

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of the date set forth below by and among **Bobcat Radio, Inc., a Colorado corporation** ("Buyer") and **Pilgrim Communications, Inc.** ("Seller").

Recitals

A. Seller owns Radio Station KVLE-FM, Gunnison, Colorado (Facility ID # 27158) ("Station"). The Station has a license issued by the Federal Communications Commission ("FCC").

B. Pursuant to the terms and subject to the conditions set forth in this Agreement, Seller desires to sell to Buyer and Buyer desires to purchase from Seller, the Station Assets (defined in Section 1.1).

Agreement

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1: PURCHASE OF ASSETS

1.1 Station Assets. On the terms and subject to the conditions hereof, at Closing (defined in Section 1.8), except as set forth in Sections 1.2 and 1.3, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all right, title and interest of Seller in and to all assets and properties of Seller, real and personal, tangible and intangible, that are used in the operation of the Station (the "Station Assets"), including without limitation the following:

(a) all licenses, permits and other authorizations issued to Seller by the FCC with respect to the Station (the "FCC Licenses"), described on *Schedule 1.1(a)*;

(b) All equipment, transmitter, antenna, cables, computer systems, furniture, and other tangible personal property used in the operation of the Station, including, without limitation, the property described on *Schedule 1.1(b)* ("Tangible Assets");

(c) Seller's real property leases (Tarpon tower, Tower site lease and studio lease) listed on *Schedule 1.1(c)* (the "Real Property Lease");

(d) all agreements for the sale of advertising time on the Station entered into in the ordinary course of business, and all other contracts, agreements and leases entered into in the ordinary course of the Station's business, including without limitation those listed on *Schedule 1.1(d)* (the "Station Contracts");

(e) all of Seller's rights in and to certain intangible property which is used in the operation of the Station which is listed on *Schedule 1.1(e)* (the "Intangible Property"); and



(f) Seller's rights in and to the Station's local public files, but excluding records relating to Excluded Assets (defined in Section 1.2).

The Station Assets shall be transferred to Buyer free and clear of liens, claims and encumbrances ("Liens") except for (i) Assumed Obligations (defined in Section 1.3), (ii) liens for taxes not yet due and payable and (iii) liens that will be released at or prior to Closing.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets or any rights, title and interest therein and shall be retained by Seller (the "Excluded Assets"):

(a) all cash and cash equivalents of Seller, including without limitation certificates of deposit, commercial paper, treasury bills, marketable securities, money market accounts and all such similar accounts or investments;

(b) all records not relating to the operation of the Station;

(c) all contracts of insurance, all coverages and proceeds thereunder and all rights in connection therewith, including without limitation rights arising from any refunds due with respect to insurance premium payments to the extent related to such insurance policies;

(d) any non-transferable shrink-wrapped computer software and any other non-transferable computer licenses that are not material to the operation of the Station;

(e) minute books or similar internal documents of Seller or any of their predecessors-in-interest;

(f) Any assets listed on *Schedule 1.2*.

1.3 Assumption of Obligations. Buyer will assume Seller's Real Property Leases, a description of which is attached hereto on *Schedule 1.1(c)*.

1.4 Purchase Price. The purchase price to be paid by Buyer to Seller for all of the property, assets, contracts, rights, privileges and immunities to be acquired hereunder shall, subject to the adjustments provided for below, be the sum of **One Hundred Fifty Thousand Dollars (\$150,000.00)**, subject to adjustment pursuant to Section 1.6 (the "Purchase Price").

1.5 Method of Payment. The Purchase Price shall be paid as follows:

(a) Amount Financed by Seller. The Purchase Price of \$150,000.00 shall be represented by a Promissory Note (the "Note") in a form substantially similar to that set forth in *Schedule 1.5(a)* attached hereto and made a part hereof, to be executed and delivered by Buyer to Seller on the Closing Date. Buyer shall not be required to make payments on, nor shall interest accrue on the Note, until Buyer's obligation to pay the real estate lease payments have terminated. Buyer's first payment on the Note shall be due the month following termination of the lease obligations.

(b) Security Agreement. As Security for the above referenced obligations, Buyer shall give a first security interest in all of the tangible and intangible assets of the Buyer. This Security will be represented by a Security Agreement in a form substantially similar to that set forth in *Schedule 1.5(b)* attached hereto and made a part hereof, to be executed and delivered by Buyer to Seller on the Closing Date.

1.6 Prorations and Adjustments. Except as stated in this Section 1.6, all prepaid and deferred income and expenses relating to the Station Assets and arising from the operation of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles ("GAAP") as of 12:01 a.m. on the day of Closing (the "Effective Time"). Such prorations shall include without limitation all ad valorem, real estate and other property taxes (except transfer taxes as provided by Section 11.1), music and other license fees, utility expenses, rent and other amounts under Station Contracts and similar prepaid and deferred items. Seller shall receive a credit for all of the Station's deposits and prepaid expenses. Prorations and adjustments shall be made no later than ninety (90) calendar days after Closing. In the event of any disputes between the parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at the time provided herein and such disputes shall be determined by an independent certified public accountant mutually selected by the parties, and the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer.

1.7 Allocation. Within sixty (60) days of Closing, Buyer and Seller shall allocate the Purchase Price for tax purposes in accordance with the requirements of Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"). If Buyer does not obtain the appraisal, then the Purchase Price shall be allocated as agreed to by the Buyer and Seller. Each of Buyer and Seller shall file a tax return in accordance with and when required under the Code.

1.8 Closing. Closing will take place within ten (10) business days of FCC initial approval (the "Closing").

1.9 FCC Consent. Within ten (10) business days of the date of this Agreement, Buyer and Seller shall file an application with the FCC (the "FCC Application") requesting FCC consent to the assignment of the FCC Licenses to Buyer. FCC consent to the FCC Application without any material adverse conditions other than those of general applicability is referred to herein as the "FCC Consent". Buyer and Seller shall diligently prosecute the FCC Application and otherwise use their commercially reasonable efforts to obtain the FCC Consent as soon as possible.

ARTICLE 2: SELLER REPRESENTATIONS AND WARRANTIES

Seller makes the following representations and warranties to Buyer:

2.1 Organization. Seller is duly organized corporation, validly existing and in good standing under the laws of the State of Indiana and is authorized to transact business in the State of Colorado. Seller has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be made by Seller pursuant hereto (collectively, the "Seller Ancillary Agreements") and to consummate the transactions contemplated hereby.

2.2 Authorization. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is a legal, valid and binding agreement.

2.3 No Conflicts. Except for the FCC Consent and consents to assign certain of the Station Contracts, the execution, delivery and performance by Seller of this Agreement and the Seller Ancillary Agreements and the consummation by Seller of any of the transactions contemplated hereby does not conflict with any organizational documents of Seller, any contract or agreement to which Seller are a party or by which it is bound, or any law, judgment, order, or decree to which Seller are subject, or require the consent or approval of, or a filing by Seller with, any governmental or regulatory authority or any third party.

2.4 FCC Licenses. Seller is the holder of the FCC Licenses described on *Schedule 1.1(a)*.

2.5 Personal Property. *Schedule 1.1(b)* contains a list of Tangible Personal Property included in the Station Assets. Seller has good and marketable title to the Tangible Personal Property free and clear of Liens. **All material items of Tangible Personal Property are being sold in as-is-where-is condition.**

2.6 Real Property. *Schedule 1.1(c)* contains copies of the Real Property leases held by Seller.

2.7 Contracts. *Schedule 1.1(d)* contains a list of all contracts that are used in the operation of the Station.

2.8 Environmental. To Seller's knowledge, no hazardous or toxic substance or waste regulated under any applicable environmental, health or safety law has been generated, stored, transported or released on, in, from or to the Real Property. To Seller's knowledge, Seller has complied in all material respects with all environmental, health and safety laws applicable to the Station.

2.9 Intangible Property. *Schedule 1.1(e)* contains a description of the Intangible Property included in the Station Assets.

ARTICLE 3: BUYER REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller:

3.1 Organization. Bobcat Radio, Inc., is a Colorado corporation. Collectively, Buyer has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be made by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements") and to consummate the transactions contemplated hereby.

3.2 No Conflicts. Except for the FCC Consent, the execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of any of the transactions contemplated hereby does not conflict any

law, judgment, order or decree to which Buyer is subject, or require the consent or approval of, or a filing by Buyer with, any governmental or regulatory authority or any third party.

3.3 Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Station under the Communications Act and the rules, regulations and policies of the FCC. There are no facts that would, under existing law and the existing rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of the Station. No waiver of or exemption from any FCC rule or policy is necessary for the FCC Consent to be obtained. There are no matters which might reasonably be expected to result in the FCC's denial or delay of approval of the FCC Application.

ARTICLE 4: SELLER COVENANTS

4.1 Seller's Covenants. Between the date hereof and Closing, except as permitted by this Agreement or with the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, Seller shall:

- (a) operate the Station in the ordinary course of business and in accordance with FCC rules and regulations and with all other applicable laws, regulations, rules and orders;
- (b) not dissolve, liquidate, merge or consolidate with any other entity; and
- (c) not enter into new Station Contracts that will be binding upon Buyer after Closing or amend any existing Station Contracts.

ARTICLE 5: JOINT COVENANTS

Buyer and Seller hereby covenant and agree as follows:

5.1 Confidentiality. The parties agree to hold in confidence and not disclose, (a) any data or information relating to Seller or Buyer or the Station obtained from Seller or any of their employees, agents or representatives in connection with this Agreement, or (b) any data and information relating to the business, customers, financial statements, conditions or operations of the Station which are confidential in nature and not generally known to the public. If the transaction contemplated in this Agreement is not consummated for any reason, the parties agree to return in a prompt fashion such data, information and any other written material obtained by the parties in connection with this transaction.

5.2 Control. Buyer shall not, directly or indirectly, control, supervise or direct the operation of the Station prior to Closing. Consistent with the Communications Act and the FCC rules and regulations, control, supervision and direction of the operation of the Station prior to Closing shall remain the responsibility of License Corporation as the holder of the FCC Licenses.



5.3 Risk of Loss. Seller shall bear the risk of any loss of or damage to any of the Station Assets at all times until the Effective Time, and Buyer shall bear the risk of any such loss or damage thereafter.

5.4 Consents.

(a) The parties shall use all commercially reasonable efforts to obtain (i) any third party consents necessary for the assignment of any Station Contract.

(b) To the extent that any Station Contract may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant to this Agreement shall not constitute an assignment of such Station Contract; provided, however, with respect to each such Station Contract, Seller and Buyer shall cooperate to the extent feasible in effecting a lawful and commercially reasonable arrangement under which Buyer shall receive the benefits under the Station Contract from and after Closing, and to the extent of the benefits received, Buyer shall pay and perform Seller's obligations arising under the Station Contract from and after Closing in accordance with its terms.

5.5 Actions. After Closing, Buyer shall cooperate with Seller in the investigation, defense or prosecution of any action which is pending or threatened against Seller or their affiliates with respect to the Station, whether or not any party has notified the other of a claim for indemnification with respect to such matter. Without limiting the generality of the foregoing, Buyer shall make available its employees to give depositions or testimony and shall preserve and furnish all documentary or other evidence that Seller may reasonably request.

ARTICLE 6: SELLER CLOSING CONDITIONS

The obligation of Seller to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Seller):

6.1 Representations and Covenants.

(a) The representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects.

(c) Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby. At the Closing, (i) no applicable law shall exist and no action shall have been entered which prohibits the transaction contemplated by this Agreement and (ii) no legal proceedings shall have been commenced (by persons other than Seller, Buyer and their respective affiliates) and not stayed, settled or dismissed which seeks to enjoin, restrain or alter the transaction contemplated by this Agreement.

- 6.2 FCC Authorization. The FCC Consent shall have been obtained.
- 6.3 Deliveries. Buyer shall have complied with its obligations set forth in Section 8.2.

ARTICLE 7: BUYER CLOSING CONDITIONS

The obligation of Buyer to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Buyer):

7.1 Representations and Covenants.

(a) The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects.

7.2 Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby. At the Closing, (i) no applicable law shall exist and no action shall have been entered which prohibits the transaction contemplated by this Agreement and (ii) no legal proceedings shall have been commenced (by persons other than Seller, Buyer and their respective affiliates) and not stayed, settled or dismissed which seeks to enjoin, restrain or alter the transaction contemplated by this Agreement.

7.3 FCC Authorization. The FCC Consent shall have been obtained.

7.4 Deliveries. Seller shall have complied with their obligations set forth in Section 8.1.

7.5 Consents. The Required Consents (if any) shall have been obtained.

ARTICLE 8: CLOSING DELIVERIES

8.1 Seller Documents. At Closing, Seller shall deliver or cause to be delivered to Buyer:

- (a) an assignment of FCC authorizations assigning the FCC Licenses from Seller to Buyer;
- (b) an assignment and assumption of contracts assigning the Station Contracts from Seller to Buyer;
- (c) an assignment and assumption of all Real Property Leases;
- (d) a bill of sale conveying the other Station Assets from the Seller to Buyer;

and

(e) any other instruments of conveyance, assignment and transfer that may be reasonably necessary to convey, transfer and assign the Station Assets from the respective Seller to Buyer.

8.2 Buyer Documents. At Closing, Buyer shall deliver or cause to be delivered to Seller:

- (a) a Promissory Note;
- (b) a Security Agreement;
- (c) an assignment and assumption of contracts assuming the Station Contracts;
- (d) an assignment and assumption of all Real Property Leases; and
- (e) such other documents and instruments of assumption that may be necessary to assume the Assumed Obligations.

ARTICLE 9: SURVIVAL; INDEMNIFICATION

9.1 Survival. The representations and warranties in this Agreement shall survive Closing for a period of six (6) months from the Closing Date.

9.2 Indemnification

(a) Subject to Section 9.2(b), from and after Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from:

- (i) any breach by Seller of their representations and warranties made under this Agreement; or
- (ii) any default by either or both of Seller of any covenant or agreement made under this Agreement; or
- (iii) the Retained Obligations; or
- (iv) the business or operation of the Station before the Effective Time, except for the Assumed Obligations.

(b) From and after Closing, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from:

- (i) any breach by Buyer of its representations and warranties made under this Agreement; or

(ii) any default by Buyer of any covenant or agreement made under this Agreement; or

(iii) the Assumed Obligations; or

(iv) the business or operation of the Station after the Effective Time.

9.3 Procedures.

(a) The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties that is subject to indemnification hereunder (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's rights or the indemnifying party's obligations except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced and provided that such notice is given within the time period described in Section 9.1.

(b) The indemnifying party shall have the right to undertake the defense or opposition to such Claim with counsel selected by it. In the event that the indemnifying party does not undertake such defense or opposition in a timely manner, the indemnified party may undertake the defense, opposition, compromise or settlement of such Claim with counsel selected by it at the indemnifying party's cost (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding:

(i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim;

(ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim;

(iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel concerning such Claim and the indemnifying party and the indemnified party and their respective counsel shall cooperate in good faith with respect to such Claim; and

(iv) neither party shall have any liability to the other under any circumstances for special, indirect, consequential, punitive or exemplary damages or lost profits or similar damages of any kind, whether or not foreseeable.

ARTICLE 10: TERMINATION AND REMEDIES

10.1 Termination. Subject to Section 10.2, this Agreement may be terminated prior to Closing as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by written notice of Buyer to Seller if Seller breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period (defined in Section 10.2);
- (c) by written notice of Seller to Buyer if Buyer breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period; provided, however, that the Cure Period shall not apply to Buyer's obligations to pay the Purchase Price at Closing; or
- (d) by written notice of Seller to Buyer or Buyer to Seller if Closing does not occur by the date nine (9) months after the date of this Agreement.

10.2 Cure Period. Each party shall give the other party prompt written notice upon learning of any breach or default by the other party under this Agreement. The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receive from the other written notice of breach or default hereunder and continuing until the earlier of (a) ten (10) calendar days thereafter, or (b) the Closing Date determined under Section 1.8; provided, however, that if the breach or default is non-monetary and cannot reasonably be cured within such period but can be cured before the Closing Date determined under Section 1.8, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date determined under Section 1.8.

10.3 Specific Performance. In the event of failure or threatened failure by Seller to comply with the terms of this Agreement, the Buyer shall be entitled to an injunction restraining such failure or threatened failure and, subject to obtaining any necessary FCC consent, to enforcement of this Agreement by a decree of specific performance requiring compliance with this Agreement.

10.4 Liquidated Damages. If Seller terminates this Agreement pursuant to Section 10.1(c), then the Buyer shall be obligated to pay to Seller the sum of \$2,000.00. This sum shall constitute liquidated damages and be the sole remedy of Seller under this Agreement.

ARTICLE 11: MISCELLANEOUS

11.1 Expenses. Each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement. All governmental filing fees and charges applicable to the

request for FCC Consent shall be paid by Buyer. There are no brokers involved with this transaction.

11.2 Further Assurances. After Closing, each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to more effectively consummate the transactions contemplated hereby.

11.3 Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto, provided, however, that Buyer may assign its rights hereunder to an affiliate of Buyer upon written notice to, but without consent of, Seller, provided that (a) any such assignment does not delay processing of the FCC Application, grant of the FCC Consent or Closing, (b) any such assignee delivers to Seller a written assumption of this Agreement, (c) Buyer shall remain liable for all of its obligations hereunder, and (d) Buyer shall be solely responsible for any third party consents necessary in connection therewith (none of which is a condition to Closing). The terms of this Agreement shall bind and inure to the benefit of the parties' respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement.

11.4 Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery, delivered by U.S. Certified Mail, or delivered by U.S. Express Mail, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller:

Pilgrim Communications, Inc.
P.O. Box 90
New Palestine, IN 46163
Attention: Randy Hood, President

if to Buyer:

John H. Rees, President
Bobcat Radio, Inc.
P.O. Box 1288
Gunnison, CO 81230

11.5 Amendments. No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought.

11.6 Entire Agreement. This Agreement (including all Schedules and Exhibits hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof, except any confidentiality agreement among the parties with respect to the Station, which shall remain in full force and effect. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement.

11.7 Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal or unenforceable under any applicable law, then, so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

11.8 No Beneficiaries. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

11.9 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Colorado without giving effect to the choice of law provisions thereof.

11.10 Counterparts. This Agreement may be executed in separate counterparts (including by the use of facsimile or portable document format (.pdf)), each of which will be deemed an original and all of which together will constitute one and the same agreement.

11.11 Finders. There are no brokers, finders or other Person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement.

Dated as of: 1/23/16, 2016.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

BUYER:

Bobcat Radio, Inc., a Colorado corporation

By: 

John H. Rees, President

Attest:

By: 

Linda F. Rees, Secretary

SELLER:

Pilgrim Broadcasting, Inc.

By:  1/23/16

Name: Ronald Crider

Title: Chief Operating Officer

COO



Schedule 1.1(a)

FCC Licenses

Radio Station KVLE-FM, Gunnison, CO (Fac. ID # 27158)

Schedule 1.1(b)

Tangible Personal Property

See Attached

Schedule 1.1(c)

Real Property

See Attached

ASSIGNMENT OF LEASE, ACCEPTANCE AND CONSENT

THIS AGREEMENT is made and entered into as of the ____ day of _____, 2016, by and between **Tarpon Towers II, LLC, a Delaware limited liability company ("LESSOR")**, **Pilgrim Communications, Inc., an Indiana corporation ("LESSEE")**, and **Bobcat Radio, Inc., a Colorado corporation ("ASSIGNEE")**.

RECITALS

WHEREAS, LESSOR is the owner of certain real property, including improvements situate thereon (the "Property"), located at 1445 State Highway 135, Gunnison, CO 81230; and

WHEREAS, by a certain Tower and Studio Lease dated July 1, 2014 (the "Lease"), LESSOR leased the Property to LESSEE for a five-year term commencing on July 2, 2014, with three consecutive terms of five years each, unless terminated by the parties, and subject to the terms and conditions of said Lease; and

WHEREAS, LESSEE has agreed to assign the Lease to ASSIGNEE, and LESSOR has consented to such assignment.

NOW, THEREFORE, in consideration of the promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows.

AGREEMENT

1. **ASSIGNMENT**. LESSEE does hereby sell, assign, convey and transfer unto ASSIGNEE all of its right, title and interest in and to the Lease.

2. **ACCEPTANCE**. ASSIGNEE hereby accepts this assignment of the Lease, and assumes and agrees to perform all of the terms of the Lease, and, furthermore, agrees to indemnify and hold harmless LESSEE from any claim, damages or other liability which may be asserted by LESSOR against LESSEE due to ASSIGNEE's failure to comply with or perform any of the terms of the Lease.

3. **CONSENT**. LESSOR hereby consents to the assignment of the Lease from LESSEE to ASSIGNEE.

LESSOR:

Tarpon Towers II, LLC

By: _____
Brett Buggeln, Chief Operating Officer

LESSEE:

Pilgrim Communications, Inc.

By:

Ronald Crider, Chief Operating Officer

ASSIGNEE:

Bobcat Radio, Inc.

By:

John H. Rees, President

ATTEST:

By:

Linda F. Rees, Secretary

Schedule 1.1(d)

Station Contracts

Schedule 1.1(e)

Intangible Property

Common law rights to call sign "KVLE-FM"

Schedule 1.5(a)

Promissory Note

\$150,000.00
Gunnison, Colorado
_____, 2016

NEGOTIABLE PROMISSORY NOTE

Pursuant to the terms of an Asset Purchase Agreement dated _____, 2016, **Bobcat Radio, Inc., a Colorado corporation ("Payor")**, promises to pay to **Pilgrim Communications, Inc., (hereinafter "Payee")**, the principal amount of **One Hundred Fifty Thousand Dollars (\$150,000.00)**, plus interest, payable as follows:

This Negotiable Promissory Note ("Note") shall have a fifteen (15) year term. The Note shall have an interest rate of four percent (4%) and the monthly payment shall be \$1,109.53.

1. The payment due date for Note payments is the 1st day of each month. Payor may, at its option, at any time, or from time to time, prepay prior to term, the entire principal amount of this Note or such part of the principal amount of this Note, as it may determine, without any penalty, surcharge or fee being imposed on account of such prepayment. Buyer shall not be required to make payments on, nor shall interest accrue on the Note, until Buyer's obligation to pay the real estate lease payments have terminated. Buyer's first payment on the Note shall be due the month following termination of the lease obligations.

2. This Note is secured by the assets of the Payor as purchased pursuant to the Asset Purchase Agreement dated January ____, 2016, and no other assets, as evidenced by a Security Agreement and a UCC Financing Statement, all of even date herewith.

3. In the event that:

(a) Payor shall default in the payment of this Note and such installment shall continue to remain unpaid for a period of ten (10) days from the due date; or

(b) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging Payor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, readjustment, arrangement, composition or similar relief for Payor under the Federal Bankruptcy laws, or any other similar applicable state or federal law, and such decree or order shall have continued undischarged or unstayed for a period of ninety (90) days; or a decree or order by a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of Payor or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have continued undischarged or unstayed for a period of ninety (90) days; or any of the property of Payor securing this obligation shall be sequestered or attached by legal order or decree, and shall not be returned to the possession of Payor or released from such attachment within ninety (90) days thereafter; or

(c) Payor shall institute proceedings to be adjudged a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it or shall file a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under the Federal Bankruptcy laws or any other similar federal or state law, or shall consent to the filing of such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or a substantial part of the property securing this obligation, or shall make an assignment for the benefit of creditors:

Then, in any such event, all of the unpaid principal balance on this Note, together with any accrued but unpaid interest thereon, shall, at the option of Payee, immediately become due and payable.

4. If this Promissory Note is placed in the hands of an attorney for collection after maturity (whether by acceleration, declaration, extension or otherwise), the Payor shall pay on demand all costs and expenses of collection including all attorney's fees incurred by Payee.

5. After maturity, or failure to make any payment, any unpaid principal shall accrue interest at the rate of eight percent (8%) per annum during such period of Payor default under this Note.

6. No modification, change, waiver or amendment of this Note shall be deemed to be made by the Payee unless in writing signed by the Payee, and each such waiver, if any, shall apply only with respect to the specific instance involved.

7. This Note may be assigned at any time by Payee. Notification of any such assignment shall be provided to Payor within ten (10) days of said assignment.

8. *Notices:* Any notice pursuant to this Note shall be in writing and shall be deemed delivered on the date of personal delivery, delivered by U.S. Certified Mail, or delivered by

U.S. Express Mail, and shall be addressed as follows (or to such other address as any party may request by written notice):

(a) All notices and payments due under this Note to Payee or Holder shall be delivered or sent to Payee at the following address:

Pilgrim Communications, Inc.
P.O. Box 90
New Palestine, IN 46163
Attention: Randy Hood, President

(b) All notices to be sent to Payor shall be delivered or sent to:

John H. Rees
Bobcat Radio, Inc.
P.O. Box 1288
Gunnison, CO 81230

9. This Note shall be deemed made in, and shall be governed by the laws of the State of Colorado.

IN WITNESS WHEREOF, Payor has duly executed this Promissory Note as of the year and date first above written.

PAYOR: **Bobcat Radio, Inc., a Colorado corporation**

By: _____
John H. Rees, President

Attest:

Linda F. Rees, Secretary

Schedule 1.5(b)

Security Agreement

SECURITY AGREEMENT

THIS AGREEMENT is made on this ____ day of _____, 2016, by and between **Bobcat Radio, Inc., a Colorado corporation** ("Debtor"), and **Pilgrim Communications, Inc.** ("Secured Party").

WHEREAS, Secured Party has extended credit to Debtor in the aggregate principal amount of **One Hundred Fifty Thousand Dollars (\$150,000.00)** as evidenced by a Negotiable Promissory Note (the "Note") of even date herewith;

WHEREAS, in order to secure payment of the Note and any other amounts due and owing to Secured Party thereunder (the "Obligations"), Debtor has agreed to grant a security interest to Secured Party in the "Collateral" as defined below;

NOW, THEREFORE, for valuable consideration, and to secure the payment and performance when due of the Obligations of Debtor to Secured Party, Debtor and Secured Party hereby agree as follows:

1. GRANT OF SECURITY INTEREST

Debtor hereby grants and conveys to Secured Party a continuing security interest in and lien on the Collateral together with all rights, remedies and privileges pertaining thereto, and all substitutions, replacements and proceeds thereof. The "Collateral" means:

(a) all, furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, machinery, and vehicles, and other tangible and intangible personal property of Debtor used or held for use in the business and operations of the Station (as defined in the Asset Purchase Agreement between the parties); and

(b) to the extent permitted by law, any and all permits, licenses, and authorizations with respect to the Station, issued and outstanding or subsequently granted to Debtor by the Federal Communications Commission ("FCC") or any other governmental entity or otherwise in connection with the operation of the Station and any auxiliary broadcast or other facility associated with the Station. The parties recognize that as of the date of this Agreement a security interest may not extend to such FCC construction permits, licenses, and authorizations ("FCC Authorizations"), but that security interests are permitted to cover the proceeds of the sale, transfer, or other disposition of such FCC Authorizations. Accordingly, the parties agree that the security interest granted under this Agreement currently shall extend to the proceeds of any sale, transfer, or other disposition of such FCC Authorizations; provided, however, if the law in this regard is subsequently changed, in whole or in part, then all of the right, title, and interest of Debtor in and to any FCC Authorizations, whether now held or hereafter acquired, shall automatically and immediately become subject to the Secured Party's security interest to the maximum extent permitted by law as then in force and effect.

(c) all cash and noncash proceeds and products, including insurance proceeds of, and any indemnity or warranty payable by reason of damage to or loss of, any of the foregoing (the "Proceeds");

(d) all contract rights (including accounts receivable of the Station), instruments, certificates, leases, rents, chattel paper, deposits, choses-in-action, patents, trademarks, copyrights, service marks, trade secrets, trade names, literary rights, rights to performance, call letters, and general intangibles, all re-issues, divisions, renewals, extensions, continuations, and continuations-in-part thereof, and goodwill associated with any of the foregoing, now in force or hereafter acquired ("General Intangibles").

2. WARRANTIES AND COVENANTS

Debtor warrants and covenants as follows:

(a) Debtor will pay and perform all of the Obligations secured by this Agreement in accordance with their respective terms;

(b) Debtor will defend title to the Collateral against all persons and all claims and demands whatsoever, and agrees not to transfer legal or equitable title to the Collateral to any other party without Secured Party's prior written consent;

(c) On demand of Secured Party, Debtor will do the following: (i) furnish further assurance of title; (ii) execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement; (iii) execute any instrument or statement, including financing statements as permitted under the Uniform Commercial Code as adopted in Massachusetts, required by law or otherwise in order to perfect the security interests granted to Secured Party herein; and (iv) continue the security interest of Secured Party in the Collateral;

(d) Debtor will retain possession of the Collateral during the existence of this Agreement and not sell, exchange, assign, deliver, mortgage or otherwise dispose of same except in the normal course of business, or without replacing items of Collateral with items of equal or greater value, without the prior written consent of Secured Party, which consent Secured Party may not unreasonably withhold; provided, however, Debtor may change the location of any of the Station's studio or transmission equipment upon giving written notice to Secured Party;

(e) Debtor will keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments except liens attached under purchase money security arrangements made in connection with the purchase of equipment for use by the Station;

(f) Debtor will pay, when due, all taxes, assessments and license fees and premiums relating to the Collateral;

(g) Debtor will maintain property casualty insurance in amounts equal to the replacement value of the Collateral that is tangible property, and will maintain commercial

general liability insurance for at least \$500,000.00 per occurrence, in each case with Secured Party listed as an additional insured;

(h) Debtor will comply with all federal, state and local laws and regulations applicable to its business, whether now in effect or hereinafter enacted;

(i) Debtor will maintain each material FCC Authorization in full force and effect, and there shall be no proceeding pending to rescind or revoke any material FCC Authorization, or to cause any materially adverse modification thereof (unless dismissed within sixty (60) days of the filing of the commencement of such action);

(j) Unless waived by Secured Party, all proceeds from any disposition of the Collateral, except dispositions under Section 2(d), shall be held in trust for Secured Party; provided however, this requirement shall not constitute consent by Secured Party to any sale or other disposition; and

(k) Debtor will perform and comply in all material respects with all obligations under all contracts and agreements to which Debtor is a party or by which either of them is bound relating to the Collateral, where failure to so comply would result in a material adverse effect on the Collateral, unless the validity thereof is being contested in good faith by appropriate proceedings and such proceedings do not involve the material danger of the sale, forfeiture, or loss of the Collateral which is the subject of such proceedings or the priority of the lien in favor of Secured Party thereon.

3. GENERAL PROVISIONS

(a) Debtor hereby authorizes Secured Party to file, without a signature of Debtor, a financing statement with any governmental authority, to perfect or continue the security interest granted by Debtor to Secured Party under this Agreement, or to file a photographic or other reproduction of this Agreement for use as a financing statement.

(b) Waiver of or acquiescence in any default by the Debtor, or failure of the Secured Party to insist upon strict performance by Debtor of any warranties or agreements in this Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(c) Any notice pursuant to this Note shall be in writing and shall be deemed delivered on the date of personal delivery, delivered by U.S. Certified Mail, or delivered by U.S. Express Mail, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Secured Party:

Pilgrim Communications, Inc.
P.O. Box 90
New Palestine, IN 46163
Attention: Randy Hood, President

if to Debtor:

Bobcat Radio, Inc.
P.O. Box 1288
Gunnison, CO 81230

(d) This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Colorado. Any provisions herein declared invalid under any law shall not invalidate any other provision of this Agreement.

4. DEFAULT PROVISIONS

(a) The following shall constitute an Event of Default under this Agreement:

- (i) Non-Payment. The creation or existence of an event of default by Debtor as defined in the Note not timely cured as permitted therein, or failure of Debtor to make any payment when due and payable under the Obligations;
- (ii) Violation. Failure of Debtor, within ten (10) days after receipt from Secured Party of notice of non-compliance, to comply with or perform any provision of this Agreement or any other documents evidencing the Obligations;
- (iii) Breach of Warranty or Covenants. False or misleading representations or warranties made or given by Debtor or a breach of covenants given by Debtor in this Agreement;
- (iv) Levy. Subjection of the Collateral to levy of execution or other judicial process;
- (v) Sale of Station. The filing with the FCC of an application for assignment or transfer of control of any of the FCC Authorizations except an application on FCC Form 316; or
- (vi) Insolvency. Commencement of any insolvency proceeding by or against either of the Debtor.
- (vi) Cure Period. Notwithstanding the foregoing, an Event of Default (except under the Note, which are to be cured as set forth therein) will not be deemed to have occurred until ten (10) days after the Secured Party has provided to Debtor written notice specifying the Event of Default and such Event of Default remains uncured.

(b) Upon the happening of any Event of Default, but at the sole option of Secured Party, Secured Party shall have all the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded

to a secured party by the applicable sections of the Uniform Commercial Code in effect in Colorado, and under applicable federal and state law, both as of the date of this Agreement and as further modified from time to time. Such rights, remedies and privileges shall include, but not be limited to the right to have a receiver appointed to take possession of and administer the Collateral. Debtor consents to and will cooperate in any proceedings necessary to secure such appointment.

(c) Secured Party's reasonable attorneys' fees, costs of collection and the legal and other expenses for pursuing, searching for, receiving, taking, and selling the Collateral shall become a part of the Obligations secured hereby and shall be immediately chargeable to Debtor.

(d) Debtor shall remain liable for any deficiency resulting from a sale of the Collateral for less than the value of the Obligations and shall pay any such deficiency forthwith to Secured Party upon demand.

(e) Upon the happening of any Event of Default, Secured Party or a court-appointed receiver, in its sole discretion, may (i) enter upon Debtor's premises peaceably, by the Secured Party's own means or with legal process, and take possession of the Collateral, or dispose of the Collateral on Debtor's premises, as the case may be, and Debtor agrees not to resist or interfere; (ii) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party reasonably convenient to both parties; or (iii) unless the Collateral is likely to decline speedily in value or is of a type customarily sold on a recognized market, give Debtor reasonable notice of the time and place of a public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein, at least ten (10) days before the time of sale or disposition.

(f) Secured Party or a court-appointed receiver shall be entitled, in its own name or in the name of Debtor, or otherwise, but at the expense and cost of Debtor, to collect, demand, receive, sue for and/or compromise any and all of the Debtor's receivables, and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable in payment thereof and, in its discretion, to file any claims or take any action or proceeding, either in its own name or in the name of Debtor, or otherwise, which the Secured Party may deem necessary or advisable. It is expressly understood and agreed, however, that the Secured Party or a court-appointed receiver shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time or times.

(g) Debtor shall take any action that Secured Party or a court-appointed receiver may reasonably request in order to enable the Secured Party to obtain and enjoy the full rights and benefits granted to the Secured Party hereunder, including without limitation, all rights necessary to obtain, use, sell, assign or otherwise transfer control of the FCC Licenses. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, at the

written request of the Secured Party or a court-appointed receiver, and Debtor's sole cost and expense, Debtor shall (i) assist in obtaining any required FCC approval for any action or transaction contemplated hereby, including preparing, signing and filing with the FCC and/or any other governmental body with jurisdiction, the assignor's or transferor's portion of any application or applications for consent to the assignment of FCC Authorizations necessary or appropriate under the Communications Act of 1934, as amended, or the rules and regulations of the FCC or any other governmental body for approval of any sale, assignment or transfer to Secured Party, a court-appointed receiver or any other person or entity of any or all Collateral (including without limitation any FCC Authorizations), and (ii) execute all applications and other documents and take all other actions requested by the Secured Party or a court-appointed receiver to enable Secured Party, the receiver, a trustee, or similar official or any purchaser of all or any part of the Collateral to obtain from the FCC or any other governmental body any required authority necessary to operate the broadcasting business of the Station. If Debtor shall refuse to sign any application or other document necessary to be filed with the FCC or any other governmental body to enable Secured Party or the receiver to exercise its rights hereunder, Secured Party or the receiver may secure an order from a court of competent jurisdiction authorizing the clerk of the court or some other designee to sign such application or other document on behalf of Debtor.

5. MISCELLANEOUS

(a) Debtor shall indemnify and hold harmless Secured Party, and its directors, officers, and employees, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements of any kind or nature whatsoever including, without limitation, reasonable attorneys' fees and settlements costs, which may be imposed on, incurred by, or asserted against Secured Party, or its directors, officers, employees, or affiliates, in connection with any investigative, administrative, or judicial proceeding (whether Secured Party is or is not designated as a party thereto) directly or indirectly relating to or arising out of this Agreement or the Obligations, or any actual or proposed use of proceeds thereunder, except that neither Secured Party, nor any of its directors, officers, or employees shall have the right to be indemnified hereunder for its own negligence or willful misconduct as determined by a court of competent jurisdiction.

(b) Secured Party may assign this Agreement to any person to whom the Note or the Obligations are validly assigned, and if so assigned the assignee shall be entitled, upon notifying Debtor, to all of the rights and remedies of Secured Party hereunder.

(c) The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement nor the intent of any provision thereof.

(d) The terms, warranties and agreements herein contained shall inure to the benefit of the parties hereto and their respective successors and assigns.

(e) The gender and number used in this Agreement are used as a reference term only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

(f) Any waiver by any party hereto of any breach of or failure to comply with any provision of this Agreement by any other party hereto shall be in writing and shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

(g) Notwithstanding any other provisions of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right with respect to, any of the Collateral as provided herein or any other action taken or proposed to be taken hereunder which would affect the operational, voting or other control of any entity holding a license issued by the FCC shall be made in accordance with the Communications Act of 1934, as amended, the terms of such license, and any applicable rules and regulations of the FCC, including, to the extent applicable under the rules and regulations of the FCC in effect at the time of an Event of Default, any requirement that there be a public or private sale. Notwithstanding anything to the contrary contained in this Agreement, the Secured Party shall not, without first obtaining the consent or approval of the FCC, take any action pursuant to this Agreement which would constitute or result in any change of control of the holder of a license issued by the FCC if any such change in control would require, under then existing law, the prior consent or approval of the FCC.

THE DEBTOR WAIVES ALL RIGHTS TO TRIAL BY JURY OF ALL CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS OF ANY KIND DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS INSTRUMENT, THE NOTE, OR THE DEALINGS OF THE PARTIES IN RESPECT HERETO. THE DEBTOR ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT DEBTOR MAKES THIS WAIVER VOLUNTARILY AND KNOWINGLY AFTER CONSULTATION WITH, OR THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS CHOICE. DEBTOR AGREES THAT ALL SUCH CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS SHALL BE TRIED BEFORE A JUDGE, WITHOUT A JURY.

IN WITNESS WHEREOF, the parties hereto have respectively signed and sealed these presents, all on the day and year first above written.

DEBTOR:

Bobcat Radio, Inc., a Colorado corporation

By: _____

John H. Rees, President

SECURED PARTY:

Pilgrim Communication, Inc.

By: _____

Ronald Crider, Chief Operating Officer

Schedule 1.2

Excluded Assets

None

Schedule 2.3

Conflicts

None