

SALE OF BUSINESS ASSETS AND SUB-LEASE AGREEMENT

December 5, 2012

PARTIES: **COLEMAN T, INC., an Oregon Corporation** "Seller"
5555 Champoeg Road NE
St. Paul, Oregon 97137

AND: **S-2 CONTRACTORS, INC., an Oregon Corporation** "Buyer"
6860 S. Anderson Rd.
Aurora, Oregon 97002

RECITALS:

A. Seller owns and has operated a rock and rock crushing business, under the assumed business name of Newberg Rock & Dirt, ("Business") located at 31615 NE Wilsonville Road, Newberg, Oregon 97132.

B. Seller desires to sell said Business and the Assets set forth below and Buyer desires to acquire the Business Assets from Seller.

C. The terms of the sale include, but are not limited to: (1) Seller retaining the first two delivery trucks out of the pit and the dispatch side of the business regarding deliveries, excluding large quantity contract sales, until the terms of this Agreement have been satisfied; and (2) the shop that Buyer doesn't desire at the bottom of the hill with the large outside parking area (approximately 20,000 square feet) for a period of 3 years, at which time Coleman T, Inc. will then pay rent as set determined by Buyer, or leave the premises. All crushed inventory will be measured and agreed upon by both parties as to quantity. As product is sold Seller will be paid for that product at his market value (\$12.00 per yard), at the time of sale minus royalties and loading costs if loaded by Buyer. The established loading cost shall be 50 cents per yard. Payment is due on the 10th day of the month following sale of product. The large top soil dirt pile at the east end of the yard is to be measured as above stated, and is available to Buyer at a wholesale price of \$5.00 per yard which is \$2.00 per yard under Seller's current price. Seller will be allowed to operate with regards to this dirt pile as an independent contractor and will carry its own MSHA ID# and be responsible for activity relating to its actions on this mine site, for a period of 3 years from the date hereof, unless sold earlier. If after 3 years the dirt pile still remains, it will be forfeited to Buyer. All of the reject material produced by Seller is estimated at 75,000 yards while this material is currently on Renne property it was removed from Mickelson property and stock piled on Renne property. Buyer agrees and will pay royalties as required by the leases referred to in Section 2.2 below. Seller did mine and produce this product and will let it go to Buyer as part of the sale at no charge, provided Seller may buy it back at \$2.00 per yard under Buyer's market value as Seller can market and deliver it. Seller's current market value for reject at the time of sale ranges between \$4.00 and \$5.00 per yard, depending on quantities.

AGREEMENT

1. **INCORPORATION OF RECITALS.** Each of the recitals set forth above are incorporated into and made a part of this Agreement.

2. **ASSETS PURCHASED.**

2.1 **Purchase and Sale.** Subject to all the terms and conditions of this Agreement and for the consideration herein stated, Seller agrees to sell, convey, assign, transfer and deliver to Buyer, and Buyer agrees to purchase and accept from Seller, all of the assets, properties and rights of Seller (other than the assets specifically excluded below), tangible and intangible, wherever located, that are used or useful to maintain and operate the Business, which assets (the "Assets") shall include without limitation:

2.1.1 all fixed Assets including rock crushing plant and support equipment, a complete list of which is attached hereto marked Exhibit "A" and by this reference incorporated herein.

2.1.2 all prepaid expenses, advance payments, credits, and the like, including but not limited to advertising (yellow pages or otherwise);

2.1.3 all customer and supplier lists and distribution records;

2.1.4 all books, correspondence, files, lists, papers and records pertaining to the Business and Assets;

2.1.5 all goodwill, including but not limited to the name "Newberg Rock" and all registrations thereof;

2.1.6 all permits, licenses, reclamation bond (or any premium refund applied to new reclamation bond for Buyer).

2.1.7 Seller's telephone and fax numbers relating to the Business; with the exception of Seller's personal cell phone number,

2.1.8 all of Seller's domain names and/or websites pertaining to the Business.

2.2 **Lease Rights.** Seller owns the following quarry lease rights:

2.2.1 A Quarry Lease dated March 1, 2004, extended by Extension of Lease dated March 31, 2010, between Lawrence C. Renne and Patricia L. Renne, Trustees, Renne Family Living Trust, UTA, May 6, 1998 as Lessor and Coleman T, Inc. as Lessee. A copy of said March 1, 2004 Lease is attached hereto marked Exhibit "B" and by this reference incorporated herein. A copy of the aforesaid Extension Agreement dated March 31, 2010 is attached hereto marked Exhibit "C" and by this reference incorporated herein.

2.2.2 A Quarry Lease dated July 16, 2004 and an Extension thereof dated February 3, 2009 between H. Fred Mickelson and D. Joan Mickelson, Trustees of the Mickelson Living Trust, UTD, December 23, 1996 as Lessor and Coleman T, Inc. as Lessee. A copy of said Quarry Lease is attached hereto marked Exhibit "D" and by this reference incorporated herein. A copy of the Extension to said Quarry Lease is attached hereto marked Exhibit "E" and by this reference incorporated herein.

2.2.3 Seller agrees to sub-lease said Leases to Buyer from the date of this Agreement.

QUARRY LEASE

I. LEASE

THIS LEASE, made and entered on July __, 2004, by and between H. FRED MICKELSON and D. JOAN MICKELSON, TRUSTEES OF THE MICKELSON LIVING TRUST, UTA DTD DECEMBER 23, 1996, hereinafter called Owners, and Coleman T, Inc., hereinafter called Lessee:

WITNESSETH: In consideration of the covenants herein contained to be kept and performed by Lessee, Owners do hereby lease to Lessee, the following described premises situated in the County of Yamhill, Oregon, to wit:

The western most 240 feet of that certain parcel of real property described in deed dated October 16, 1999 and recorded as Instrument No. 19921106, Deed and Mortgage Records of Yamhill County, Oregon, which has been zoned MR by Yamhill County, Oregon. The leased premises consist of approximately 8 acres, more or less and is further described in map attached hereto as Exhibit A.

The above described property is hereinafter referred to as "the Property", and the Property is being leased for a term of five (5) years beginning March 19, 2004 and ending on March 18, 2009, or at such time as 300,000 cubic yards of rock or other material have been removed from the property, whichever should occur first. However, provided Lessee has kept and performed all the terms and obligations set forth in this Lease, upon the termination of this Lease Owners and Lessee shall enter into good faith negotiations to extend the Lease for an additional five (5) year period on terms and for a royalty rent payment agreeable to both Owners and Lessee.

1. Lessee shall pay to Owners as royalty and rent for the leased property the following sums:

a. Forty-one cents (\$.41) per cubic yard for any and all rock and other material removed from the Property during the term of this lease. The royalty rent payments shall be divided into two components, namely the "minimum monthly royalty rent payment" and the "trade royalty rent payment".

(1) A minimum monthly royalty rent payment of thirty cents (\$.30) per cubic yard shall be paid for any and all rock and other material removed from the property. The minimum monthly royalty rent payment shall be due on the 1st day of the month following the month in which the rock and other material has been

removed from the property.

(2) A trade royalty rent payment of eleven cents (\$.11) per cubic yard shall be paid for any and all rock and other material removed as follows: commencing on the date of this agreement, but concluding no later than July, 2005, Lessee shall construct at Owners' residence located at 32520 NE Corral Creek Road, an approximate four foot high stone retaining wall along Owners' driveway extending from Corral Creek Road to Owners' residence; and Lessee shall also gravel Owners' entire driveway. Lessee's work shall be valued on a time and materials basis using Lessee's standard published rates and actual cost of materials, but which total is estimated at this time to be \$33,000. The type of stone retaining wall to be installed is as depicted in the sample photographs attached hereto as Exhibit B. Instead of Owners paying Lessee for the retaining wall and the gravel driveway, the cost of the retaining wall and driveway shall represent a credit to be applied by Lessee against the trade royalty rent payment. Upon completion of the rock retaining wall and the gravel driveway, Lessee shall furnish to Owners all of Lessee's invoices and other records to substantiate the total cost of the retaining wall and gravel driveway.

(3) At such time as Lessee's credit for the trade royalty rent payment has been fully expended, Owners and Lessee may agree to further projects, the payment of which by Owners shall be by trade royalty rent credits as provided for in paragraph (2) above. Any such additional projects for which the trade royalty rent payment shall apply shall be described in a writing signed by both Owners and Lessee. At such time as Lessee's credit for the trade royalty rent payment on all projects has been expended, then at that time, the minimum monthly royalty rent payment shall be the sum of \$.41 per cubic yard for all rock and other material removed from the property during the remainder of the lease.

b. The amount of rock or other material removed from the property upon which the royalty rent payments are based shall be calculated by the "yard measure" method using the automatic calculator on Lessee's front loader.

2. All payments shall be made to Owners at Owners' address set forth in this lease. An accounting shall be made by Lessee to Owners on the 1st day of each month during this lease for all rock and material removed from the property during the preceding month. This accounting shall accompany the royalty rent payments. Lessee shall also furnish to Owners on request,

copies of weight receipts, invoices and other records substantiating such accountings. In addition, Owners shall have the right, upon reasonable notice, to inspect Lessee's front loader and Lessee's books and records to determine independently the accuracy of such accountings.

3. Owners shall have no personal obligation to pay Lessee for the retaining wall and the driveway. Lessee agrees that Lessee's entire compensation for the rock wall and gravel driveway furnished to Owners shall be the credit against the trade royalty rent payments. In the event this lease should terminate without Lessee realizing Lessee's entire credit, Owners shall have no obligation to Lessee to reimburse Lessee for any unrealized or unused credit, or to apply the unused credit towards the minimum monthly royalty rent payments, or to extend the lease to allow additional mining to take place.

4. Lessee agrees not to file or otherwise assert or prosecute any construction liens against Owners' property for service performed in constructing the rock retaining wall and the gravel driveway or for materials furnished. Further, Lessee agrees to indemnify and save and hold harmless Owners from any of Lessee's subcontractors or materialmen from such liens for labor performed or materials furnished. In the event any such lien shall nevertheless be filed, Lessee agrees to take all steps necessary and proper for the release and discharge of such liens and in default in performing such obligation agrees to reimburse Owners, on demand, for all monies paid by Owners in releasing, satisfying and discharging any such liens, including reasonable attorney's fees as disbursements.

5. Lessee shall occupy and use the Property exclusively for mining, storing and processing of mineral resources. All federal, state and local mining permits required shall be procured by Lessee, at Lessee's sole expense.

6. Lessee agrees not to suffer or permit any waste (other than extraction of mineral resources on the terms provided hereinafter). For purposes of this agreement "waste" shall include, but not be limited to, contamination or damage to the Property resulting from Lessee's use, storage or release of Hazardous Substance on the Property in violation of any Applicable Environmental Law. Lessee agrees to defend, indemnify and hold harmless the Owner from liability to third parties for any use, storage, or release of Hazardous Substances on the Property in violation of any Applicable Environmental Law arising from Lessee's use of the Property. This indemnity shall survive the expiration of this lease.

7. Owners agree to defend, indemnify and hold harmless the Lessee from liability to third parties for any use, storage or release of Hazardous Substances in violation of any Applicable Environmental Law on the Property arising from Owners and Owners' agents or previous lessees or Owners' predecessors' use of the Property. This indemnity shall survive the expiration of this Lease.

8. As used in this agreement "Hazardous Substances" and "Applicable Environmental Laws" shall mean:

a. "Hazardous Substances" means any hazardous, toxic or dangerous substance, waste or material which is now or hereafter becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereinafter in effect pertaining to environmental protection, contamination or clean-up, including without limitation (i) any substance, waste or material which now or hereafter is designated as a "hazardous substance" under or pursuant to the Federal Water Pollution Control Act (33 U.S.C. §1257, et seq.), (ii) defined as "hazardous waste" under or pursuant to the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), (iii) defined as a "hazardous substance" in (or for purposes of) the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601, et seq., as amended), or (iv) designated as a "hazardous substance" under or pursuant to any other applicable state or federal laws, statutes, rules or regulations. Without limiting the foregoing, Hazardous Substances shall include asbestos petroleum or hydrocarbon products and any chemical material or substance to which exposure is prohibited, limited or regulated by any federal, state or local governmental authority.

(b) "Applicable Environmental Laws" means any applicable federal, state or local laws, rules or regulations pertaining to petroleum products or hazardous substances, including, without limitation, the Toxic Substances Act, the Comprehensive Environmental Response Compensation Liability Act, as amended ("CERCLA"), the Resource Conservation and Recovery Act, as amended ("RCRA"), the Federal Water Pollution Control Act, and the Federal Emergency Planning and Community Right to Know Act of 1986, as amended.

9. Lessee shall not use the Property, or permit anything to be done on or about the Property, which in any way conflicts with any law, statute, ordinance or governmental rule or regulation now in force or which may hereinafter be enacted. Lessee shall, at its sole expense, properly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements which are now in effect or may hereafter be in effect, including but not limited to those pertaining to mining. Lessee shall keep the Property free of junk and garbage. Upon the termination of this lease, Lessee shall remove all equipment and other personal property and materials used by Lessee in Lessee's mining operations.

10. Lessee assumes full responsibility for damage to any persons or property arising from its activities on the Property. During the term of this lease, Lessee shall keep in force and effect a policy of public liability and property damage insurance with respect to the Property and the business operation of Lessee. The policy limits for such liability shall be not less than \$1,000,000.00 and the policy shall name Owners, as well as Lessee, as insured and shall contain a clause that the insurer will not change or cancel the insurance without giving Owners at least 30 days prior notice. The insurance shall be with a major American U.S. insurance carrier and a certificate of insurance shall be delivered to Owners.

11. Lessee shall allow Owners free access to the Property at all reasonable times for the purpose of inspection.

12. In addition to such reclamation requirements as may be made by public law and regulations, it is understood that at the termination of this lease, Lessee shall leave the premises in a condition consistent with general requirements of the rock and gravel industry.

13. Lessee shall pay all taxes levied against any equipment or personal property of any kind installed or used by Lessee on the leased property, whether or not the personal property installed is designated by the taxing authority as real property or taxed as real property or designated as personal property and taxed as personal property. Owners shall be responsible for paying all ad valorem real property taxes assessed against the Property during the term of this lease.

14. Time is of the essence of this agreement. A default on this lease shall occur when a royalty rent payment is not made within 10 days of its due date. The lease shall also be deemed in default when Lessee fails to perform any other obligation in this lease within 30 days after written notice from Owners specifying the nature of the default has been given and the default has not been cured or Lessee fails to commence reasonable curative action during that time period.

15. In the event Lessee shall be in default under the terms of this lease, Owners or any of those having the estate of Owners in the Property, may elect to terminate this lease. In the event of the termination of the lease by default of Lessee, or by the expiration of the term of this lease, Owners or those having the estate of Owners in the Property may enter said Property, or any part thereof, repossess the same and expel Lessee and those claiming under Lessee, and remove the effects of Lessee by force or otherwise, without thereby being liable for any damages whatsoever. In the event of default, all rock, gravel, and stockpiled material remaining on the Property shall be forfeited to Owners and it shall become the property of Owners without any obligation, payment or compensation to Lessee.

GENERAL TERMS

16. The following General Terms apply to this agreement.

a. Owners will receive all written notices at the following address:

32520 NE Corral Creek Road
Newberg, Oregon 97132

b. Lessee will receive all written notices at the following address:

5555 Champoeg Road, NE
St. Paul, Oregon 97137

17. Lessee shall not either voluntarily or by operation of law, sign, transfer, mortgage, pledge, hypothecate or encumber this lease, the Property, or any interest therein, and shall not sublet the Property or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (the employees, agents, servants and invitees of Lessee excepted) to occupy or use the Property, or any portion thereof, without first obtaining the written consent of Owners. Owners shall have the right to approve any new partner or business associate of Lessee.

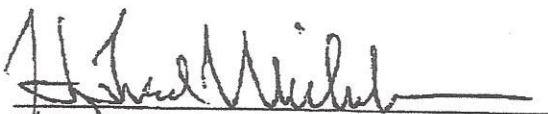
18. In the event any suit or action is brought to enforce any of the terms set out above, the losing party agrees to pay such sums as to the trial court or any appellate court may adjudge to be reasonable, plus statutory costs and disbursements allowed to the prevailing party in such action, or upon appeal therefrom.

19. The parties agree that this Lease will not be recorded.

20. This agreement has been prepared by Allyn E. Brown, Attorney at Law, representing Owners only in this transaction.

THIS AGREEMENT has been executed in duplicate on this ____ day of July, 2004, nunc pro tunc as of March 19, 2004.

OWNERS

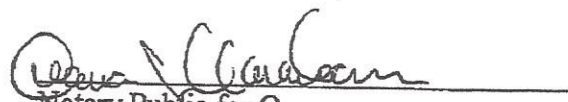

H. Fred Mickelson, Trustee


D. Joan Mickelson, Trustee

STATE OF OREGON)
) ss.
County of Yamhill)

On the 16 day of July, 2004, personally appeared the above named H. Fred Mickelson and D. Joan Mickelson, Trustees of the Mickelson Living Trust, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:


Notary Public for Oregon

COLEMAN T, INC., LESSEE

By _____
Chris Coleman, President

