

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

June 6, 2019

Date of Report (Date of earliest event reported)

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-55940

(Commission
File Number)

98-1319227

(IRS Employer
Identification No.)

750 – 1095 West Pender Street
Vancouver, British Columbia, Canada

(Address of principal executive offices)

V6E 2M6

(Zip Code)

(604) 376-3567

Registrant's telephone number, including area code

Not applicable.

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SECTION 1 – REGISTRANT’S BUSINESS AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement

Management Agreement

On June 6, 2019, Body and Mind Inc. (the “**Company**”) through its California subsidiary, NMG Cathedral City, LLC (“**NMG**”) entered into a management and administrative services agreement (the “**Management Agreement**”) with Satellites Dip, LLC, a California limited liability company (“**SD**”) that is licensed cannabis business conducting commercial cannabis activity within the state of California, whereby NMG has been engaged to provide certain management and administrative services in connection with the day-to-day administration of SD’s business (the “**Services**”). The Services may include, without limitation, the following services: (i) management of operations; (ii) inventory management; (iii) equipment and physical maintenance; (iv) regulatory compliance; (v) payroll; (vi) human resources services; (vii) marketing services; (viii) information technology services; (ix) legal services; (x) tax services; (xi) accounting services; (xii) security services; (xiii) controlling the operating budget; (xiv) facility inspections; (xv) detailed records and accounts related to SD’s business and to track key performance indicators; and (xvi) all other activities that NMG or SD determines in its reasonable judgment are necessary or desirable for the day-to-day operation or management of SD’s business. The Services are being provided by NMG to SD in exchange for a management fee of the greater of: (a) thirty percent (30%) of net profits (as such term is defined in the Management Agreement); or (b) \$10,000 per month.

In addition, the Management Agreement provides that NMG shall work to broker commercial arrangements between SD and third-party cannabis brand owners whereby SD licenses commercial cannabis brands from third parties in connection with SD’s commercial cannabis activity in exchange for a license fee. Specifically, within thirty (30) days of the effective date of the Management Agreement, NMG shall broker a commercial arrangement between its affiliate company, Nevada Medical Group, LLC and SD whereby SD licenses the trademarks and other intellectual property to be used in connection with SD’s manufacturing of cannabis products bearing such licensed trademarks (the “**Branded Products**”) on terms as favorable as the most favored licensee.

Furthermore, the Management Agreement provides that NMG shall furnish all equipment and machinery necessary for SD’s manufacturing of the Branded Products. Any equipment provided by NMG to SD shall be owned by NMG in its entirety and, subject to SD’s approval of the terms, leased to SD pursuant to the Equipment Lease Agreement entered into between NMG and SD on June 6, 2019 (the “**Equipment Lease**”).

The Management Agreement shall be in full force and effect until June 6, 2020 (the “**Term**”). During the Term, the Management Agreement may not be terminated, except in the event that one party materially breaches the Management Agreement, which breach cannot reasonably be cured or remains uncured for thirty (30) days after the non-breaching party provides written notice of the breach to the breaching party. Prior to the expiration of the initial Term, either party can send written notice to the other party of its intent to renew the Management Agreement for a subsequent one (1) year renewal term (the “**Renewal Term**”) at least thirty (30) days prior to the expiration of the then current term. If the parties mutually agree, the term shall be extended for the Renewal Term.

The foregoing description of the Management Agreement does not purport to be complete and is qualified in its entirety by the Management Agreement which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

Equipment Lease Agreement

Pursuant to the Equipment Lease, the lease of any item of equipment is to be governed by the terms and conditions of the Equipment Lease. The Equipment Lease and the provision thereof, shall be in full force and effect until June 6, 2020 (the “**Initial Term**”) and prior to expiration of the Initial Term, either party can send written notice to the other party of its intent to renew the Equipment Lease for a subsequent one year term (the “**Renewal Term**”) at least thirty (30) days prior to the expiration of the then current term. If the parties mutually agree, the term shall be extended for a subsequent Renewal Term. If no party has provided the other party with thirty (30) days’ prior written notice of its intention to renew the term, the Equipment Lease shall automatically terminate upon the conclusion of the current term.

In consideration of the rights granted under the Equipment Lease, SD shall pay monthly rent (the “**Rent**”) to NMG each calendar month from the duration of the term, which shall be in US dollars. The Rent payable to NMG shall be calculated as of the last calendar day of each calendar month and shall be paid no later than five (5) days following the end of the preceding calendar month. It is the intent of the parties that the Rent be completely net to NMG so that NMG shall not be liable for any costs or expenses of any nature whatsoever relating to the equipment or any improvements to the equipment or use of the equipment, or the contents of the equipment, or the business carried on therein, and SD shall be solely responsible for any such costs, charges, expenses, and outlays, including taxes, maintenance, and repairs.

The foregoing description of the Equipment Lease does not purport to be complete and is qualified in its entirety by the Equipment Lease which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

Operating Loan

In conjunction with entering into the Management Agreement, the Company through NMG entered into a loan and security agreement (the “**Loan Agreement**”) with SD, dated June 6, 2019, whereby NMG has loaned SD US\$250,000 (the “**Loan**”) to fund the property and business improvements and expansion needs of SD’s business operations. The Loan shall be due and payable on June 6, 2020 (the “**Maturity Date**”) and shall bear interest at a rate of 12% per annum which shall be accrued, compounded quarterly and payable on the Maturity Date. The Maturity Date may be extended upon mutual agreement of the parties. SD may prepay, in whole or in part, all or any portion of the principal amount of, and accrued interest on the Loan without being subject to any pre-payment penalty; and any pre-payment shall be accomplished by the payment of all accrued and unpaid interest owed under the Loan. The Loan will be evidenced by a promissory note (the “**Promissory Note**”), which form of promissory note is attached to the Loan Agreement as Exhibit A. In addition, the performance of SD of its obligations under the Loan Agreement and the Promissory Note are secured pursuant to a certain security agreement (the “**Security Agreement**”) between the parties, which form of Security Agreement is attached to the Loan Agreement as Exhibit B, whereby SD grants, mortgages, pledges, assigns, transfers, conveys and delivers to NMG a security interest in and to all of SD’s right, title and interest in the “**Collateral**” as defined in the Security Agreement.

The foregoing description of the Loan Agreement does not purport to be complete and is qualified in its entirety by the Loan Agreement which is filed as Exhibit 10.3 hereto and is incorporated by reference herein.

SECTION 7 – REGULATION FD

Item 7.01 Regulation FD Disclosure

On June 11, 2019, the Company issued a news release announcing manufacturing expansion into California through the Company’s California subsidiary, NMG Cathedral City, LLC (“**NMG**”). NMG has entered a management and administrative services agreement (the “**Management Agreement**”) with Satellites Dip, LLC, (“**SD**”), a licensed cannabis business conducting commercial cannabis activity within the state of California. NMG will manage day to day operations of the custom built 7,800 square foot manufacturing facility in Cathedral City, California. The facility was custom designed for large volume cannabis manufacturing and has been producing wholesale concentrates since construction completion in 2017.

The one year Management Agreement, with a one year renewal term, commenced on June 6, 2019 and encompasses the following:

- Management Fee
 - o NMG will be paid a management fee of 30 % of Net Profits or Ten Thousand Dollars (US\$10,000) per month, whichever is greater.
- Brand Licensing
 - o NMG shall work to broker commercial arrangements between SD and third-party cannabis brand owners whereby SD licenses commercial cannabis brands from third parties in connection with SD’s commercial cannabis activity in exchange for a license fee.
 - o Specifically, within thirty (30) days of the effective date of the Management Agreement, NMG shall broker a commercial arrangement between its affiliate company, Nevada Medical Group, LLC and SD whereby SD licenses the trademarks and other intellectual property to be used in connection with SD’s manufacturing of cannabis products bearing such licensed trademarks (the “**Branded Products**”) on terms as favorable as the most favored licensee.
- Equipment and Capital
 - o NMG shall furnish all equipment and machinery necessary for SD’s manufacturing of the Branded Products. Any equipment provided by NMG to SD shall be owned by NMG in its entirety and, subject to SD’s approval of the terms, leased to SD pursuant to an Equipment Lease Agreement entered into between NMG and SD, dated June 6, 2019.

- Loan
 - o The Parties have entered into a certain secured loan agreement dated June 6, 2019 whereby NMG has loaned SD Two Hundred and Fifty Thousand Dollars (US\$250,000) (the “**Loan**”) to be used solely in connection with SD’s commercial cannabis activity. The Loan shall be due and payable on June 6, 2020 (the “**Maturity Date**”) and shall bear interest at a rate of 12% per annum which shall be accrued, compounded quarterly and payable on the Maturity Date. The Maturity Date may be extended upon mutual agreement of the parties. The Loan will be secured by a security interest in and to all of SD’s assets.

A copy of the news release is attached as Exhibit 99.1 hereto.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

Not applicable.

(b) Pro forma Financial Information

Not applicable.

(c) Shell Company Transaction

Not applicable.

(d) Exhibits

Exhibit	Description
<u>10.1</u>	<u>Management and Administrative Services between Satellites Dip, LLC and NMG Cathedral City, LLC, dated June 6, 2019</u>
<u>10.2</u>	<u>Equipment Lease Agreement between NMG Cathedral City, LLC and Satellites Dip, LLC, dated June 6, 2019</u>
<u>10.3</u>	<u>Loan and Security Agreement between Satellites Dip, LLC and NMG Cathedral City, LLC, dated June 6, 2019</u>
<u>99.1</u>	<u>News Release dated June 11, 2019</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BODY AND MIND INC.

DATE: June 11, 2019

By: /s/ Darren Tindale

Darren Tindale
Chief Financial Officer

MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

This management and administrative services agreement (the “**Agreement**”) is made and entered into as of June 6, 2019 (the “**Effective Date**”), by and among Satellites Dip, LLC, a California limited liability company (“**SD**”) and NMG Cathedral City, LLC, a California limited liability company (“**NMG**”). SD and NMG are each referred to herein as a “**Party**” and are collectively referred to herein as the “**Parties**.”

WHEREAS, SD is a licensed commercial cannabis business conducting the Commercial Cannabis Activity within the State of California;

WHEREAS, subject to the terms and conditions hereof, SD desires to engage NMG to provide management and administrative services for SD, at SD’s expense, on the terms and conditions set forth herein;

WHEREAS, subject to the terms and conditions hereof, NMG desires to provide such management and administrative services to SD;

WHEREAS, these recitals are hereby incorporated and made a part of this Agreement; and

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 are hereby acknowledged, the Parties, each intending to be legally bound hereby, do promise and agree as follows:

1. DEFINITIONS

a. “**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “**control**” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

b. “**Agreement**” shall have the meaning set forth in the recitals of this Agreement.

c. “**Applicable Law**” means any and all applicable local, state and federal laws, rules and regulations. Notwithstanding anything to the contrary contained herein, the parties acknowledge that, at the time of the execution of this Agreement, the terms of this Agreement may not comply with the CSA. The parties acknowledge that a violation of the CSA shall not be deemed to violate Applicable Law as used herein.

d. “**BCC**” means the California Bureau of Cannabis Control.

e. “**Branded Products**” shall have the meaning set forth in Section 3(a) of this Agreement.

f. “**CDPH**” means the California Department of Public Health.

g. “**Claims**” means any claim, demand, dispute, controversy or cause of action.

h. “**Commercial Cannabis Activity**” shall mean commercial cannabis distribution and manufacturing operations.

i. “**Confidential Information**” means any and all information relating to either Party, including information about either Party’s business operations, strategies, goods and services, customers, pricing, marketing, and other information or documents that may reasonably be deemed to be sensitive, confidential or proprietary, disclosed to and/or obtained by one Party to the other in connection with this Agreement, whether orally, in writing, or in other recorded form, and regardless of whether such information is expressly stated to be confidential or marked as such. For purposes of clarity, Confidential Information shall not include information that, at the time of disclosure: (i) is or becomes generally available to and known by the public other than as a result of, directly or indirectly, any breach of a Party; (ii) is or becomes available to a Party on a non-confidential basis from another Person, provided that such Person is not and was not prohibited from disclosing such Confidential Information; (iii) was known by or in the possession of a Party prior to being disclosed by or on behalf of the other Party; or (iv) is required to be disclosed by Applicable Law, including pursuant to the terms of a court order; provided that the disclosing Party has given the other Party prior written notice of such disclosure and an opportunity to contest such disclosure and to seek a protective order or other remedy.

j. “**CSA**” means 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and its implementing regulations.

k. “**CPA**” shall mean a certified public accountant.

l. “**Distribution Premises**” means the real property where SD is licensed to conduct commercial cannabis distribution activities.

m. “**Effective Date**” shall have the meaning set forth in the recitals of this Agreement.

n. “**Equipment Lease**” shall have the meaning set forth in Section 3(b).

o. “**Gross Revenue**” means the gross amount of monies, income, consideration and/or other compensation actually received by SD in connection with SD’s Commercial Cannabis Activity.

p. “**HR**” means human resources.

q. “**IT**” means information technology.

r. “**License**” or “**Licenses**” means: (i) any and all approvals, permits and/or licenses required by local municipal law to engage in the Commercial Cannabis Activity; and (ii) a license to engage in the Commercial Cannabis Activity granted by the applicable California licensing authority. The Licenses are attached hereto as Exhibit A.

a. “**Licensed Premises**” shall mean collectively, the Manufacturing Premises and the Distribution Premises.

s. “**Local Tax**” means any and all local municipal taxes for which payment is required based on SD’s general business activities and the Commercial Cannabis Activity.

t. “**Losses**” means losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

u. “**Management Fee**” shall mean the greater of: (a) thirty percent (30%) of Net Profits; or (b) Ten Thousand Dollars (\$10,000.00) per month.

v. “**Manufacturing License**” means SD’s state commercial cannabis manufacturing license attached hereto as Exhibit A.

w. “**Manufacturing Premises**” means the real property where SD is licensed to conduct commercial cannabis manufacturing activities.

x. “**Net Profits**” means Gross Revenue less all costs, obligations, liabilities expenditures incurred during the Term. Such expenditures shall include, but shall not be limited to, rent, utilities, license fees, product taxes (whether federal, state or local), input costs, testing costs, manufacturing costs, packaging costs, sales costs, administrative costs, personnel costs, and any travel-related costs incurred.

y. “**Nev LLC**” shall have the meaning set forth in Section 3(a).

z. “**NMG**” shall have the meaning set forth in the preamble of this Agreement.

aa. “**Operational Expense**” shall mean any expense required for the general operation of SD in connection with SD’s performance of the Commercial Cannabis Activity at the Licensed Premises, excluding any Source Material Expense.

bb. “**Party**” or “**Parties**” shall have the meaning set forth in the recitals of this Agreement.

cc. “**Person**” means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

dd. “**Renewal Term**” shall have the meaning set forth in Section 6(b).

ee. “**Representatives**” means a Party's and its Affiliates' shareholders, members, managers, employees, officers, directors, consultants and legal advisors.

ff. “**Source Material Expense**” shall mean any costs related to all raw ingredients, including cannabis and non-cannabis ingredients, packaging and labeling, and any other materials required to be used in the Commercial Cannabis Activity.

gg. “**SD**” shall have the meaning set forth in the preamble of this Agreement.

hh. “**Services**” shall have the meaning set forth in Section 2 of this Agreement.

ii. “**State Excise Tax**” means: the tax set forth in California *Revenue and Taxation Code* § 34011. It is acknowledged that, as of the Effective Date, the State excise tax is fifteen percent (15%) of the one hundred sixty percent (160%) of the wholesale price that a licensed cannabis retailer acquires the cannabis and/or cannabis product from a distributor, in an arms-length transaction.

jj. “**Statement**” means the monthly invoice provided to SD from NMG setting forth the Management Fee for the applicable month.

kk. “**State Regulatory Authorities**” means the BCC and the CDPH.

ll. “**Term**” shall have the meaning set forth in Section 6(a) of this Agreement.

2. MANAGEMENT AND ADMINISTRATIVE SERVICES

a. Services. Upon the terms and subject to the conditions contained herein, *at SD's sole cost and expense*, SD has engaged NMG to provide certain management and administrative services in connection with the day-to-day administration of SD's business (the **Services**). The Services may include, without limitation, the following services:

i. Management of Operations. NMG shall manage and oversee day-to-day operation of SD's business, which services may include, without limitation: (1) maintaining legally compliant and customary and appropriate hours of operation for the business; (2) causing SD to hire an adequate and appropriate staff of employees during all hours of operation; (3) managing, supervising, monitoring performance and directing all personnel; (4) recommending administrative policies and procedures; and (5) implementing approved policies and procedures, all in compliance with the terms of this Agreement and Applicable Law.

ii. Inventory Management. NMG shall establish, purchase, and manage appropriate inventory and supply levels for use in connection with SD's business, including, but not limited to, supplies necessary to conduct the Commercial Cannabis Activity as permitted under Applicable Law, office supplies, and technology supplies.

iii. Equipment and Physical Maintenance. NMG shall provide certain services as it relates the equipment and the operations as follows: (1) maintenance; (2) cleaning; (3) painting; (4) decorating; (5) plumbing; (6) carpeting; (7) grounds-keeping; (8) landscaping; (9) such other maintenance and repair work that is objectively reasonably necessary or desirable; and (10) and such other related services as may be reasonably required by SD from time to time.

iv. Regulatory Compliance. NMG shall provide regulatory compliance services (either directly or by engaging a subcontractor for regulatory compliance services with cannabis specific subject matter experience), which services may include, without limitation: (1) providing SD with ongoing advice and recommendations to ensure SD's operations remain in compliance with Applicable Law; (2) providing internal compliance audits; (3) scheduling and planning external audits; (4) providing SD with information necessary to maintain all active Licenses in compliance with Applicable Law; (5) monitoring administrative submission requirements for all active Licenses; (6) ensuring SD is recording and maintaining all required records related to SD's operations; (7) preparing and conducting periodic reviews of all standard operating procedures; and (8) ensuring that all employees and staff are aware of all regulatory requirements.

v. Payroll. NMG shall provide payroll services (either directly or by engaging a subcontractor for payroll services that is authorized to engage in payroll services in the State of California), which services may include, without limitation: (1) providing ongoing preparation and completion of payroll processing and payment services; (2) establishing procedures and systems for direct deposit and manual checks drawn on certain identified financial accounts; (3) providing electronic and manual payment of all payroll taxes; and (4) assisting with the electronic filing of quarterly and annual reports.

vi. HR Services. NMG shall provide HR services (either directly or by engaging a subcontractor for HR services), which services may include, without limitation: (1) advising and assisting SD in the development and administration of HR policies and programs relating to the relevant labor relations, personnel administration, wage and salary administration, and safety; (2) directing and administering SD's medical, health, and employee benefit and pension programs; (3) administering sickness prevention programs; (4) advising in the implementation of all HR policies and programs; (5) preparing and maintaining records, statistical data, and reports pertinent to applicable HR policies and programs; (6) perform background checks on candidates for hire; and (7) additional HR services that are mutually agreed upon by the Parties.

vii. Marketing Services. NMG shall provide marketing services (either directly or by engaging a subcontractor for marketing services), which services may include, without limitation: (1) developing marketing plans; (2) engaging in promotional activities and advertising; and (3) implementing the marketing plans.

viii. IT Services. NMG shall provide IT services (either directly or by engaging subcontractor for IT services), which services may include, without limitation: (1) establishing telephone, network, and database management services; (2) developing information technology planning services; (3) procuring necessary hardware and software; (4) providing ongoing support for initial set up and/or relocation of the facilities or email services; and (5) additional IT services that are mutually agreed by the Parties.

ix. Legal Services. NMG shall provide legal services (by engaging subcontractor attorneys to provide legal services that are licensed to practice law in the State of California with cannabis specific subject matter experience), which services may include, without limitation: (1) drafting and reviewing letters, contracts and other legal documents; (2) providing legal consultation and opinions; (3) maintaining corporate books and records; (4) litigation management, as applicable; (4) advising on certain regulatory compliance matters; and (5) structuring and advising on prospective mergers and acquisitions.

x. Tax Services. NMG shall provide tax services (by engaging subcontractor CPAs that are authorized to engage in CPA services in the State of California, with cannabis specific subject matter experience), which services may include, without limitation: (1) tax monitoring, support, recommendations and advice as may be necessary to ensure SD's ongoing compliance with the sales and use tax laws, cannabis tax law, and other programs administered by the California Department of Tax and Fee Administration which may affect SD; (2) extensive knowledge of Federal tax law as it relates to cannabis businesses (including, but not limited to IRS Code § 280E tax planning); (3) preparing tax returns and other related reports that require filing; and (4) ensuring payment of the: (I) Local Tax; and (II) State Excise Tax, if applicable.

xi. Accounting Services. NMG shall provide accounting services (by engaging subcontractor accountants and/or bookkeepers that are authorized to engage in accounting services in the State of California, with cannabis specific subject matter experience), which services may include, without limitation: (1) maintaining a separate bank account for SD, to be used in making or causing to be made any expenditure that is necessary pursuant to this Agreement, and providing copies of all bank statements and transactions on a monthly basis; (2) general bookkeeping, accounting, and maintenance of corporate records; (3) drafting periodic financial statements; (4) providing audited and unaudited balance sheets, statements of income and results of operation; (5) engaging in verbal and written communications with investors and professional services providers; and (6) providing other related services as mutually agreed from time to time by the Parties related to SD's business and operations. NMG shall provide SD with whatever reasonable budgets, reports, and other documentation SD reasonably requests, within a reasonable time after request. NMG shall allow SD to reasonably inspect, audit, and copy NMG's books, records and files relating to the business, all of which NMG shall maintain separately from other businesses or properties managed.

xii. Security Services. NMG shall provide security services (by engaging subcontractor security personnel that are authorized to engage in security services in the State of California, with cannabis specific subject matter experience), which services may include, without limitation: (1) alarm system installation and monitoring; (2) video surveillance installation and monitoring; (3) armed or unarmed guard personnel; and (4) such other security services as are objectively necessary or desirable for SD's business.

xiii. Operating Budget. NMG shall control the operating budget, and SD's members will only have a right to approve such budget if, and to the extent, it would require a capital contribution from SD's members or would in the reasonable judgment of SD's members generate net losses for the year. Notwithstanding the foregoing, SD shall have approval rights as to any Operational Expense in excess of Three Thousand Dollars (\$3,000.00) and SD shall have approval rights as to any Source Material Expense in excess of Ten Thousand Dollars (\$10,000.00).

xiv. Facility Inspections. NMG shall provide comprehensive inspections of the Manufacturing Premises and the Distribution Premises and will ensure that each premises complies with OSHA and other applicable safety laws and regulations.

xv. Development Plan and Management Process. NMG shall keep detailed records and accounts related to SD's Commercial Cannabis Activity and track key performance indicators including but not limited to, (i) operational expenditure per unit produced; (ii) throughput of production; (iii) capital expenditure timeline; and (iv) operational expenditure timeline. NMG shall provide SD with weekly reviews of all process data information to ensure process development is continuously improving yield and quality of the product.

xvi. Miscellaneous Services. In addition to the foregoing, NMG shall provide or cause to be provided all other activities that NMG determines, or SD determines in its reasonable judgment, are necessary or desirable for the day-to-day operation or management of SD's business.

b. Subcontracting with subcontractors. Notwithstanding anything to the contrary herein, SD agrees and acknowledges that within the agreed upon budget NMG shall be permitted to subcontract or otherwise delegate any or all of its duties and obligations hereunder to one or more subcontractors, provided that: (i) the terms of each such arrangement shall be on terms consistent herewith, including without limitation by requiring that the applicable third party perform its duties and obligations thereunder in a manner consistent the terms of this Agreement; (ii) no such arrangement shall relieve NMG of its obligation to ensure the performance of all of the duties and responsibilities contemplated to be performed by NMG under this Agreement. Notwithstanding the foregoing, NMG shall remain responsible for onsite operational management at the Licensed Premises during the Term.

c. Cooperation. SD shall cooperate with NMG in all reasonable respects in matters relating to the provision and receipt of the Services. This includes, but is not limited to, ensuring that NMG and NMG Representatives have access to the Licensed Premises twenty-four (24) hours per day, seven (7) days per week. If required by law to do so, SD shall be responsible for communicating with State Regulatory Bodies as necessary. . Otherwise, NMG shall be responsible for communicating with State Regulatory Bodies on behalf of SD.

d. Insurance. SD shall maintain, throughout the Term and for a period of one (1) year thereafter, at its own cost and expense from a qualified insurance company Standard General Liability Insurance (covering hazards and interruptions) and Product Liability Insurance. All insurance policies shall name NMG as additional insured or named additional insured with limits no less than the greater of the amount required by Applicable Law and one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate, including bodily injury, property damage, and products and completed operations, which policy will include contractual liability coverage insuring the activities of SD under this Agreement. Upon demand, SD shall furnish to NMG a certificate of insurance evidencing same within five (5) days after request for same.

e. Standard of Performance. In performing the Services hereunder, NMG shall use that degree of skill, care and diligence that a reasonable person would use acting in like circumstances in accordance with industry standards and Applicable Law.

3. BRANDING, EQUIPMENT, CAPITAL, LEASE.

a. Brand Licensing. NMG shall work to broker commercial arrangements between SD and third-party cannabis brand owners whereby SD licenses commercial cannabis brands from third-parties in connection with SD's Commercial Cannabis Activity in exchange for a license fee. Specifically, within thirty (30) days of the Effective Date, NMG shall broker a commercial arrangement between its affiliate company, Nevada Medical Group, LLC ("Nev LLC") and SD whereby SD licenses the trademarks and other intellectual property to be used in connection with SD's production of cannabis products bearing such licensed trademarks (the "**Branded Products**") on terms as favorable as the most favored licensee. NMG shall use good faith efforts to establish similar license agreements with third-party cannabis brand owners and to produce SD branded products in the event SD decides to create its own brand(s). NMG shall work to establish operations at capacity at the Licensed Premises.

b. Equipment and Capital. NMG shall furnish all equipment and machinery necessary for SD's production of the Branded Products. Upon mutual agreement of the Parties, NMG shall also provide additional capital to SD to be used solely for the expansion of SD's Commercial Cannabis Activity. Any equipment provided by NMG to SD shall be owned by NMG in its entirety and, subject to SD's approval of the terms, leased to SD pursuant to an Equipment Lease Agreement dated June 6, 2019 (the "**Equipment Lease**").

c. Loan. Contemporaneously herewith, the Parties have entered into a certain loan agreement dated June 6, 2019 whereby NMG has loaned SD Two Hundred and Fifty Thousand Dollars (the "**Loan Agreement**") to be used solely in connection with SD's Commercial Cannabis Activity.

d. Lease. SD represents and warrants that it is a current tenant of the Licensed Premises and that no provision of this Agreement is conflicting with the terms and conditions of SD's lease agreement for the Licensed Premises.

4. PAYMENT

a. Charges. In consideration of NMG providing the Services, SD shall pay to NMG the Management Fee.

b. Statement. NMG shall submit a Statement to SD no later than five (5) calendar days after the end of each calendar month (unless otherwise agreed to by the Parties) with respect to the Management Fee payable by NMG for such calendar month. Each Statement shall set forth in reasonable detail the Management Fee.

c. Payment. Full payment of the Management Fee as set forth in the Statement shall be made no later than ten (10) calendar days following receipt of the Statement. Payment shall be made by SD in U.S. Dollars. In the event of any disagreement between NMG and SD with respect to any Statement or any amounts owed hereunder, SD shall make full payment of the Management Fee set forth on the Statement, and thereafter NMG and the SD agree to negotiate in good faith to resolve such dispute, in accordance with the dispute resolution provisions set forth herein.

5. REGULATORY DISCLOSURES; COMPLIANCE

a. Regulatory Disclosures.

i. The Parties acknowledge the contractual relationship contemplated hereby requires regulatory disclosure of NMG as an "Owner" of SD's Licenses under State Law. Immediately following the Effective Date, SD shall: (i) Notify the BCC and CDPH of the change in "Ownership" of each applicable License occasioned by this Agreement pursuant to Section 5023(c) of the BCC regulations and Section 40178 of the CDPH Regulations by completing the necessary and appropriate forms provided by each State Regulatory Authority. It is the Parties belief that administrative disclosure of the contractual relationship contemplated hereby to the City of Cathedral City is not required. In the event that the City of Cathedral City determines that disclosure of NMG's interest in the Licenses is required, the Parties agree to timely cooperate and promptly take all necessary steps to disclose such "Ownership."

ii. The Parties acknowledge the contractual relationship contemplated hereby requires regulatory disclosure to the CDPH of certain NMG Representatives in their individual capacity, as "Owners". Immediately following the Effective Date, SD shall: (i) Notify the CDPH of the change in "Ownership" the Manufacturing License occasioned by this Agreement.

iii. NMG agrees to provide SD with all personal information relating to NMG and NMG's Affiliates including LiveScans and all other information that is required by state law to be disclosed by SD to the State Regulatory Authorities. NMG hereby authorizes and consents SD to submit all such required personal information of NMG and NMG's Affiliates to the State Regulatory Authorities and shall cause all such Affiliates to complete LiveScans, provide their personal information, and consent to such disclosure.

b. Compliance. It is the Parties' intent that this Agreement comply in all respects with all Applicable Laws and the Parties have structured their relationship with that specific intent. However, each Party understands that the Applicable Laws are complicated and in a state of flux. In the event that the State Regulatory Authorities require additional disclosure obligations pursuant to Section 6(a) above, or which require changes to the structure of this Agreement for compliance purposes, the Parties agree to use best efforts to make such disclosures and/or modify this Agreement to comply with the new requirements while preserving the intent of the Parties set forth herein. In addition, each Party further understands that United States Federal laws may render the subject of this Agreement as void or unenforceable, and as a result, the Parties expressly acknowledge and agree that if United States Federal laws that would render the subject of this Agreement as void or unenforceable that does not and will not apply to this Agreement, the transactions contemplated hereby, or the relationship of the Parties hereto, and notwithstanding, the Parties will cooperate to perform the substance of their obligations hereunder. Therefore, subject to this paragraph, in the event that any provision of this Agreement is rendered invalid or unenforceable by a court of competent jurisdiction, or the applicable laws and regulations are altered by any legislative or regulatory body, or either Party notifies the other Party in writing of its reasonable belief that this Agreement or any of its provisions may be declared null, void, unenforceable, or in violation of Applicable Laws, the remaining provisions, if any, of this Agreement shall nevertheless continue in full force and effect.

6. TERM

a. Initial Term. This Agreement and the provisions hereof, shall be in full force and effect for one (1) year following the Effective Date. During the Term, the Agreement may not be terminated, except in the event that one Party materially breaches this Agreement, which breach cannot reasonably be cured or remains uncured for thirty (30) days after the non-breaching Party provides written notice of the breach to the breaching Party. The expiration or termination of this Agreement shall not act as a waiver of any claims, suits, or causes of action of any kind that either Party may have against the other arising out of this Agreement or the Services.

b. Renewal Term. Prior to the expiration of the Initial Term, either Party can send written notice to the other Party of its intent to renew the Agreement for a subsequent one (1) year renewal term (a "**Renewal Term**") at least thirty (30) days prior to the expiration of the then current term. If the Parties mutually agree, the term shall be extended for the Renewal Term.

7. REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party that: (i) it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization or chartering; (ii) it has the full right, power and authority to enter into this Agreement, to grant the rights granted hereunder and to perform its obligations hereunder; (iii) it owns or has rightful legal interest in and to any equipment or materials provided by the Party being utilized in connection with the services provided in this Agreement (iv) the execution of this the Agreement by its Representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party; and (v) when executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

8. INDEMNITY; LIMITATION ON LIABILITY

a. Indemnity of SD. NMG hereby indemnifies and holds SD (along with its Representatives) harmless from any liability, cost or expense (including reasonable attorneys' fees) arising out of any claim asserted by a third party against SD which claim is based on a breach by NMG of its obligation hereunder and/or the gross negligence or intentionally wrongful acts or omissions of NMG in the performance of its obligations and responsibilities under this Agreement. If SD seeks indemnification from NMG, it shall give NMG notice of such claim, and NMG shall defend and settle such claim at its sole expense, provided that SD shall cooperate in such defense, and further provided that SD may elect to engage counsel to participate in such defense at its own expense.

b. Indemnity of NMG. SD hereby indemnifies and holds NMG (along with its officers, employees, agents, and managers) harmless from any liability, cost or expense (including reasonable attorneys' fees) or any suit, action, liability, proceeding, or governmental investigation, pending or threatened, whether based on statute, regulation or order, tort, contract or otherwise, before any court or governmental authority, arising out of any claim asserted by a third party against NMG which claim is based on or arising from (i) a breach of any representation, warranty or covenant set forth in this Agreement; (ii) a breach by SD of its obligation hereunder and/or the gross negligence or intentionally wrongful acts or omissions of SD in the performance of its obligations and responsibilities under this Agreement; (iii) events or circumstances that transpired between SD and third-parties prior to the execution of this Agreement; (iv) NMG's use the Licensed Premises or of NMG's use of the equipment at the Licensed Premises. If NMG seeks indemnification from SD, it shall give SD notice of such claim, and SD shall defend and settle such claim at its sole expense, provided that NMG shall cooperate in such defense, and further provided that NMG may elect to engage counsel to participate in such defense at its own expense.

c. Limitation of Liability.

i. The obligations of either Party pursuant to this Agreement shall not constitute personal obligations of such Party's Representatives, and the other Party shall look solely to such Party and to no other Person for the satisfaction of any liability with respect to this Agreement. The limitations of liability set forth in this Section 8 are in addition to, and not in lieu of, any other limitations of liability or indemnification obligations set forth elsewhere in this Agreement or in other contracts, agreements, instruments, or other documents.

ii. EACH OF THE PARTIES HEREBY AGREES THAT IN NO EVENT SHALL THE OTHER PARTY BE LIABLE UNDER OR IN RELATION TO THIS AGREEMENT OR ARISING OUT OF THE TRANSACTIONS CONTEMPLATED HEREBY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES (AND WHETHER IN RELATION TO TORT, INCLUDING NEGLIGENCE), BREACH OF CONTRACT, STRICT LIABILITY OR OTHERWISE, OR ANY OTHER LIABILITY FOR ANY OF THE FOLLOWING: (I) LOSS OF PROFITS, REVENUES OR SALES; (II) LOSS OF BARGAIN; (III) LOSS OF OPPORTUNITY; (IV) LOSS OF USE OF ANY SERVICE OR ANY COMPUTER EQUIPMENT; (V) LOSS OF TIME ON THE PART OF MANAGEMENT OR OTHER STAFF; (VI) BUSINESS INTERRUPTION, RELATED TO THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER, (VII) DAMAGE TO OR LOSS OF DATA; OR (VIII) ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, EXTRAORDINARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND HOWSOEVER.

9. CONFIDENTIALITY

a. Confidential Information. Each Party acknowledges that, in connection with this Agreement and it will gain access to the other Party's Confidential Information. Each Party shall: (i) protect and safeguard the confidentiality of the other Party's Confidential Information with at least the same degree of care as such Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the other Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (c) not disclose any such Confidential Information to any person or entity, except to its Representatives who are bound by written confidentiality obligations and have a need to know the Confidential Information to exercise its rights or perform its obligations under this Agreement. Notwithstanding the foregoing, each Party expressly acknowledges that it does not and will not have an ownership interest, whatsoever, in any of the other Party's Confidential Information, and shall have no right to use any of the other Party's Confidential Information except during the Term of this Agreement with the other Party's express written consent.

b. Disclosure of Confidential Information. Notwithstanding the foregoing, a Party may disclose the other Party's Confidential Information to the extent required to comply with Applicable Law, governmental regulations, or pursuant to an order of a court of competent jurisdiction, but even then, only upon sufficient advanced written notice SD to permit SD to object, quash, or otherwise seek to avoid disclosure of the Confidential Information, should it choose to do so.

10. MISCELLANEOUS

a. Notice. Any notice required to be given pursuant to this Agreement shall be in writing and delivered personally to the other designated Party or mailed by certified or registered mail, return receipt requested or delivered by a recognized national overnight courier service, except e-mail may be used for day-to-day operations and contacts but not for 'notice' or other communications required under this Agreement or by law.

b. Waiver. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

c. Severability. In the event that any term, clause, or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

d. Assignment. The rights granted hereunder may be assigned, delegated or sub-contracted by either Party with the written consent of the other Party to this Agreement, which consent shall not be unreasonably withheld, delayed or conditioned.

e. Relationship of The Parties. The relationship between the Parties is that of independent contractors. Nothing in this Agreement shall create or shall be deemed to create any joint venture or partnership between the Parties, nor shall anything in this Agreement render or be construed to render any of employees or agents of one Party to be employees or agents of the other Party. This Agreement does not provide any of one Party's employees or agents with any rights or benefits to which an employee or agent of the other Party may be entitled. Each Party acknowledges exclusive responsibility for and indemnifies the other Party against withholding and payment of any and all taxes, including but not limited to FICA taxes, worker's compensation insurance premiums, unemployment, state and federal income taxes, and any such withholding payments required under state or federal law, as well as vacation pay, paid sick leave, retirement benefits, and employee benefits of any kind whatsoever for all Personnel on their payroll, and neither Party shall be liable for any of the foregoing with regard to Personnel on the other Party's payroll.

f. Entire Agreement. This Agreement and any other documents incorporated herein by reference, constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

g. Amendments. Any amendment to this Agreement must be in writing and signed by an authorized person of each Party.

h. Surviving Rights. Any rights or obligations of the Parties in this Agreement which, by their nature, should survive termination or expiration of this Agreement will survive any such termination or expiration.

i. Further Assurances. Each Party shall, upon the reasonable request of the other Party, promptly execute such documents and perform such acts as may be necessary to give full effect to the terms of this Agreement.

j. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

k. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

l. Equitable Relief. Each Party acknowledges that a breach by the Party of this Agreement may cause the other Party irreparable damages, for which an award of damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the other Party may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available at law or in equity (which are cumulative and may be exercised singularly or concurrently), subject to any express exclusions or limitations in this Agreement to the contrary.

m. Counterparts; Electronic Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same Agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

n. Force Majeure. Neither Party shall be responsible for delays or failure of performance under this Agreement to the extent resulting from causes that are beyond the reasonable control of such Party and which render the continued performance of this Agreement impossible, impractical or illegal, including, but not limited to, fire, flood, explosion, tornado, epidemic, earthquake, snowstorm, ice storm or other act of God, embargo, explosion, malfunction, riots, civil disputes, acts or threatened acts of terrorism or war, failure of the internet or government controls or regulations, lack of availability of source material meeting the qualifications and standards in this Agreement at commercially reasonable prices, and problems or defects in relation to the Internet and/or any telecommunication systems. The existence of such causes of such delay or failure shall extend the period for performance to the extent necessary to enable complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

o. Jurisdiction and Disputes.

i. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

ii. In the event of any Claim arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability hereof, the Parties hereto shall use their best efforts to settle the Claim. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution satisfactory to the Parties. If the Claim cannot be settled through negotiation within a period of seven (7) days, the Parties agree to attempt in good faith to settle the Claim through mediation, administered by a mediator mutually agreeable to the Parties, before resorting to arbitration. If they do not reach such resolution, or an agreed upon mediator cannot be identified, within a period of thirty (30) days, then, upon notice by either party to the other they shall commence arbitration as set forth below.

iii. The Parties agree to submit any and all Claims, or any dispute related in any way to this Agreement and the services rendered hereunder, to binding arbitration before JAMS. The arbitration shall be held in accordance with the JAMS then-current Streamlined Arbitration Rules & Procedures (and no other JAMS rules), which currently are available at: <http://www.jamsadr.com/rules-streamlined-arbitration>. The arbitrator shall be either a retired judge, or an attorney who is experienced in commercial contracts and licensed to practice law in California, selected pursuant to the JAMS rules. The Parties expressly agree that any arbitration shall be conducted in the Orange County, California. Each party understands and agrees that by signing this Agreement, such party is waiving the right to a jury. The arbitrator shall apply California substantive law in the adjudication of all Claims. Notwithstanding the foregoing, either party may apply to the Superior Courts located in Orange County, California for a provisional remedy, including but not limited to a temporary restraining order or a preliminary injunction. The application for or enforcement of any provisional remedy by a party shall not operate as a waiver of the Agreement to submit a dispute to binding arbitration pursuant to this provision. In no event shall a Claim be adjudicated in Federal District Court. In the event that either party commences a Claim in Federal District Court or moves to remove such action to Federal District Court, the Parties hereby mutually agree to stipulate to a dismissal of such Federal Claim with prejudice. After a demand for arbitration has been filed and served, the Parties may engage in reasonable discovery in the form of requests for documents, interrogatories, requests for admission, and depositions. The arbitrator shall resolve any disputes concerning discovery. The arbitrator shall award costs and reasonable attorneys' fees to the prevailing party, as determined by the arbitrator, to the extent permitted by California law. The arbitrator's decision shall be final and binding upon the Parties. The arbitrator's decision shall include the arbitrator's findings of fact and conclusions of law and shall be issued in writing within thirty (30) days of the commencement of the arbitration proceedings. The prevailing party may submit the arbitrator's decision to Superior Courts located in Orange County for an entry of judgment thereon.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Agreement as of the date set forth below.

NMG Cathedral City, LLC
("NMG")

Satellites Dip, LLC
("SD")

By: /s/ Stephen Trip Hoffman

By: /s/ Azadeh Dastmalchi

Name: Stephen 'Trip' Hoffman

Name: Azadeh Dastmalchi

Title: Authorized Signatory

Title: Authorized Signatory

Dated: June 6, 2019

Dated: June 6, 2019

**EXHIBIT A
LICENSES**

[insert licenses on next page]

EXHIBIT A

EQUIPMENT LEASE AGREEMENT

This equipment lease agreement (this "**Agreement**") is made and entered into as of June 6, 2019 (the "**Effective Date**"), by and among NMG Cathedral City, LLC (the "**Lessor**") and Satellites Dip, LLC (the "**Lessee**"). Lessor and Lessee are each referred to herein as a "**Party**" and are collectively referred to herein as the "**Parties**."

WHEREAS, Lessor is the owner of the Equipment;

WHEREAS, Lessee is a licensed commercial cannabis business conducting Commercial Cannabis Activity within the state of California;

WHEREAS, Lessor desires to lease the Equipment to Lessee, and Lessee desires to lease the Equipment from Lessor upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement agree as follows.

1. DEFINITIONS

a. "**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "**control**" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

b. "**Agreement**" shall have the meaning set forth in the recitals of this Agreement.

c. "**Applicable Law**" means any and all applicable local, state and federal laws, rules and regulations. Notwithstanding anything to the contrary contained herein, the parties acknowledge that, at the time of the execution of this Agreement, the terms of this Agreement may not comply with the CSA. The parties acknowledge that a violation of the CSA shall not be deemed to violate Applicable Law as used herein.

d. "**Casualty Loss**" means the destruction, loss, theft, requisition of title, or use, confiscation, taking, or damage to the Equipment.

e. "**Casualty Value**" means the Lessor's reasonable estimate, at that time, of the fair market value of the Casualty Loss at the time of the notice.

f. "**Collection Costs**" means all reasonable costs related to recovery of unpaid Rent, including, but not limited to, administrative and attorney's fees that may be incurred by Lessor and/or Lessor's Representatives in an effort to collect past due amounts owed by Lessee to Lessor for more than sixty (60) days.

Equipment Lease Agreement

g. “**Commercial Cannabis Activity**” means all commercial cannabis activity that Lessee is lawfully engaged in at the Premises pursuant to the Licenses.

h. “**Claims**” means any claim, demand, dispute, controversy or cause of action.

i. “**CSA**” means 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act.

j. “**Default**” means any of the events specified in Section 8, which constitutes an event of default or which, on the giving of notice, the lapse of time, or both pursuant to Section 8 would, unless cured or waived, become an event of default.

k. “**Effective Date**” shall have the meaning set forth in the recitals of this Agreement.

l. “**Equipment**” means the equipment identified in Exhibit A, attached hereto.

m. “**Equipment Records**” means all records, logs, and other documents related to the Lessee’s operation and maintenance of the Equipment.

n. “**Holdover Rent**” means the Rent, plus an additional Twenty Percent (20%) fee.

o. “**Initial Term**” means a period commencing on the Effective Date and extending until such date that is one (1) year thereafter.

p. “**Insurance**” means the insurance of the Equipment against loss, theft, and damage.

q. “**Lessor**” shall have the meaning set forth in the recitals of this Agreement.

r. “**Lessee**” shall have the meaning set forth in the recitals of this Agreement.

s. “**Licensed Premises**” means certain real property located at 68350 Commercial Rd, Cathedral City CA 92234, where the Lessee intends to install, utilize and operate the Equipment in accordance with Applicable Law.

t. “**Licenses**” means all permits, licenses, or authorizations required for Lessee to conduct the Commercial Cannabis Activity in accordance with Applicable Law and to utilize the Equipment at the Licensed Premises.

u. “**Lien**” means any mortgage, pledge, hypothecation, assignment (as security), deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest, or any preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever having substantially the same economic effect as any of the foregoing (including, without limitation, any conditional sale or other title retention agreement and any capital lease).

Equipment Lease Agreement

v. “**Losses**” means losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

w. “**Manufacturer**” means the manufacturer of each item of Equipment.

x. “**Manufacturer’s Recommendation**” means the specifications and guidelines produced by the Manufacturer for particular item of Equipment related to installation, utilization and maintenance.

y. “**Materially Impaired Equipment**” means Equipment that has suffered damages such that it is no longer usable for the Lessee’s intended operations and such damage is not repairable.

z. “**Option Agreement**” shall have the meaning set forth in Section 3(b).

aa. “**Optional Upgrade**” means an upgrade to the Equipment for which the Lessee deems desirable in the proper conduct of its business.

bb. “**Parts**” means all components, parts, replacement parts, instruments, appurtenances, accessories, furnishings, and other equipment of whatever nature which may now or from time to time be incorporated or installed in or attached to, or were provided by the Manufacturer with, any item of Equipment, including after temporary removal from such item of Equipment.

cc. “**Party**” and “**Parties**” shall have the meanings set forth in the recitals of this Agreement.

dd. “**Person**” means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

ee. “**Renewal Term**” means a period of one (1) year commencing upon the conclusion of the immediately preceding period.

ff. “**Rent**” means the value per item as listed in Exhibit A, payable monthly, and any applicable late charges thereto.

gg. “**Repairable Equipment**” means Equipment that has been damaged or altered such that it requires repair but does not qualify as Materially Impaired Equipment hereunder.

hh. “**Replacement Equipment**” means equipment substantially similar or identical to the Equipment approved by the Lessor and free and clear of all liens, encumbrances, or security interests.

Equipment Lease Agreement

ii. “**Representatives**” means a Party’s and its Affiliates’ shareholders, members, managers, employees, officers, directors, consultants and legal advisors.

jj. “**Term**” means, collectively, the Initial Term and all Renewal Terms (if any).

2. LEASE OF EQUIPMENT

a. Lease. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, pursuant to the terms and conditions herein, the Equipment described more fully in Exhibit A attached hereto. The lease of any item of Equipment is governed by the terms and conditions of this Agreement.

b. Equipment in Good Working Order. Lessee acknowledges as between Lessor and the Lessee, that the Lessee has fully inspected the Equipment and that Lessee is satisfied with and has accepted the condition of the Equipment. Lessee agrees that the Equipment and each Part thereof is of a design, size, quality, and capacity required by Lessee and is suitable for conducting its operations in accordance with Applicable Law. The taking of possession of the Equipment by the Lessee shall be conclusive evidence that the Equipment is in good working order and condition.

c. Preparation of Licensed Premises. Prior to the delivery of each item of Equipment, Lessee shall, at its expense, ensure that the Licensed Premises is suitable for the installation of such Equipment. Lessee shall grant access to the Licensed Premises to allow Lessor, the Manufacturer, and/or their Representatives to ensure the proper installation of each item of Equipment. Unless otherwise agreed to in writing by the Parties, Lessee shall be responsible for all installations and bear all installation charges, including third-party installation charges. Lessee may not move any item of Equipment from its Licensed Premises without Lessor’s prior written consent.

d. Equipment Use & Maintenance. Unless otherwise agreed to in writing by the Parties, Lessee is solely responsible for the selection, installation, operation, and maintenance of the Equipment and for all costs related thereto, including shipping charges. Lessee shall at all times operate and maintain the Equipment in good operating order, repair, condition, appearance, and in accordance with the Manufacturer’s Recommendations (normal wear and tear excepted). Lessee shall, at its own expense, enter into, maintain and enforce at all times a maintenance agreement to service and maintain the Equipment in accordance with Manufacturer’s Recommendations, upon terms and with a provider acceptable to Lessor, at its own discretion, and in compliance with any requirements of Applicable Law.

e. Replacement of Parts. Unless otherwise agreed to in writing by the Parties, if any Part comprising any item of Equipment becomes lost, stolen, damaged beyond repair, or otherwise permanently rendered unfit for use, Lessee shall notify Lessor immediately and, at its own expense, shall promptly replace or cause to be replaced the Part with one or more replacement Parts that are free of all Liens. Lessee shall cause, after the replacement, the related item of Equipment to be in as good of operating condition as, and have an equal value to, the item of Equipment before the replacement (assuming such item of Equipment was, at the time of the replacement, in the condition required by the terms of this Agreement).

Equipment Lease Agreement

f. Required Upgrades. Lessee, at its own expense, shall (or shall cause any Sublessee to) install alterations, modifications, additions, and upgrades to any item of Equipment that is: (i) required or supplied by Lessor; or (ii) necessary to comply with Applicable Law.

g. Optional Upgrades. Lessee must obtain Lessor's prior written consent before incorporating any Optional Upgrade into any item of Equipment. Lessee shall not make or cause to be made any Optional Upgrade that: (i) impairs or damages the function, nature, purpose or operation of the Equipment; (ii) subjects the Equipment to any Lien; or (iii) decreases the then-current value, estimated residual value, or remaining useful life or utility of the Equipment as measured immediately prior to such Optional Upgrade.

h. Lessor's Inspection Rights. Upon reasonable prior notice to Lessee, Lessor and Lessor's Representatives shall have the right, during Lessee's business hours, to enter the Licensed Premises for the purpose of inspecting the Equipment and observing its use.

i. Lessor Ownership Label. Lessee shall, at its own expense, to affix and maintain in a prominent position on each item of Equipment, any tags or identifying labels provided by Lessor to indicate Lessor's ownership of the Equipment. Except as provided above, Lessee shall not allow the name of any other Person to be placed on the Equipment. However, Lessee (or any approved sublessee) may, with Lessor's prior written consent, place its customary insignia on the Equipment.

j. Equipment Return. On or before the termination of the Lease (in the event the Option is not exercised as set forth in Section 3(c) of this Agreement), Lessee shall pack the Equipment in accordance with the Manufacturer's Recommendation and deliver such Equipment (along with all operating manuals) to Lessor at any destination within the continental United States designated by Lessor. All dismantling, packaging, transportation, in-transit insurance, and shipping charges shall be borne by Lessee. All Equipment shall be returned to Lessor in the same condition and working order as when delivered to Lessee, reasonable wear and tear excepted, and, if applicable, shall be certifiable for maintenance by the Manufacturer at its standard rates.

k. Storage Upon Equipment Return. Lessee shall, at its own expense, upon Lessor's prior written request, store any item of Equipment returned hereunder for a reasonable period not to exceed thirty (30) business days, either: (i) at the Licensed Premises of such item of Equipment; or (ii) subject to the prior written consent of Lessor, at such other facility selected by Lessee used as a Licensed Premises for the storage of products or equipment similar to the item of Equipment. During this storage period, Lessee shall comply with the terms and conditions hereof, except the obligation to pay Rent.

l. Equipment Return Records. Upon the return of the Equipment under this Agreement, Lessee shall deliver or cause to be delivered to Lessor, all records relating to the Lessee's operation and maintenance of the Equipment during the Term, including all records required to be maintained by this Agreement and Applicable Law.

Equipment Lease Agreement

m. Alterations and Additions. Notwithstanding anything herein to the contrary, the Lessee shall not make any material alterations to the Equipment without Lessor's prior written consent. Unless otherwise agreed to by the Parties in writing, all Parts and Replacement Equipment shall immediately become the property of Lessor and shall be deemed incorporated in the Equipment and subject to the terms of this Lease as if originally leased hereunder.

n. To Remain Personal Property. The Parties acknowledge and agree that Lessor is the sole owner of the Equipment and has sole title thereto. Lessee covenants that it will not pledge or encumber the Equipment or Lessor's interest in the Equipment in any manner whatsoever, nor permit any Liens to be attached thereto. Lessee shall not make any representation to any third-party inconsistent with Lessor's sole ownership of the Equipment. The Equipment shall remain Lessor's personal property whether or not affixed to realty and shall not become or be made to become a part of any real property on which it is placed without Lessor's prior written consent. Even if any item of Equipment, or any part thereof, becomes affixed or attached to real property at the Licensed Premises or elsewhere, upon Lessor's written request, Lessee shall obtain and provide to Lessor, from each real property landlord, mortgagee, or lienholder for each Licensed Premises, a waiver of any interest that it may have in the Equipment arising from its interest in the real property.

3. TERM, TERMINATION, AND RENT

a. Term. This Agreement and the provisions hereof, shall be in full force and effect for the duration of the Term. Prior to the expiration of the Initial Term, either Party can send written notice to the other Party of its intent to renew the Agreement for a subsequent Renewal Term at least thirty (30) days prior to the expiration of the then current term. If the Parties mutually agree, the term shall be extended for a subsequent Renewal Term. Provided that no Party has provided the other Party with thirty (30) days' prior written notice of its intention to renew the Term, the Agreement shall automatically terminated upon the conclusion of the current Term.

b. Termination. During the Term, the Agreement may not be terminated, except in the event that one Party materially breaches this Agreement, which breach cannot reasonably be cured or remains uncured for thirty (30) days after the non-breaching Party provides written notice of the breach to the breaching Party.

c. No Waiver. The expiration or termination of this Agreement shall not act as a waiver of any claims, suits, or causes of action of any kind that either Party may have against the other arising out of this Agreement.

d. Rent.

Equipment Lease Agreement

i. In consideration of the rights granted hereunder, Lessee shall pay monthly Rent to Lessor each calendar month for the duration of the Term. Lessee shall pay all amounts due under this Agreement on the applicable due date in US Dollars.

ii. The Rent payable to Lessor shall be calculated as of the last calendar day of each calendar month. Lessee shall pay the Rent to Lessor no later than five (5) days following the end of the preceding calendar month.

iii. Lessee shall keep accurate books of account governing all transactions relating hereto. Lessor (or Lessor's Representative) shall have the right upon reasonable notice, not more frequently than once per accounting statement or once per calendar year, and at Lessor's sole cost and expense, to examine Lessee's books of account and records with respect to Lessee's Net Profits at Lessee's place of business where such books and records are usually kept and to make reasonable copies thereof; provided, that if such examination reveals that the Rent for any period so examined was understated by ten percent (10%) or more, the Lessee shall reimburse Lessor for its reasonable costs and expenses of such examination. All accounting statements shall be binding upon Lessor and not subject to any objection by Lessor for any reason unless a specific written objection, stating the basis thereof, is furnished to Lessee within four (4) years from the date rendered. Lessor shall be foreclosed from maintaining any action, claim or proceeding against Lessee with respect to any statement or accounting due hereunder unless commenced against Lessee in accordance with the dispute resolution provisions set forth herein within four (4) years after the date such statement is rendered.

iv. In the event that Lessee fails to make payment of any Rent, Lessee shall be charged a late payment fee, which shall be equal to the higher of: (i) the cost of processing such late payment, including but not limited to, labor and filing cost; or (ii) twenty (20) dollars. In addition, Lessee shall also be responsible for all Collection Costs, which Collection Costs shall be added to the amounts due to Lessor and paid by Lessee. All payments made by Lessee following the incurrence of Collection Costs by Lessor shall first be credited to Collection Costs amounts and then to the past due amounts until the account is brought current. Additionally, in the event that any Rent remains unpaid for more than sixty (60) days, Lessor shall have the right, but not the obligation, to terminate the Term of the agreement. In such event, Lessee shall waive all rights and remedies and release all applicable claims that Lessee might have against Lessor as a direct or indirect result of such termination.

e. Net Lease. It is the intent of the Parties to this Lease that it be completely net to Lessor. Lessor shall not be liable for any costs or expenses of any nature whatsoever relating to the Equipment or any improvements to the Equipment or the use of the Equipment, or the contents of the Equipment, or the business carried on therein, and the Lessee shall be solely responsible for any such costs, charges, expenses, and outlays, including taxes, maintenance, and repairs. Any obligation which is not expressly declared in this Lease to be that of Lessor shall be deemed to be the obligation of the Lessee to be performed by and/or at the expense of the Lessee.

f. Rental Obligations under a Sublease. Lessee's obligation to pay amounts due under this Agreement apply whether or not any approved sublease is in effect.

Equipment Lease Agreement

4. INSURANCE, LOSS, TAXES

a. Insurance. Lessee agrees to keep the Equipment insured at Lessee's expense against all risks of loss, including theft or damage from any cause whatsoever. Lessee agrees that such Insurance shall name Lessor as an additional insured, with a full waiver of warranties and provide coverage not less than the reasonable commercial value of the Equipment. Lessee also agrees that it shall carry public liability insurance in an amount consistent with prudent business practices and customary to Lessee's industry. Each policy shall provide that the Insurance cannot be canceled without at least thirty (30) days' prior written notice to Lessor. Upon request by Lessor, Lessee agrees to furnish proof of insurance coverage, including a certificate of Insurance and a copy of the policy. If Lessee fails to provide Lessor with such evidence, then Lessor will have the right, but not the obligation, to have such Insurance protecting Lessor placed at Lessee's expense. Lessee's expense shall include a full premium paid for such Insurance and any customary charges, costs or fees of Lessor. Lessee agrees to pay such amounts in equal installments allocated to each Rent payment (plus interest on such amounts at the lesser of one-percent (1%) per month or the maximum rate allowable under applicable law). Lessee hereby appoints Lessor as its attorney-in-fact to make any claim, receive payment, or execute or endorse all documents, checks or drafts for loss or damage or return of any premium under such insurance and to apply any such amounts to satisfy Lessee's obligations under this Lease.

b. Insurance Proceeds Received by Lessor. If Lessor receives any proceeds as loss payee of the Insurance, or under any condemnation proceeding related to the Equipment, Lessor shall proceed as follows:

i. If the Lessee is in Default, Lessor may hold any such proceeds as security for the obligations of Lessee under this Agreement and apply such amounts in its discretion against Lessee's obligations under this Agreement.

ii. If Lessee is not in Default, Lessor shall: (1) if received pursuant to a Loss in connection with Materially Impaired Equipment, credit such proceeds against Lessee's obligations to make payments to Lessor hereunder, or if no such amounts are then due and outstanding, remit such proceeds to Lessee; or (2) if received pursuant to a Loss for any reason other than in connection with Materially Impaired Equipment, remit the proceeds to Lessee.

c. Insurance Proceeds Received by Lessee. If Lessee receives any proceeds as loss payee of the Insurance, or under any condemnation proceeding related to the Equipment, Lessee shall proceed as follows:

i. If Lessee is in Default and it receives any proceeds under the Insurance (regardless of whether in connection with Materially Impaired Equipment), it shall forward such amounts to Lessor as security for the obligations of Lessee under this Agreement to be applied by Lessor in its discretion against Lessee's obligations under this Agreement.

Equipment Lease Agreement

ii. If Lessee is not in Default, it shall promptly forward such amounts to Lessor to be applied by Lessor.

d. Risk of Loss. The Lessee will bear the entire risk of Casualty Loss from any cause during the Term or, if longer, during the period commencing when the Equipment is placed in transit to the Lessee and ending when the Equipment is returned to the Lessor or its designee following termination as provided herein. If during that period the Equipment suffers any Casualty Loss, the Lessee will notify the Lessor in writing within fifteen (15) days following the Casualty Loss. On demand by the Lessor, the Lessee will:

i. Reparable Equipment. For Repairable Equipment, this Agreement continues to be in effect and at Lessee's sole expense, Lessee will repair or caused to be repaired, the Equipment to the condition in which the Equipment is required to be maintained under this Lease;

ii. Materially Impaired Equipment. For Materially Impaired Equipment, this Agreement terminates with respect to any item of Equipment that constitutes Materially Impaired Equipment and Lessee shall either: (1) replace the Materially Impaired Equipment at the Lessee's sole expense with Replacement Equipment; or (2) pay to the Lessor the Casualty Value and all other amounts then due under this Lease. Lessee shall return any Materially Impaired Equipment according to Lessor's instructions.

e. Taxes. Lessee agrees to pay, and to indemnify and hold Lessor harmless from, all license fees, assessments, and sales, use, property, excise, and other taxes and charges (other than federal income taxes and taxes imposed by any other jurisdiction which are based on, or measured by, the net income of Lessor for reasons other than the ownership or leasing of the Equipment in such jurisdiction) imposed upon or with respect to: (i) the Equipment or any part thereof arising out of or in connection with the shipment of Equipment or the possession, ownership, use or operation thereof; or (ii) this Lease or the consummation of the transactions herein contemplated. The agreements and indemnities contained herein shall survive the expiration or termination of this Lease.

f. Further Assurances. Lessee shall promptly execute and deliver to Lessor such further documents and take such further action as Lessor may require in order to more effectively carry out the intent and purpose of this Lease, including executing and delivering any and all financing statements which Lessor may request. Upon demand, Lessee will promptly reimburse Lessor for any filing or recording fees or expenses (including reasonable legal fees and costs) incurred by Lessor in perfecting or protecting its interests in the Equipment.

5. REPRESENTATIONS AND WARRANTIES

a. Lessee's Representations and Warranties. Lessee represents, warrants, and covenants to Lessor following, which shall survive the termination or expiration of this Agreement:

Equipment Lease Agreement

i. Lessee is duly organized, validly existing, and in good standing under applicable law, and has full authority and legal right to execute, deliver, and perform this Lease and that such action has been duly authorized by Lessee, will not contravene Applicable Law, regulation or judgment, or the charter documents of Lessee and will not contravene or constitute a default under any agreement to which Lessee is a party or by which Lessee or its assets may be bound or affected;

ii. No consent, approval, permit, order, declaration, or filing with, or notice to, any governmental authority is required by or with respect to Lessee in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

iii. There are no Claims pending or, to Lessee's knowledge, threatened against or by Lessee: (1) relating to or affecting Lessee's business operations; or (2) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred, or circumstances exist that may give rise to, or serve as a basis for, any such Claim;

iv. The Equipment is being leased and will be used only for business or commercial purposes and will not be used for personal, family, or household purposes;

v. All Licenses have been or will be obtained by Lessee prior to Lessee conducting the Commercial Cannabis Activity, and, once obtained, Lessee shall maintain the Licenses in good standing. All fees and charges with respect to such Licenses as of the date hereof have been paid in full. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any License;

vi. Lessee's name and place of business are, as indicated herein, and Lessee will notify Lessor in writing of any change in its name or address within fifteen (15) days of such change;

vii. Any financial information of Lessee heretofore furnished to Lessor by or on behalf of Lessee is complete and correct for the purposes and periods covered thereby;

viii. At Lessee's sole and exclusive expense, Lessee will service and maintain the Equipment in good condition acceptable to Lessor, normal wear and tear excepted, and will furnish all appropriate parts, mechanisms, and devices therefor;

ix. Lessee at all times will cause the Equipment to be operated in accordance with the Manufacturer's Recommendations, by competent and qualified personnel.

x. Lessee will execute and deliver such other statements and documents required by any taxing authority or requested by lessor to protect Lessor's rights in the Equipment or in connection with this Lease or any related document; and

Equipment Lease Agreement

xi. Lessee shall keep the Equipment free and clear of all Liens.

b. Lessor's Representations and Warranties.

i. At the time of execution of this Agreement, there are no liens, security interest or other encumbrances (except for the rights of Lessor created hereby) on the Equipment.

6. INDEMNITY

a. Indemnity. Lessee agrees to defend, indemnify and hold harmless Lessor and its Representatives against all Losses arising out of or resulting from any third-party Claim arising from or related to, in any manner: (i) this Lease or the breach of any representation, warranty, or covenant made by the Lessee under this Lease; (ii) the manufacture, purchase, lease, delivery, non-delivery, acceptance, rejection, ownership, possession, use, operation, return, or disposition of the Equipment; (iii) The Equipment's condition or any discoverable or non-discoverable defect in it arising from its design, testing, or construction; any article used in the Equipment; or any maintenance, service, or repair, whether or not the Equipment is in the Lessee's possession and regardless of where the Equipment is located; (iv) any transaction, approval, or document contemplated by this Lease; (v) any injury to or death of the Lessee's personnel, loss or damage of the Lessee's property, or loss of use of any property, which may: (1) result from or arise in any manner out of the leasing, condition, use, or operation of the Equipment; or (2) be caused by any defect in the Equipment; its design, testing, or construction; any article used in the Equipment, or any maintenance, service, or repair, whether or not the Equipment is in the Lessee's possession and regardless of where the Equipment is located.

b. Indemnity Survival. The indemnities described herein shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of and will be enforceable by Lessor or any successor in interest.

7. EXCLUSION OF WARRANTIES

a. DISCLAIMER OF IMPLIED WARRANTIES. THE EQUIPMENT WILL BE LEASED "AS IS" AND "WHERE IS." THE LESSOR HAS NOT MADE, MAY NOT BE CONSIDERED TO HAVE MADE, AND SPECIFICALLY DISCLAIMS:

i. ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT, REGARDING TITLE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY, FREEDOM FROM CLAIMS OF INFRINGEMENT OR THE LIKE, FITNESS FOR USE FOR A PARTICULAR PURPOSE, QUALITY OF MATERIALS OR WORKMANSHIP, ABSENCE OF DISCOVERABLE OR NON-DISCOVERABLE DEFECTS, OR THAT THE EQUIPMENT IS IN COMPLIANCE WITH ANY APPLICABLE GOVERNMENT REQUIREMENTS OR REGULATIONS;

ii. ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT (INCLUDING ANY IMPLIED WARRANTY ARISING FROM A COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE); AND

Equipment Lease Agreement

iii. ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY REGARDING THE CHARACTERIZATION OF THIS LEASE FOR TAX, ACCOUNTING, OR OTHER PURPOSES. THE LESSEE WAIVES, RELEASES, RENOUNCES, AND DISCLAIMS EXPECTATION OF OR RELIANCE ON ANY SUCH WARRANTY OR WARRANTIES.

b. LIMITATION OF LIABILITY. THE LESSOR WILL NOT HAVE ANY RESPONSIBILITY OR LIABILITY TO THE LESSEE OR ANY OTHER PERSON, WHETHER ARISING IN CONTRACT OR TORT, OUT OF ANY NEGLIGENCE OR STRICT LIABILITY OF THE LESSOR OR OTHERWISE, FOR:

i. ANY LIABILITY, LOSS, OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT; BY ANY INADEQUACY, DEFICIENCY OR DEFECT OF THE EQUIPMENT; OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION WITH THIS LEASE;

ii. THE USE, OPERATION, OR PERFORMANCE OF THE EQUIPMENT OR ANY RISKS RELATING TO IT;

iii. ANY CONSEQUENTIAL DAMAGES, INCLUDING THOSE FOR INTERRUPTION OF SERVICE, LOSS OF BUSINESS, OR ANTICIPATED PROFITS; OR

iv. THE DELIVERY, OPERATION, MAINTENANCE, REPAIR, IMPROVEMENT, OR REPLACEMENT OF THE EQUIPMENT.

LESSEE'S SOLE RECOURSE FOR ANY AND ALL CLAIMS AND WARRANTIES RELATING TO THE EQUIPMENT SHALL BE AGAINST THE MANUFACTURER OF THE EQUIPMENT.

8. DEFAULT & REMEDIES

a. Default. Any of the following shall constitute a Default under this Lease: (i) Lessee fails to pay any Rent payment or any other amount payable to Lessor hereunder within five (5) days when due; (ii) Lessee defaults on or breaches any of the other terms and conditions of this Lease; (iii) any representation or warranty made by Lessee in this Lease proves to be incorrect in any material respect when made or reaffirmed; (iv) Lessee becomes insolvent or fails generally to pay its debts as they become due; (v) Lessee fails to maintain in good standing the Licenses; (vi) the Equipment is levied against, seized, or attached due to Lessee's conduct or inaction, and the same is not bonded against, released, or stayed within fifteen (15) days; (vii) Lessee makes an assignment for the benefit of creditors, whether voluntary or involuntary; (viii) a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency or receivership law is filed by or against Lessee or Lessee takes any action to authorize any of the foregoing matters and, if filed against Lessee, is not dismissed within thirty (30) days; or (ix) in the good faith, reasonable commercial judgment of Lessor, there has occurred or will likely occur a material adverse change in the general affairs, management, results of operations, condition (financial or otherwise) or prospects of Lessee, whether or not arising from transactions in the ordinary course of business, or in Lessee's or any such third-party obligor's willingness or ability to perform under this Lease.

Equipment Lease Agreement

b. Curing a Breach. Lessee shall be granted thirty (30) days to cure any such breach set forth herein following written notice of Lessor's intent to exercise any rights and remedies set forth herein. If Lessee is unable to cure within thirty (30) days, but is diligently working to cure the Default, Lessee shall be granted an additional thirty (30) days to complete the cure of Default. All breaches must be cured upon thirty (30) days prior to the expiration of the Term, otherwise such breaches are deemed uncured.

c. Remedies. If a Default occurs and is not cured pursuant to hereto, Lessor may, in its sole discretion, exercise one or more of the following remedies: (i) terminate this Lease without notice of election and without demand; (ii) with written demand and fifteen (15) days' written notice, take possession of, or render unusable, any Equipment wherever the Equipment may be located, without any court order or other process of law and without liability to Lessor for any damages occasioned by such action; (iii) require the Equipment to be delivered, at Lessee's expense, to a location specified by Lessor; and /or (iv) exercise any other right or remedy available to Lessor at law or in equity.

d. Performance of Lessee's Obligations. If Lessee fails to perform any of its obligations hereunder, the performance of any act or payment by Lessor shall not be deemed a waiver of, or release Lessee from, the obligation at issue.

e. Holdover. If by the expiration of the Term, Lessee does not return any item of Equipment to Lessor in the condition and on the terms and conditions hereof, Lessee shall continue to comply with all the terms and conditions of this Agreement with respect to such item of Equipment, including the obligation to pay Holdover Rent. Lessee shall not construe anything contained herein, including Lessee's payment of Holdover Rent, as Lessor's: (i) waiver of Lessee's failure to perform any obligation under this Agreement; or (ii) assent to the commencement of a Renewal Term.

9. ASSIGNMENT; SUBLEASE

a. Assignment. Lessee may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Lessor, as determined by Lessor in Lessor's sole and exclusive discretion. Any purported assignment or delegation in violation hereof is null and void. No assignment or delegation relieves the assigning or delegating party of any of its obligations under this Agreement.

b. Sublease. Lessee shall not enter into any sublease of any item of Equipment, except as approved in writing by Lessor, which approval shall be determined by Lessor in Lessor's sole and exclusive discretion. Moreover: (i) the rights of any sublessee pursuant to any sublease shall expressly be subject to and subordinate to all the terms of this Agreement; (ii) the terms of any sublease do not permit any sublessee to take any action not permitted to be taken by Lessee in accordance with this Agreement; and (iii) the sublease shall not relieve Lessee of its obligations under this Agreement, and Lessee shall remain primarily liable under this Agreement for the performance of all of the terms of this Agreement to the same extent as if such sublease had not occurred.

Equipment Lease Agreement

10. RECORDS

a. Record Maintenance. Lessee shall, at its own cost and expense: (i) maintain all Equipment Records in a manner no less comprehensive or accurate than Lessee's normal customary practices with respect to Lessee's similar equipment and as required by Applicable Law; and (ii) promptly furnish to Lessor such Equipment Records as may be required to enable Lessor to file any ownership or other reports required to be filed by Lessor with any governmental authority.

b. Inspection of Records. Lessee shall permit Lessor, through any of its Representatives, on reasonable notice to inspect the Equipment and Equipment Records during regular business hours, and in compliance with Lessee's reasonable security procedures. Unless Lessee is in Default, Lessee has no obligation to permit Lessor to conduct more than four (4) of such inspections in any calendar year.

11. MISCELLANEOUS

a. Notice. Any notice required to be given pursuant to this Agreement shall be in writing and delivered personally to the other designated Party or mailed by certified or registered mail, return receipt requested or delivered by a recognized national overnight courier service, except e-mail may be used for day-to-day operations and contacts but not for 'notice' or other communications required under this Agreement or by law.

b. Waiver. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

c. Severability. In the event that any term, clause, or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

d. Relationship of The Parties. The relationship between the Parties under this Agreement is that of independent contractors. Nothing in this Agreement shall create or shall be deemed to create any joint venture or partnership between the Parties, nor shall anything in this Agreement render or be construed to render any of employees or agents of Company to be employees or agents of the Client or any employee or agent of Client to be considered an employee or agent of Company. This Agreement does not provide any of Company's employees or agents with any rights or benefits to which an employee or agent of Client may be entitled or provide any of Client's employees or agents with any rights or benefits to which an employee or agent of Company may be entitled. Each Party acknowledges exclusive responsibility for and indemnifies the other Party against withholding and payment of any and all taxes, including but not limited to FICA taxes, worker's compensation insurance premiums, unemployment, state and federal income taxes, and any such withholding payments required under state or federal law, as well as vacation pay, paid sick leave, retirement benefits, and employee benefits of any kind whatsoever for all personnel on their payroll, and neither Party shall be liable for any of the foregoing with regard to personnel on the other Party's payroll.

Equipment Lease Agreement

e. Compliance.

i. Change in Law. If any change to Applicable Law has a materially adverse effect on the ability of either Party to carry out its obligations under this Agreement, such Party, upon written notice, may request renegotiation of this Agreement in good faith to amend this Agreement to the extent reasonably necessary or prudent to address the change in Applicable Law in a manner that accomplishes the intents and objectives of the Parties, as evidenced by the terms of this Agreement, in all material respects to the extent possible. Such renegotiation will be undertaken in good faith and will include the use of a mutually approved independent third-party mediator. If the Parties are unable to renegotiate the terms within ninety (90) days after such notice and good faith negotiations, either Party may terminate this Agreement on sixty (60) days' further written notice or at the end of the Term (even if less than sixty (60) days remain until the end of the Term), whichever is earlier.

ii. Regulatory Compliance. It is the intent of the Parties that this Agreement comply in all respects with all Applicable Law and the Parties have structured their relationship with that specific intent. However, each Party understands that the Applicable Law are complicated and in a state of flux. In addition, each Party further understands that United States Federal laws may render the subject of this Agreement as void or unenforceable, and as a result, the Parties expressly acknowledge and agree that if United States Federal laws that would render the subject of this Agreement as void or unenforceable that does not and will not apply to this Agreement, the transactions contemplated hereby, or the relationship of the Parties hereto, and notwithstanding, the Parties will cooperate to perform the substance of their obligations hereunder. Therefore, subject to this paragraph, in the event that any provision of this Agreement is rendered invalid or unenforceable by a court of competent jurisdiction, or the applicable laws and regulations are altered by any legislative or regulatory body, or either Party notifies the other Party in writing of its reasonable belief that this Agreement or any of its provisions may be declared null, void, unenforceable, or in violation of Applicable Law, the remaining provisions, if any, of this Agreement shall nevertheless continue in full force and effect.

f. Entire Agreement. This Agreement and any other documents incorporated herein by reference, constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

Equipment Lease Agreement

g. Amendments. Any amendment to this Agreement must be in writing and signed by an authorized person of each Party.

h. Surviving Rights. Any rights or obligations of the Parties in this Agreement which, by their nature, should survive termination or expiration of this Agreement will survive any such termination or expiration.

i. Further Assurances. Each Party shall, upon the reasonable request of the other Party, promptly execute such documents and perform such acts as may be necessary to give full effect to the terms of this Agreement.

j. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

k. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

l. Equitable Relief. Each Party acknowledges that a breach by the Party of this Agreement may cause the other Party irreparable damages, for which an award of damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the other Party may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available at law or in equity (which are cumulative and may be exercised singularly or concurrently), subject to any express exclusions or limitations in this Agreement to the contrary.

m. Counterparts; Electronic Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same Agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

n. Force Majeure. Neither Party shall be responsible for delays or failure of performance under this Agreement to the extent resulting from causes that are beyond the reasonable control of such Party and which render the continued performance of this Agreement impossible, impractical or illegal, including, but not limited to, fire, flood, explosion, tornado, epidemic, earthquake, snowstorm, ice storm or other act of God, embargo, explosion, malfunction, riots, civil disputes, acts or threatened acts of terrorism or war, failure of the internet or government controls or regulations, lack of availability of source material meeting the qualifications and standards in this Agreement at commercially reasonable prices, and problems or defects in relation to the Internet and/or any telecommunication systems. The existence of such causes of such delay or failure shall extend the period for performance to the extent necessary to enable complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

Equipment Lease Agreement

o. Dispute Resolution.

i. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the state of California.

ii. In the event of any Claim arising out of or relating to any performance required under this LOI, or the interpretation, validity or enforceability hereof, the Parties hereto shall use their best efforts to settle the Claim. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution satisfactory to the Parties. If the Claim cannot be settled through negotiation within a period of seven (7) days, the Parties agree to attempt in good faith to settle the Claim through mediation, administered by a mediator mutually agreeable to the Parties, before resorting to arbitration. If they do not reach such resolution, or an agreed upon mediator cannot be identified, within a period of thirty (30) days, then, upon notice by either party to the other they shall commence arbitration as set forth below.

iii. The Parties agree to submit any and all Claims, or any dispute related in any way to this LOI and the services rendered hereunder, to binding arbitration before JAMS. The arbitration shall be held in accordance with the JAMS then-current Streamlined Arbitration Rules & Procedures (and no other JAMS rules), which currently are available at: <http://www.jamsadr.com/rules-streamlined-arbitration>. The arbitrator shall be either a retired judge, or an attorney who is experienced in commercial contracts and licensed to practice law in California, selected pursuant to the JAMS rules. The Parties expressly agree that any arbitration shall be conducted in the Los Angeles County, California. Each party understands and agrees that by signing this LOI, such party is waiving the right to a jury. The arbitrator shall apply California substantive law in the adjudication of all Claims. Notwithstanding the foregoing, either party may apply to the Superior Courts located in Los Angeles County, California for a provisional remedy, including but not limited to a temporary restraining order or a preliminary injunction. The application for or enforcement of any provisional remedy by a party shall not operate as a waiver of the LOI to submit a dispute to binding arbitration pursuant to this provision. In no event shall a Claim be adjudicated in Federal District Court. In the event that either party commences a Claim in Federal District Court or moves to remove such action to Federal District Court, the Parties hereby mutually agree to stipulate to a dismissal of such Federal Claim with prejudice. After a demand for arbitration has been filed and served, the Parties may engage in reasonable discovery in the form of requests for documents, interrogatories, requests for admission, and depositions. The arbitrator shall resolve any disputes concerning discovery. The arbitrator shall award costs and reasonable attorneys' fees to the prevailing party, as determined by the arbitrator, to the extent permitted by California law. The arbitrator's decision shall be final and binding upon the Parties. The arbitrator's decision shall include the arbitrator's findings of fact and conclusions of law and shall be issued in writing within thirty (30) days of the commencement of the arbitration proceedings. The prevailing party may submit the arbitrator's decision to Superior Courts located in Los Angeles County for an entry of judgment thereon.

Equipment Lease Agreement

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Agreement as of the date set forth below.

NMG Cathedral City, LLC
("Lessor")

Satellites Dip, LLC
("Lessee")

By: /s/ Stephen Trip Hoffman

By: /s/ Azadeh Dastmalchi

Name: Stephen 'Trip' Hoffman

Name: Azadeh Dastmalchi

Title: Authorized Signatory

Title: Authorized Signatory

Dated: June 6, 2019

Dated: June 6, 2019

Equipment Lease Agreement

EXHIBIT A

EQUIPMENT

Equipment Name	Description of Equipment	Monthly Rent

Exhibit A

LOAN AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Loan Agreement") is made and entered into as this day of June 6, 2019 (the "Effective Date"), by and between Satellites Dip, LLC, a California limited liability company (the "Borrower"), and NMG Cathedral City, LLC, a California limited liability company (the "Lender").

RECITALS:

WHEREAS, the Borrower desires to obtain a secured loan from the Lender in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Loan Amount") to fund the property and business improvements and expansions needs of the Borrower's business operations.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Loan.

(a) Upon the terms and subject to the conditions hereof, on the Effective Date, the Lender agrees to make a loan to the Borrower (the "Loan"), in the principal amount of the Loan Amount. The Loan is not revolving in nature and may not be repaid and reborrowed.

(b) The Loan made hereunder is evidenced by a promissory note, a copy of which is attached hereto as Exhibit A (as the same may be amended, modified, renewed or extended, the "Promissory Note"), duly executed by an authorized signatory of the Borrower and dated as of the date hereof.

(c) Interest on the principal amount of the Loan outstanding from time to time shall accrue from the date hereof until repaid in full at an annual rate equal to twelve percent (12%), compounded quarterly. Interest on the Loan shall be computed on the basis of a three hundred sixty five (365) day year and the actual number of days elapsed in the period during which such interest accrues. Interest on the Loan shall be due and payable on the Maturity Date as set forth in Section 2.

(d) The performance of the Borrower of its obligations under this Loan Agreement and the Promissory Note attached hereto as Exhibit A are secured pursuant to a certain Security Agreement by and between Borrower and Lender dated as the date hereof and in the form attached hereto as Exhibit B (the "Security Agreement"); and (the Security Agreement and the Loan Agreement, together with the Promissory Note and each other agreement, instrument or document designated by the Borrower and the Lender as a "Loan Document", collectively, as each may be amended, modified, renewed or extended, the "Loan Documents").

2. Payment Terms.

(a) **Payment at Maturity.** The principal amount of the Loan and all interest accrued thereon will be due and payable on the Twelve (12) month anniversary of the first Effective Date (the "**Maturity Date**"). Extensions of maturity will be allowed with mutual written acceptance.

(b) **Place of Payment.** All payments to be made to the Lender hereunder shall be made in the lawful money of the United States in immediately available funds. Payments of principal and interest shall be delivered to the Lender at the address to be specified by the Lender to the Borrower by prior written notice.

(c) **Prepayment.** The Borrower may, but shall have no obligation to, prepay, in whole or in part, all or any portion of the principal amount of, and accrued interest on the Loan without being subject to any pre-payment penalty. Any prepayment shall be accomplished by the payment of all accrued and unpaid interest owed hereunder.

(d) **Release and Satisfaction Upon Complete Payment.** Upon Lender's receipt of complete payment of the entire principal amount and all accrued interest on the loan or the exercise the Lender's option as described in Section 2(f) below and in accordance with the terms of the Option Agreement, Lender shall timely execute an acknowledgement of release and satisfaction of the Loan Documents and surrender the Note as cancelled.

(e) **Withholding Taxes.** If any withholding taxes are or become payable in respect of principal, interest or any other amount payable by the Borrower under this Loan Agreement or the Promissory Note, (i) all such amounts payable by the Borrower shall be increased by the amount of the withholding taxes, (ii) the Borrower shall make such additions, (iii) the Borrower shall pay the full amount required to be paid to the relevant taxing authority or other authority in accordance with applicable law, and (iv) Borrower and Lender shall cooperate and use commercially reasonable efforts to obtain a refund of any such withholding taxes, and all amounts received in connection therewith shall be paid to the Borrower.

3. Conditions Precedent. The agreement of Lender to make the Loan requested to be made on the Effective Date is subject to the satisfaction, or waiver by Lender immediately prior to or concurrently with the making of the Loan, of the following conditions precedent:

(a) **Loan Documents.** Lender shall have received a complete and duly executed copy of each Loan Document, in each case satisfactory in form and substance to the Lender in its sole discretion.

(b) **Financing Statements.** The Lender shall have received (i) financing statements in form appropriate for filing in the appropriate jurisdiction, (ii) results of lien searches conducted in the appropriate jurisdiction, and (iii) all other filings in respect of the Collateral (as defined below) as deemed appropriate by Lender. Lender acknowledges receipt and/or waives receipt of same on or before the Effective Date.

(c) **Compliance with this Agreement.** Borrower shall have performed and complied with all of its agreements and conditions set forth or contemplated herein in all material respects that are required to be performed or complied with by Borrower on or before the Effective Date.

(d) **No Default.** No Event of Default shall have occurred and be continuing on the Effective Date, or would exist after giving effect to the Loans, on the Effective Date.

4. Grant of Security Interest.

(a) **Security Interest.** The Borrower, as security for its obligations under the Loan Agreement, including the due and punctual payment in full of the Loan Amount and all accrued interest thereon, hereby grants, mortgages, pledges, assigns, transfers, sets over, conveys and delivers to the Lender a security interest in and to all of the Borrower's right, title and interest in the "Collateral" as such term is defined in the Security Agreement attached hereto as Exhibit B.

(b) **Termination and Release.** The security interests granted under the Security Agreement shall terminate when the entire Loan Amount plus any accrued and unpaid interest thereon has been paid in full and all rights in the Collateral shall revert to Borrower. Any termination of Lender's lien in the Collateral shall be at Borrower's sole cost and expense.

(c) **Further Assurances.** Without limiting the foregoing, until the time when the entire Loan Amount and all accrued and unpaid interest thereon has been paid in full, Borrower will deliver, or cause to be executed and delivered, to Lender such documents, agreements and instruments, and will take or cause to be taken such further actions which may be required by any requirement of law or which Lender may, from time to time, reasonably request to carry out the terms and conditions of this Loan Agreement and the other Loan Documents and to ensure perfection and priority of the liens created or intended to be created by the Loan Documents, all in form and substance reasonably satisfactory to Lender and all at the expense of the Borrower.

5. Events of Default.

(a) **Definition.** For purposes of this Loan Agreement, an "**Event of Default**" shall be deemed to have occurred if:

(i) Borrower fails to pay the Loan Amount, plus all accrued interest thereon (unless such interest has been forgiven), to the Lender on or prior to the Maturity Date;

(ii) Borrower fails to perform or observe any covenant set forth in Section 6;

(iii) Borrower shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) admit in writing its inability, or be generally unable, to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (e) file a petition seeking to take advantage of any other law providing for the relief of debtors, (f) acquiesce to any petition filed against it in any involuntary case under such bankruptcy laws, or (g) take any action for the purpose of effecting any of the foregoing;

(iv) any lien created hereunder or provided for under any Loan Document for any reason ceases to be or is not a valid and perfected lien having a first priority interest; or

(v) termination or breach by the Borrower of any of the Loan Documents (other than this Agreement) or if Borrower any other party attempts to terminate, challenges the validity of, or its liability under, any Loan Document.

(b) Extension. The Borrower hereby expressly agrees that this Loan Agreement, or any payment hereunder, may be extended from time to time and that the Lender may accept security for this Loan Agreement or release security for this Loan Agreement, all without in any way affecting the liability of the Borrower hereunder.

6. Covenants.

(a) Until the Maturity Date, and thereafter until payment in full of the Loan Amount and all accrued interest thereon (unless forgiven in accordance with this Agreement), Borrower agrees that it shall, unless Lender shall otherwise consent in writing:

(i) provide Lender information regarding Borrower's financial condition, prospects and business as and when reasonably requested by Lender;

(ii) assist Lender in perfecting and protecting its security interests and liens under the Loan Documents and reimburse Lender for related costs it reasonably incurs to protect its security interests and liens;

(iii) promptly upon knowledge thereof, provide Lender notice of any material loss of, or damage to, any of the Collateral, or of any material adverse change in any of the Collateral; and

(iv) take any action as reasonably requested by Lender to carry out the intent of the Loan Documents.

(b) Until the Maturity Date, and thereafter until payment in full of the Loan, Borrower agrees that it shall not, unless Lender shall otherwise consent in writing:

(i) create, incur, assume or in any manner become liable in respect of (including, without limitation, through assumption, endorsement or guaranty), or suffer to exist any indebtedness other than the Loan

(ii) merge or consolidate or amalgamate with or into any other entity or take any other action having a similar effect, or make any acquisition of any entity;

(iii) declare, pay or make any dividend or distribution on the equity interests of the Borrower to any party other than Lender;

(iv) have instituted against Borrower any involuntary proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets, rights, revenues or property.

7. Rights and Remedies.

(a) Upon the occurrence and during the continuation of an Event of Default, the Lender may, in addition to any other rights or remedies provided for hereunder or by applicable law, do any one or more of the following:

(i) declare all or any portion of the principal of, and any and all accrued and unpaid interest on, the Loan to be immediately due and payable, whereupon the same shall become and be immediately due and payable and the Borrower shall be obligated to repay all of such obligations in full, without presentment, demand, protest or further notice or other requirements of any kind, all of which are hereby expressly waived by the Borrower;

(ii) make any payments and do any acts it considers necessary to protect the Collateral and/or its security interest in the Collateral;

(iii) terminate this Loan Agreement or any of the other Loan Documents as to any future liability or obligation of the Lender, but without affecting any of the Lender's liens in the Collateral; and

(iv) exercise all other rights and remedies available to Lender under the Loan Documents or under applicable law, or in equity.

The foregoing to the contrary notwithstanding, upon the occurrence of an Event of Default described in Section 5(a)(iii), in addition to the remedies set forth above, without any notice to Borrower or any other person or entity or any act by the Lender, the full unpaid principal amount of the Loan and all accrued and unpaid interest thereon, shall automatically become and be immediately due and payable and the Borrower shall automatically be obligated to repay all of such amounts in full, without presentment, demand, protest or notice or other requirement of any kind, all of which are expressly waived by Borrower.

(b) The rights and remedies of the Lender under this Loan Agreement and the other Loan Documents shall be cumulative. The Lender shall have all other rights and remedies as provided under applicable law or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender in enforcing any rights hereunder shall constitute a waiver, election or acquiescence by it in the absence of a written waiver signed by the Lender.

8. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Loan Agreement may be amended only with the prior written consent of the Lender and the Borrower.

9. NO ASSIGNMENT OR TRANSFER. BORROWER SHALL NOT sell, assign, transfer, pledge, hypothecate, mortgage or otherwise encumber this Loan Agreement or any of its rights OR OBLIGATIONS hereunder or herein without the prior written consent of LENDER, which SHALL NOT BE UNREASONABLY WITHHELD. lender shall be permitted to transfer and assign its rights under this loan agreement WITHOUT THE PRIOR WRITTEN CONSENT OF BORROWER. This Agreement is binding on Borrower's and Lender's successors and assignees.

10. Fees and Expenses. Each party shall pay any and all fees, costs and expenses, including attorneys' fees, incurred by the party in connection with this Loan Agreement and the Promissory Note and the negotiation, execution and performance hereof; provided that the Borrower shall bear and pay all fees, costs and expenses, including attorneys' fees, incurred by Lender in (i) the collection of any amounts owed under this Loan Agreement or any other Loan Document, (ii) the perfection of any security interests or liens in favor of Lender on the Collateral, or (iii) the enforcement of this Loan Agreement or any other Loan Document.

11. Notices. All notices, requests and other communications made or given in connection with this Loan Agreement or any other Loan Document shall be in writing and, unless receipt is stated herein to be required, shall be deemed to have been validly given if delivered personally to the party that is to be addressed, or by reputable overnight carrier, or registered or certified mail, return receipt requested, or by e-mail or telecopy with the original forwarded by first-class mail, in all cases, with charges prepaid.

12. Governing Law. All questions concerning the construction, validity and interpretation of this Loan Agreement will be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

13. Waiver of Presentment, Demand and Dishonor. The Borrower hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Loan Agreement, and waives and renounces all rights to the benefits of any statute of limitations or any moratorium, appraisalment, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the United States Bankruptcy Code, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the amounts owed under this Loan Agreement and any and all extensions, renewals, and modifications hereof.

14. Business Days. If any payment is due, or any time period for giving notice or taking action expires, on a day which is a Saturday, Sunday, or legal holiday in the State of California, the payment shall be due and payable on, and the time period shall automatically be extended to, the next business day immediately following such Saturday, Sunday, or legal holiday, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

15. Indemnification. Borrower agrees to indemnify, defend and hold the Lender harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the making of the Loan or the repayment or collection thereof; and (b) all losses or expenses in any way suffered, incurred, or paid by the Lender as a result of, following from or arising from the making of the Loan or the repayment or collection thereof (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by the Lender's gross negligence or willful misconduct as determined in a final, non-appealable judgment of a court of competent jurisdiction.

16. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS OBLIGATIONS HEREUNDER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. SUBMISSION TO JURISDICTION. EACH PARTY HERETO HEREBY IRREVOCABLY AND EXCLUSIVELY SUBMITS ITSELF TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF CALIFORNIA LOCATED IN THE COUNTY OF RIVERSIDE, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS LOAN AGREEMENT, THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT. IN NO EVENT SHALL A CLAIM BE ADJUDICATED IN FEDERAL DISTRICT COURT. IN THE EVENT THAT EITHER PARTY COMMENCES A CLAIM IN FEDERAL DISTRICT COURT OR MOVES TO REMOVE SUCH ACTION TO FEDERAL DISTRICT COURT, THE PARTIES HEREBY MUTUALLY AGREE TO STIPULATE TO A DISMISSAL OF SUCH FEDERAL CLAIM WITH PREJUDICE. EACH OF THE BORROWER AND THE LENDER, TO THE EXTENT PERMITTED BY APPLICABLE LAW, HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS LOAN AGREEMENT OR THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH PARTY AGREES THAT ITS SUBMISSION TO JURISDICTION IS MADE FOR THE EXPRESS BENEFIT OF THE OTHER PARTY. FINAL JUDGMENT AGAINST A PARTY IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (A) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND OF THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE OBLIGOR THEREIN DESCRIBED OR (B) IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION.

18. Usury Laws. It is the intention of the Borrower and the Lender to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Loan Agreement shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. The aggregate of all interest (whether designated as interest, service charges, points, or otherwise) contracted for, chargeable, or receivable under this Loan Agreement shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this Loan Agreement remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to the Borrower or credited on the principal amount of this Loan Agreement, or if this Loan Agreement has been repaid, then such excess shall be rebated to the Borrower.

19. Binding Effect. This Loan Agreement and all rights and powers granted hereby will bind and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

20. Severability. The provisions of this Loan Agreement and the Promissory Note are deemed to be severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

21. Integration. The Loan Documents contain the entire instrument governing the parties with respect to the subject matter hereof and supersedes all prior instruments or understandings, written or oral, in respect thereof.

22. Counterparts. This Loan Agreement may be executed in any number of counterparts (including by facsimile transaction), all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Loan Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Loan Agreement (Limited Recourse) on the date first above written.

NMG Cathedral City, LLC

LENDER:

/s/ Stephen Trip Hoffman
Name: Stephen 'Trip' Hoffman
Title: Authorized Signatory

Date: June 6, 2019

Satellites Dip, LLC

BORROWER:

/s/ Azadeh Dastmalchi
Name: Azadeh Dastmalchi
Title: Authorized Signatory

Date: June 6, 2019

EXHIBIT A

Promissory Note

[see attached]

PROMISSORY NOTE

FOR VALUE RECEIVED, Satellites Dip, LLC, a California limited liability company (the "Borrower"), does hereby promise to pay to the order of NMG Cathedral City, LLC, a California limited liability company (the "Lender"), in lawful money of the United States of America in immediately available funds, an amount equal to the Loan Amount (as defined in the Loan Agreement), and to pay interest on the unpaid principal amount of the Loan Amount (unless such interest is forgiven as set forth in the Loan Agreement) from time to time outstanding hereunder in the amount set forth in the Loan Agreement, in like money, at such times as set forth in the Loan Agreement. Reference is made to the Loan Agreement dated as of the date hereof, by and between the Borrower and the Lender, to which this Promissory Note is attached as Exhibit A (as amended, supplemented, restated, renewed, extended or otherwise modified, the "Loan Agreement").

The Borrower and any and all endorsers of this Promissory Note and all other parties now or hereafter liable hereon severally waive grace, demand, presentment for payment, protest, notice of any kind not expressly provided for in the Loan Agreement or this Promissory Note (including, but not limited to, notice of dishonor or notice of protest) and diligence in collecting and bringing suit against any party hereto and agree to the extent permitted by applicable law (i) to all extensions and partial payments, with or without notice, (ii) to any substitution, exchange or release of any security now or hereafter given for this Promissory Note, and (iii) to the release of any party primarily or secondarily liable hereon. The non-exercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Promissory Note may be delivered in portable document format (.pdf) by facsimile or electronic mail.

This Promissory Note is the Promissory Note referred to in the Loan Agreement, and is entitled to the benefits of, and is secured by the security interests granted in, the Loan Agreement.

In the event of a conflict between this Promissory Note and the Loan Agreement, the provisions of the Loan Agreement will govern.

THIS PROMISSORY NOTE SHALL NOT BE SOLD, TRANSFERRED OR ASSIGNED, IN WHOLE OR IN PART, EXCEPT, IN THE CASE OF THE LENDER, TO ITS AFFILIATE UNDER COMMON CONTROL. AS EXPRESSLY PERMITTED BY THE LOAN AGREEMENT. THIS PROMISSORY NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD FOR CONFLICTS OF LAWS PRINCIPLES) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN THE STATE OF CALIFORNIA.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO PROMISSORY NOTE]

IN WITNESS WHEREOF, the Borrower has executed this Promissory Note as of the date first set forth above.

BORROWER:

Satellites Dip, LLC

By: /s/ Azadeh Dastmalchi

Name: Azadeh Dastmalchi

Title: Authorized Signatory

Exhibit B
Security Agreement

SECURITY AGREEMENT

This security agreement (the "Security Agreement"), effective as of June 6, 2019 (the "Effective Date"), is made and entered into by and between Satellites Dip, LLC, a California limited liability company ("Borrower"), and NMG Cathedral City, LLC, a California limited liability company ("Secured Party").

WHEREAS, contemporaneously herewith, Secured Party and Borrower are entering into the Loan Agreement (the "Agreement") and Promissory Note (the "Note"), pursuant to which Borrower shall borrow Two Hundred Fifty Thousand Dollars (\$250,000.00) from Secured Party;

WHEREAS, as a condition to the Agreement, the Secured Party requires Borrower to enter into this Security Agreement to grant Secured Party a security interest in the Collateral (as defined herein) in order to secure Borrower's obligations under the Agreement and the Note;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows.

1. Grant of Security Interest. As collateral security for payment in full by Borrower of all amounts due under the Agreement, the Note and the other obligations to be performed under this Security Agreement, the Agreement and the Note (collectively, the "Obligations"), Borrower hereby grants to Secured Party a security interest in and on all of Borrower's right, title, and interest in and to all of the following collateral, whether now owned or hereafter acquired or existing (the "Collateral"):

a. all Equipment, as defined in the California Uniform Commercial Code (the "UCC"), including, without limitation, equipment in all of its forms wherever located, including, without limitation, all machinery and other goods, furniture, furnishings, fixtures, office supplies, and all other similar types of tangible personal property and all parts thereof and all accessions thereto, together with all parts, fittings, special tools, alterations, substitutions, replacements, and accessions thereto (any and all such equipment, parts, and accessions being the "Equipment");

b. all Inventory, as defined in the UCC, including, without limitation, inventory in all of its Forms, wherever located, including, but not limited to: (i) all raw materials and work in progress, finished goods, and materials used or consumed in manufacture or production; (ii) goods in which Borrower has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which Borrower has an interest or right as consignee); and (iii) goods which are returned to or repossessed by Borrower, and all accessions thereto and products thereof and all documents and documents of title relating to or covering any of the foregoing or any other assets ("Documents") (any and all such inventory, accessions, products, and Documents being the "Inventory");

c. all Accounts as defined in the UCC, including without limitation, accounts receivable, cash or cash equivalents, contract rights, chattel paper, instruments, acceptances, drafts, general intangibles, payment intangibles, letter-of-credit rights, commercial torts claims, deposit accounts, consignments, promissory notes and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, together with all ledger sheets, files, records, and documents relating to any of the foregoing, including all computer records, programs, storage media, and computer software useful or required in connection therewith (the "Receivables"), and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such Receivables, and any and all such leases, security agreements, and other contracts (the "Related Contracts");

d. all rights under all contracts or agreements to which Borrower is a party (other than contracts or agreements entered into which by their terms expressly prohibit the granting of any lien, charge, claim, or encumbrance of any nature whatsoever ("Lien") thereon; Borrower shall use commercially reasonable efforts to ensure that all contracts and agreements entered into by Borrower during the term of this Agreement permit the attachment of the Lien provided for under this Agreement);

e. All right, title, and interest, in, to, and under, any accounts or deposit accounts maintained by Borrower at any bank or other financial institution;

f. All right, title, and interest, in, to, and under, any local or state licenses, permits or authorizations required for Borrower to conduct its business;

g. General intangibles as defined in the UCC, including without limitation, payment intangibles, software, good will, and tax refunds;

h. All other personal property of Borrower, including, without limitation, all other goods, documents, instruments, general intangibles, money, accounts, and chattel paper; and

i. all proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a) through (g) of this paragraph 1) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of loss or damage to, or otherwise with respect to any of the foregoing items.

j. as further security, at Secured Party's election, Secured Party may record a lien on certain real property utilized in connection with Borrower's business.

Subject to any prior secured interest in the Collateral, the Collateral secures the prompt and complete payment when due of the outstanding principal and interest under the Agreement and the Note.

2. Representations and Warranties. Borrower represents and warrants to Secured Party as follows:

a. Borrower has full power and authority to execute, deliver, and perform this Security Agreement, which has been duly authorized by all necessary and proper corporate action.

b. This Security Agreement has been duly executed and delivered, and constitutes the legal, valid, and binding obligation of Borrower, enforceable in accordance with its terms.

c. No effective security agreement, financing statement, equivalent security or Lien instrument, or continuation security agreement covering all or any part of the Collateral is on file or of record in any public office.

d. Borrower has good title to and is the lawful owner of the Collateral, free from all claims, liens, encumbrances, charges, or security interests whatsoever except as otherwise granted by this Security Agreement.

e. All of the Equipment and Inventory: (i) were acquired in Borrower's ordinary course of business; (ii) are in Borrower's exclusive possession and control; (iii) are to be maintained and preserved by Borrower in the same condition, repair, and working order as when new, ordinary wear and tear excepted; (iv) shall promptly be repaired, replaced, and otherwise improved by Borrower promptly following any material loss or damage, provided that Secured Party shall be notified of such material loss or damage; (v) shall be located at Borrower's principal place of business; (vi) in the event that the location of the Equipment or Inventory changes, Borrower shall promptly provide notice to the Secured Party of such location change; (vii) shall be open to inspection by Secured Party during normal business hours; (viii) shall not be sold, assigned, leased, mortgaged, transferred, or otherwise disposed of by Borrower, except in the ordinary course of business; and (ix) shall not become a part of or to be affixed to any real property of any person.

f. All of Borrower's material Related Contracts are in full force and effect, and Borrower and, to Borrower's knowledge, the other contracting parties to each such Related Contract have performed in all material respects their respective obligations under each such Related Contract.

g. This Security Agreement creates a valid Lien and security interest in the Collateral, securing the payment of all amounts due under the Agreement and the Note, and, upon the filing of the related financing statement(s) in accordance with this Security Agreement, the Lien will be perfected, enforceable in accordance with its terms.

h. No authorization, approval, or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required: (i) for the grant by Borrower of the security interest granted hereby; (ii) for the execution, delivery, or performance of this Security Agreement by Borrower; or (iii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder.

3. Covenants. Borrower covenants and agrees that, until the Obligations are irrevocably satisfied in full or otherwise discharged:

a. Borrower shall, at Borrower's sole expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary in order to perfect and protect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including, without limitation, providing, executing, filing, and/or recording any notice, financing statement, statement, instrument, document, or agreement necessary to create, preserve, continue, perfect, or validate any security interest granted hereunder or which is necessary to exercise or enforce the Secured Party's rights hereunder with respect to such security interest.

b. The Secured Party is authorized to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Borrower where permitted by law in a form as determined to be appropriate by Secured Party. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

c. Borrower shall keep the Collateral insured for the benefit of the Secured Party against fire, theft, and such other hazards, and in amounts and with such insurance underwriters, as are prudent and customary in Borrower's industry.

d. Borrower shall defend the Collateral against all claims and demands of all persons (other than Secured Party) claiming an interest therein.

e. Borrower shall not sell, assign, convey, grant, create, or suffer to exist any lien, claim, security interest, or encumbrance upon the Collateral in favor of any person other than the Secured Party.

f. Borrower shall not otherwise transfer or dispose of any Collateral ("Transfer"), except for a Transfer, other than a security interest, made in the ordinary course of business for reasonably equivalent value.

4. Remedies. Upon the happening of an Event of Default, as defined in the Agreement and the Note, the Secured Party shall have, in addition to all other rights and remedies provided in this Security Agreement or otherwise, all the rights and remedies of a secured party on default under the UCC, including without limitation the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as Borrower can give authority therefor, enter upon any premises upon which Collateral may be situated and remove, take and carry away the same. Without limiting the generality of the foregoing, the Secured Party may immediately, without demand or performance and without notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever to Borrower, all of which are hereby expressly waived, and without advertisement, sell the Collateral, or any part thereof, at public or private sale or otherwise, at any of Secured Party's offices or elsewhere, for cash, on credit, or for future delivery and upon such other terms as Secured Party may deem commercially reasonable, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Obligations and other liabilities of Borrower, Borrower remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, Borrower hereby agrees that a notice sent at least two (2) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Secured Party, in its discretion, may in its name or in the name of Borrower, demand, sue for, collect, and receive any money, receivables, or proceeds included in the Collateral and extend the time of payment or otherwise modify any of the terms of or release Borrower under any such Collateral, without thereby incurring responsibility to or discharging or otherwise affecting any liability of Borrower. Borrower shall pay to the Secured Party on demand any and all attorney's fees reasonably and necessarily incurred or paid by the Secured Party in protecting or enforcing the Obligations and the other rights of the Secured Party under this Security Agreement, including its right to take possession of and realize on Collateral.

5. Power of Attorney. Borrower authorizes the Secured Party and does hereby make, constitute, and appoint the Secured Party and agents of the Secured Party with full power of substitution, as Borrower's true and lawful attorney-in-fact with power, in its own name or in the name of Borrower, upon the occurrence and continuance of any Event of Default, as defined in the Agreement and the Note, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including, payments under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Party; to sign and endorse any documents relating to the Collateral; to pay or discharge taxes, liens, security interests, or other encumbrances at any time levied or placed on or threatened against the Collateral; to grant, collect, receipt for, compromise, settle, and sue for sums due in respect of the Collateral; and generally, to do at the Secured Party's option and at Borrower's expense, at any time, or from time to time all acts and things which the Secured Party deems necessary to protect, preserve, and realize upon the Collateral and Borrower's security interests therein in order to effect the intent of this Security Agreement, as fully and effectually as Borrower might or could do; and Borrower hereby ratifies all that said attorney shall do or cause to be done by virtue hereof. THIS POWER OF ATTORNEY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE FOR AS LONG AS ANY OF THE OBLIGATIONS SHALL BE OUTSTANDING. Borrower agrees that any reasonable fees, costs, and expense incurred by the Secured Party pursuant to the foregoing authorization shall become part of the Obligations and be secured by the Collateral.

6. Term of Security Agreement. The term of this Security Agreement shall commence on the date hereof and continue in full force and effect until all of the Obligations have been fully and indefeasibly paid and performed and such payment and performance has been acknowledged in writing by the Secured Party. At such time, this Security Agreement shall terminate, Secured Party shall release its security interests hereunder (and deliver and sign appropriate UCC termination statements), and the Collateral shall be reassigned to Borrower.

7. Indemnity and Expenses.

a. Borrower agrees to indemnify Secured Party from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses, or liabilities resulting from Secured Party's gross negligence or willful misconduct.

b. Borrower will upon demand pay to Secured Party the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its outside legal counsel and of any experts and agents, which Secured Party may incur in connection with: (i) filing or recording fees incurred in connection with this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of the rights of Secured Party; or (iv) the material failure by Borrower to perform or observe any of the provisions hereof. Secured Party shall not be liable to Borrower for damages as a result of delays, temporary withdrawals of the Equipment from service, or other causes other than those caused by Secured Party's gross negligence or willful misconduct.

8. Miscellaneous.

a. Continuing Security Interest; Transfer of the Note. This Security Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in full force and effect until payment in full of all amounts due under the Note and Agreement; (b) be binding upon Borrower, its successors and assigns; and (c) inure to the benefit of Secured Party and its successors, transferees, and assigns. Upon the payment in full of all amounts due under the Note, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Borrower. Upon any such termination, Secured Party will, at Borrower's expense, execute and deliver to Borrower such UCC termination statements and such other documentation as Borrower shall reasonably request to affect the termination and release of the Liens on the Collateral.

b. No Third-Party Beneficiaries. This Security Agreement shall not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

c. Succession and Assignment. This Security Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign the Note, this Security Agreement, or any of the rights, interests, or obligations thereunder or hereunder without the prior written approval of the other party.

d. Entire Agreement. This Security Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they have related in any way to the subject matter hereof.

e. Counterparts. This Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

f. Headings. The section headings contained in this Security Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Security Agreement.

g. Notices. Each notice, request, demand, consent, confirmation or other communication under this Agreement shall be in writing and delivered in person or sent by electronic mail or facsimile or registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its current address or email address or facsimile number or at such other address or email address or facsimile number as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by electronic mail or facsimile (with answerback confirmation received), or on the third (3rd) business day after the day on which mailed, if sent by registered or certified mail.

h. Consent to Jurisdiction; Waiver of Jury Trial. SECURED PARTY AND BORROWER IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF CALIFORNIA SITTING IN RIVERSIDE COUNTY, IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT. SECURED PARTY AND BORROWER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT TO SUCH SUIT, ACTION OR PROCEEDING MAY BE HELD AND DETERMINED IN ANY OF SUCH STATE COURTS. SECURED PARTY AND BORROWER IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, AND SECURED PARTY AND BORROWER EACH FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SECURED PARTY AND BORROWER EACH AUTHORIZES THE SERVICE OF PROCESS UPON THEM BY REGISTERED MAIL SENT TO THE PARTY AT ITS ADDRESS DETERMINED PURSUANT TO PARAGRAPH 8(G). THE BORROWER AND THE SECURED PARTY HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH BORROWER AND THE SECURED PARTY ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS.

i. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of California (without reference to conflict of law principles).

j. Equitable Remedies. In the event of any actual or prospective breach or default by either party, the other party shall be entitled to equitable relief, including remedies in the nature of injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for any actual or prospective breach or default, including the recovery of damages.

k. Amendments and Waivers. No amendment of any provision of this Security Agreement shall be valid unless the same shall be in writing and signed by both Borrower and Secured Party. No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

l. Severability. Any term or provision of this Security Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

m. Construction. The parties have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement effective as of the Effective Date.

NMG Cathedral City, LLC
("Secured Party")

By: /s/ Stephen Trip Hoffman
Name: Stephen 'Trip' Hoffman
Title: Authorized Signatory

Dated: June 6, 2019

Satellites Dip, LLC
("Borrower")

By: /s/ Azadeh Dastmalchi
Name: Azadeh Dastmalchi
Title: Authorized Signatory

Dated: June 6, 2019



NEWS RELEASE – For Immediate Distribution

Body and Mind Inc. Expands Brands and Manufacturing to California

VANCOUVER, B.C., CANADA (June 11, 2019) – Body and Mind Inc. (CSE: BAMB, OTC Pink: BMMJ) (the “**Company**” or “**BaM**”), a multi-state operator in Nevada, Ohio and Arkansas is pleased to announce manufacturing expansion into California through BaM’s California subsidiary, NMG Cathedral City, LLC (“**NMG**”).

NMG has entered a management and administrative services agreement (the “**Management Agreement**”) with Satellites Dip, LLC, (“**SD**”), a licensed cannabis business conducting commercial cannabis activity within the state of California. NMG will manage day to day operations of the custom built 7,800 square foot manufacturing facility in Cathedral City, California. The facility was custom designed for large volume cannabis manufacturing and has been producing wholesale concentrates since construction completion in 2017.

“This is a tremendous milestone for Body and Mind as we expand our marquis lifestyle brands into the key California market. The opportunity to move into a fully licensed facility and leverage our expertise and award-winning formulations will rapidly create revenue without significant construction capital expense or license delay,” stated Robert Hasman, President of Nevada Medical Group and a director of BaM. ”This expansion will dramatically increase the output and efficiency of our popular brands. We have considered numerous opportunities in California and the team at Satellites Dip are aligned with our culture of quality and are excited to expand operations and revenues. NMG has ordered additional top-quality extraction equipment and is working with software vendors for efficiency solutions.”

Azadeh Dast, President of Satellites Dip LLC commented, “We are in a highly regulated, competitive and fast changing industry. Companies with deep understanding of the cannabis industry focus on product consistency, quality of services and agility, and are there to stay. That is why we chose Body and Mind to manage our business operations and take us to the next level.”

The Cathedral City facility contains state of the art distillation equipment including ethanol and BHO processes and is expected to provide Body and Mind speed to market for popular products including oils, shatter, wax, live badder and ambrosia. Additionally, the facility is anticipated to commence producing Body and Mind edibles including Pretzel Bites and Gummies

The Cathedral City manufacturing facility is licensed by the state of California and has received renewal on all annual licenses.

The one year Management Agreement, with a one year renewal term, commenced on June 6, 2019 and encompasses the following:

- Management Fee
 - o NMG will be paid a management fee of 30 % of Net Profits or Ten Thousand Dollars (US\$10,000) per month, whichever is greater.
 - Brand Licensing
 - o NMG shall work to broker commercial arrangements between SD and third-party cannabis brand owners whereby SD licenses commercial cannabis brands from third parties in connection with SD’s commercial cannabis activity in exchange for a license fee.
 - o Specifically, within thirty (30) days of the effective date of the Management Agreement, NMG shall broker a commercial arrangement between its affiliate company, Nevada Medical Group, LLC and SD whereby SD licenses the trademarks and other intellectual property to be used in connection with SD’s manufacturing of cannabis products bearing such licensed trademarks (the “**Branded Products**”) on terms as favorable as the most favored licensee.
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- Equipment and Capital
 - o NMG shall furnish all equipment and machinery necessary for SD's manufacturing of the Branded Products. Any equipment provided by NMG to SD shall be owned by NMG in its entirety and, subject to SD's approval of the terms, leased to SD pursuant to an Equipment Lease Agreement entered into between NMG and SD, dated June 6, 2019.
- Loan
 - o The Parties have entered into a certain secured loan agreement dated June 6, 2019 whereby NMG has loaned SD Two Hundred and Fifty Thousand Dollars (US\$250,000) (the "**Loan**") to be used solely in connection with SD's commercial cannabis activity. The Loan shall be due and payable on June 6, 2020 (the "**Maturity Date**") and shall bear interest at a rate of 12% per annum which shall be accrued, compounded quarterly and payable on the Maturity Date. The Maturity Date may be extended upon mutual agreement of the parties. The Loan will be secured by a security interest in and to all of SD's assets.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Michael Mills
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mmills@bamcannabis.com

About Body and Mind Inc.

BaM is a publicly traded multi-state operator investing in high quality medical and recreational cannabis cultivation, manufacturing and retail. Our wholly-owned Nevada subsidiary was awarded one of the first medical marijuana cultivation licences and holds cultivation and manufacturing licenses. BaM products include dried flower, edibles, oils and extracts as well as GPEN Gio cartridges and Lucid Mood offerings. BaM cannabis strains have won numerous awards including the 2019 Las Vegas Weekly Bud Bracket, Las Vegas Hempfest Cup 2016, High Times Top Ten, the NorCal Secret Cup and the Emerald Cup.

BaM continues to expand operations in Nevada, Arkansas, Ohio and California and is dedicated to increasing shareholder value by focusing time and resources on improving operational efficiencies, facility expansions, state licensing opportunities as well as mergers and acquisitions.

Please visit www.bamcannabis.com for more information.

Safe Harbor Statement

Except for the statements of historical fact contained herein, the information presented in this news release constitutes "forward-looking statements" as such term is used in applicable United States and Canadian laws. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any other statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans, "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and should be viewed as "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, the actual results of activities, variations in the underlying assumptions associated with the estimation of activities, the availability of capital to fund programs and the resulting dilution caused by the raising of capital through the sale of shares, accidents, labor disputes and other risks. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release and in any document referred to in this news release.

Certain matters discussed in this news release and oral statements made from time to time by representatives of the Company may constitute forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Many of these factors are beyond the Company's ability to control or predict. Important factors that may cause actual results to differ materially and that could impact the Company and the statements contained in this news release can be found in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update or supplement any forward-looking statements whether as a result of new information, future events or otherwise. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities.
