward principal. The entire balance of the Note will be due and payable on July 20, 2001.

2. It is agreed that Seller may chose to exercise an option to convert all or a portion of this Note into a stock option of Global-Chase Industries, Inc., upon terms which will be determined between the parties at any time during the first Eight (8) months of this Note. For this option, Seller agrees that it will grant Buyer an Eighteen (18) month extension upon terms that are acceptable to Seller.

We have read and agree to the above terms and conditions of the Note.

ROCHKES, INC.

GLOBAL-CHASE INDUSTRIES, INC.

LEASE

This is a lease. This lease is dated August 1, 1996. It is a legal agreement between the Leasee and Leasor to lease the property described below. The word "Leasor" is used in this lease to mean Erick Ortiz and the Leasor's address is 18660 Highview Avenue S., Lakeville, MN 55044.

The word "Leasee" as used in this lease means Global - Chase Industries, Inc., corporate headquarters (320 East Main Street, Anoka, MN 55303).

This lease is a legal contract that can be enforced in court against the Leasor or the Leasee if either one of them does not comply with this lease.

1. DESCRIPTION OF PROPERTY. The Property is located at RR#3, Elk River, MN 55330, in the County of Sherburne, State of Minnesota.

2. TERM, AMOUNT AND PAYMENT OF LEASE. This lease is for a term of 36 months beginning on August 1, 1996. The lease payment for the property is: the first 120 days - no charge; next 8 months - \$3,850.00; next 12 months - \$4,850.00; and next 12 months - \$5,850.00. The lease payment for each month must be paid before the 10th of each month. A 10% late fee will be assessed after the 10th of each month which will be assessed and due payable by the next month's lease payment.

3. CONDITION OF LEASE. This lease will be for the full use of the 30' x 30' (main) shop building and its two out-storage buildings.

4. INVENTORY. This lease use is for a fully-equipped shop:

- a. Hand tools
- b. Supplies
- c. Equipment
- d. Miscellaneous materials for product use

5. INVENTORY OF TOOLS AND EQUIPMENT. All tools and equipment on-hand, of which is approximately \$20,000, shall be inventoried by December 1, 1996, when first lease payment is due. This inventory shall be acknowledged and agreed to by all parties.

6. SUPPLIES AND MATERIALS. All supplies and materials on-hand, of which is approximately \$12,000, shall be inventoried by December 1, 1996, when first lease payment is due. This inventory shall be acknowledged and agreed to by all parties. Any portion used of this inventory shall be billed quarterly and paid within 30 days of receipt of such invoice. When lease is terminated, the final invoice for inventory used shall be due and payable within 30 days of lease

expiration or termination date.

7. CARE OF EQUIPMENT. Equipment will be properly cared for and maintained. If lost, broken, or damaged, it will be replaced or repaired to the satisfaction of the Leasor. If Leasor has to replace or repair any equipment, associated costs will be billed and due within 30 days of such invoice or may be added to the next month's lease payment.

8. MAINTENANCE OF BUILDING. While the building is under the terms of this lease, the Leaseee will properly maintain said structure in a safe and orderly condition in and around all buildings (common areas).

9. UTILITIES AND INSURANCE. All utilities and insurance that occur while the Leaseee has use of the building, shall be paid for by the Leaseee during the term of the lease.

10. VACATING PREMISES. If the Leaseee vacates the premises prior to termination of the lease, or without a written lease termination signed by the Leasor, lease payments shall continue in force at the expense of the Leaseee along with any basic utilities, insurances, or miscellaneous associated costs that occur in keeping the building and its equipment in properly maintained condition until such time as the leasor can re-establish a lease with a new Leaseee.

11. RIGHT OF ENTRY. Leasor and Leaseee's agents may enter the property at reasonable hours to repair or inspect the property and perform any work that Leasor decides is necessary. In addition, the Leasor may show the property to possible or new Leasees at reasonable hours during the last 30 days of the lease term. Except in the case of an emergency, Leasor shall give Leasee reasonable notice before entering the property.

12. ASSIGNMENT AND SUBLetting. Leasee may not assign this lease, lease the property to anyone else; sublet; sell this lease or permit any other person to use the property without the prior written consent of the Leasor. If Leasee does any of these things, Leasor may terminate this lease. Any assignment or sublease made without Leasor's written consent will not be effective. Leasee must get Leasor's permission each time Leasee wants to assign or sublet, Leasor's permission is good only for that specific assignment or sublease.

13. SURRENDER OF PREMISES. Leasee shall give Leasor possession of the property when this lease ends. When Leasee moves out, Leasee shall leave the property in as good a condition as it was when the lease started, with the exception of reasonable wear and tear.

14. If Leasee violates a term of this lease and Leasor does not terminate this lease or evict Leasee, Leasor may still terminate the lease and evict Leasee for any other violation of this lease. Leasor agrees that (a) Leasee will not unlawfully allow controlled substances in the buildings; and (b) the common area and building in which it is located will not be used by the Leasee or others acting under his or her control to manufacture, sell, give away, barter, deliver, exchange, distribute, or possess a controlled substance

in violation of any local, state, or federal law including Minn. Stat. Chapter 152. This agreement by Leaseee is not violated if a person other than Leaseee possesses or allows controlled substance in the buildings or in the common areas or unless the Leaseee knows or has reason to know of the activity.

15. ABANDONED PERSONAL PROPERTY. When Leasor recovers possession of the Property, then Leasor may consider Leasee's personal property on or in the property to also have been abandoned. Leasor may then dispose of the personal property in any manner that the Leasor thinks is proper. Leasor shall not be liable to Leasee for disposing of the personal property.

16. HEIRS AND ASSIGNS. The terms of this lease apply to the Leasee and Leasor. The terms of this lease also apply to any heirs or legal representatives of the Leasee or Leasor and any person to whom this lease is assigned.

LEASOR:

LEASEE:

Dated: _____

Dated: _____

CHARLES CLAYTON
ATTORNEY AT LAW
527 Marquette Avenue South
Minneapolis, MN 55402
(612) 338-3738
Fax (612) 338-7508

Exhibit 10

NOVEMBER 14, 1995

Global-Chase Industries, Inc.
320 East Main Street
Anoka, MN 55303

Gentlemen:

I have acted as counsel for the company in connection with the preparation of the Registration Statement, and, based on this, I am of the opinion that:

1. The company is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Minnesota, with corporate authority to conduct the business in which it is now engaged, and as described in the Registration Statement.

2. There is not pending, or to the knowledge of counsel, threatened, any action, suit, or proceeding before or by any court or governmental agency or body to which the company is a party, or to which any property of the company is subject, and which, in the opinion of counsel, could result in a material adverse change in the business, business prospects, financial position or results of operations, present or prospective, of the company or of its properties or assets.

3. There is no liquidation preference for any shareholder, common or preferred, all have the same standing in regard to liquidation.

Cordially,

CHARLES CLAYTON