

**THIS AGREEMENT IS SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF EITHER THE NEVADA MEDICAL USE OF MARIJUANA ACT OR THE NEVADA REGULATION AND TAXATION OF MARIJUANA ACT (TOGETHER WITH ALL RELATED RULES AND REGULATIONS THEREUNDER, AND ANY AMENDED OR SUPERSEDING LEGISLATION, RULES AND REGULATIONS, THE "ACT") OR THE GUIDANCE OR INSTRUCTION OF THE NEVADA DEPARTMENT OF TAXATION OR THE NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES (TOGETHER WITH ANY SUCCESSOR, COLLECTIVELY, THE "REGULATOR"). SECTION 11(p) OF THIS AGREEMENT CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH THE ACT AND THE REGULATOR. THE PARTIES HAVE READ AND FULLY UNDERSTAND THE REQUIREMENTS OF SECTION 11(p).**

### **SERVICES AGREEMENT**

THIS SERVICES AGREEMENT (the "Agreement") is made effective as of May 24, 2019 (the "Effective Date") by and among CSAC-Washoe Wellness LLC, a Nevada limited liability company ("Service Company"), and WASHOE WELLNESS, LLC, a Nevada limited liability company on behalf of itself and its subsidiaries set forth on Exhibit A, attached hereto (each, a "Subsidiary" and collectively with Washoe Wellness, LLC, the "Company"). The Company and the Service Company are at times referred to herein in individually as a "Party" and collectively as the "Parties".

### **RECITALS:**

WHEREAS, the Company holds licenses and operate medical and/or adult use marijuana businesses (the "Operations") and is in need of business consulting, accounting, administrative, technological, managerial, financial, construction, and related services;

WHEREAS, Service Company is engaged in the business of providing administrative, consulting, and management services to medical and adult use marijuana businesses and has the capacity to manage and administer the operations of the Company and to furnish the Company with appropriate managerial, consulting, administrative, technological, financial, construction and other support (the "Services");

WHEREAS, Company desires to engage Service Company to provide such services as are necessary and appropriate for the day-to-day administration and management of the Company's Operations, and Service Company desires to provide such services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual terms of agreement contained herein, and for other good and valuable consideration, the receipt and

sufficiency of which are acknowledged by the Parties, the Parties, intending to be legally bound, agree as follows:

## TERMS OF AGREEMENT

### 1. ENGAGEMENT

(a) Engagement of Service Company. Company hereby engages Service Company to provide the Services for the Operations on the terms and conditions described herein, and Service Company accepts such engagement. Service Company shall be the sole and exclusive provider of the administrative, management and other services to be provided to or on behalf of Company for the Operations.

(b) Agency. Company hereby appoints Service Company as Company's true and lawful agent throughout the term of this Agreement, and Service Company hereby accepts such appointment.

(c) Power of Attorney. In connection with billing, collection, banking, appointment and removal of officers and directors of Company and all related services incident to or under the Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Service Company (with full power of substitution) an exclusive special power of attorney and appoints Service Company as Company exclusive true and lawful agent and attorney-in-fact, and Service Company hereby accepts such special power of attorney and appointment, for the following purposes:

- (i) To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies (approved by Company) in the name of Company, to commence any suit, action or proceeding to collect any such claims.
- (ii) To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- (iii) To effectuate the transfer from the Company's bank account with KLYMB Project Management Inc. (the "Company Account") to an account designated by Service Company the payment amounts for the Management Fee as it becomes due.
- (iv) To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Company Account for Company Expenses and other payments specified in this Agreement and as requested from time to time by Company.
- (v) To otherwise manage or deal with the cash and funds of the Company on the Company's behalf in any way which is reasonable to accomplish the provision of Services as may be rendered from time-to-time.

- (vi) To appoint and remove managers, directors and officers of Company consistent with Company's governing documents in order to effect the successful operation of Company.

(d) Documentation to Bank. Upon request of Service Company, Company shall execute and deliver to the financial institution wherein the Company Account and/or Service Company Account are maintained, such additional documents or instruments as may be necessary to evidence or effect the special power of attorney granted to Service Company. Company will not take any action that interferes with the transfer of funds from the Company Account and/or Service Company Account as set forth in herein, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Company Account and/or Service Company Account for any purpose except as set forth herein. The Parties further agree that the revocation of any banking instructions by Company shall constitute an immediate material default by Company under this Agreement which, if not cured within one (1) business day after written notice from Service Company, shall entitle Service Company to immediately terminate this Agreement in addition to other remedies. Service Company shall not use the Company Account and/or Service Company Account for any purpose other than for the purposes specified in this Agreement, and shall not combine either accounts' funds with funds from any other source, except for mistakes due to payor payment errors, which will be corrected by Service Company as soon as possible upon discovery.

(e) Expiration of Power of Attorney. The power of attorney shall expire on the latest of the date that (i) this Agreement is terminated or (ii) all Management Fees due to Service Company have been paid. Until then, such power of attorney shall be irrevocable.

## 2. DUTIES AND RESPONSIBILITIES OF SERVICE COMPANY

2.1 General Responsibilities. During the Term of this Agreement, Service Company shall provide all such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation:

(a) Personnel. Service Company shall assist Company to develop and implement guidelines and procedures for the recruitment, selection, hiring, firing, compensation, terms, conditions, obligations and privileges of employment or engagement of employees working for Company. Service Company will also assist Company in recruiting new employees and will carry out such administrative functions as may be appropriate for such recruitment, including advertising for and identifying potential candidates, assisting Company in examining and investigating the credentials of such potential candidates, and arranging interviews with such potential candidates. Company will make the ultimate decision as to whether to employ or retain a specific candidate. Company shall be solely responsible for compensating its employees. Company expressly acknowledges its responsibility and liability to provide for the payment and withholding of appropriate amounts for income tax, social security, unemployment insurance, state disability insurance taxes, and any authorized payroll deductions from the paychecks of Company personnel. Service Company shall assist Company with these administrative functions, as requested.

(b) Service Company Personnel. Service Company shall employ or contract with and provide all necessary personnel it reasonably needs to provide the Services hereunder. Such personnel shall be under the direction, supervision and control of Service Company, and shall be employees of Service Company. Service Company shall be responsible for setting and paying the compensation and providing the fringe benefits of all Service Company Personnel.

(c) Training. Service Company shall, at Company's cost, provide reasonable training to Company's personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial and equipment maintenance matters.

(d) Cultivation Services. Service Company shall, at Company's cost, assist Company to (i) develop proprietary, unique cannabis strains, which shall be licensed to the Company pursuant to that certain License Agreement by and between Company and Service Company, of even date herewith (the "License Agreement"), (ii) manage the cultivation calendar, (iii) summarize growth performance, offer suggestions for optimal, continued growth and to troubleshoot any problems or concerns identified on-site (iii) assist and instruct Company in the utilization and implementation of nutrients (iv) monitor the facility daily, (v) assist with respect to all equipment and software that will be utilized in any dispensary, cultivation or infused production facility, (vi) provide essential advice and consulting regarding grow room environments, plant nutrition, lighting, equipment and other advice related directly or indirectly thereto.

(e) Compliance. Service Company shall assist the Company in maintaining compliance with the applicable State and local regulations regarding operating a medical marijuana business.

(f) Insurance. Service Company shall assist Company, at Company's cost, in Company's purchase of necessary insurance coverage.

(g) Accounting. Service Company shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company.

(h) Tax Matters. Service Company shall prepare the annual report and tax information returns required to be filed by Company, and such reports and returns must be approved by Company in Company's discretion which shall not be unreasonably withheld. Subject to the Company's prior approval, which shall not be unreasonably withheld, the Service Company may determine what tax positions the Company may take. Subject to the Company's prior approval which shall not be unreasonably withheld, Service Company may file all tax elections necessary for the Company to be taxed as a corporation. All of Company's tax obligations shall be paid by Service Company out of Company's funds managed by Service Company. Company shall give to personnel of Service Company (or its designated affiliate) all appropriate authority necessary for them to act as Company's Attorney-in-Fact under a power of attorney, for such purposes, and to the extent permitted by law. Whenever practicable, Company shall also make such reserves and set asides for taxes as directed by Service Company throughout the year.

(i) Reports and Information. Service Company shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably

requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) financial statements.

(j) Budgets. Service Company shall prepare for review by Company, for approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld, delayed or conditioned.

(k) Expenditures. Service Company shall, at Company's cost, manage all cash receipts and disbursements of Company, including whenever practicable, the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

(l) Contract Negotiations. Service Company shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third parties as are reasonably necessary and appropriate for Company's Operations.

(m) Billing and Collection. On behalf of and for the account of Company, Service Company shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

(n) Support Services. Service Company shall, at Company's cost, provide or arrange for all printing, stationery, forms, postage, duplication, facsimile, photocopying, and data transmission and processing services, information services, and other support services as are reasonably necessary and appropriate for the Operations.

(o) Regulatory Licenses. Service Company shall assist Company with its regulatory applications for its Operations, including but not limited to, regulatory due diligence, real estate selection, consultant support, application preparation, standard operating procedures, and other services necessary for submissions of such regulatory licenses.

(p) Licenses and Permits. Company shall be responsible for obtaining and maintaining all federal, state, and licenses and regulatory permits required for or in connection with the Operations. Notwithstanding, Service Company shall assist Company with the implementation of a plan designed to ensure that all such licenses and permits are in compliance and shall provide reasonable assistance to Company in obtaining the same.

(q) Real Estate Leases, Construction and Build-Out Support. Service Company shall be responsible for managing and supervising the site selection, zoning, leasing, construction oversight and build-out, at Company's cost, of Company facilities.

2.2 Responsibilities as Administrative Agent. In connection with the appointment of Service Company as Agent of Company under 1.b above, Service Company shall undertake the following:

(a) Collections. Service Company shall use reasonable efforts to collect and receive, in Company's name and on Company's behalf, all accounts receivable generated from Operations or otherwise, endorse in the name of Company, and deposit into the Company Account any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; suing, assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts; provided, however, that extraordinary collection measures, such as filing lawsuits, discharging or releasing obligors, or assigning or selling accounts at a discount to collection agencies shall not be undertaken without Company's prior written consent, not to be unreasonably withheld, delayed or conditioned, and at Company's cost.

(b) Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including (i) a Service Company Account, opened by and under the control and domain of Service Company for the disbursement of expenses and other purposes as set forth herein, and (ii) a Company Account, being an account opened by and under the name of Company and under the control of Company as delegated for day-to-day handling by Service Company subject to the provisions hereof. Service Company shall sign checks, drafts, bank notes or other instruments on behalf of Company, and to make withdrawals from Company Account for payments specified in this Agreement and as requested from time to time by Company, and for moving such funds to the Service Company Account, and to otherwise manage all banking arrangements of the Service Company Account and the Company's Account.

(c) Automatic Sweep. Company irrevocably (during the term of this Agreement) shall direct in writing the bank at which the Company Account is maintained to transfer electronically all such amounts in the Company Account necessary to make any payments required under Section 5 of this Agreement at the end of business day to the Service Company Account.

(d) Litigation Management. Service Company shall, at Company's cost, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Service Company, subject to ultimate decision making authority by Company, not to be unreasonably withheld, delayed or conditioned. This shall not apply to proceedings involving a claim by Service Company or its affiliates.

(e) Marketing, Advertising and Public Relations Programs. Service Company shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by the Company. Service Company shall advise and assist Company in implementing such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing, at Company's cost, marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Service Company and Company agree that all marketing

and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws and regulations.

(f) Information Technology and Computer Systems. Service Company shall set up workstations and other information technology required for the Operations.

(g) Supplies. Service Company shall order and purchase on behalf of Company, at Company's cost, all supplies in connection with the Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

### 3. RELATIONSHIP OF THE PARTIES

(a) Ultimate Authority over Operations. Notwithstanding any other provision of this Agreement, Company shall have ultimate authority over its Operations.

(b) Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Service Company and Company. In performing all services required hereunder, Service Company shall be in the relation of an independent contractor to Company, providing Services to the Operations operated by Company.

### 4. RESPONSIBILITIES OF COMPANY

4.1 General Responsibilities of Company. Company shall own and operate its operations during the term of this Agreement.

(a) Actions Requiring Service Company's Consent. Notwithstanding anything in this Agreement to the contrary, Company agrees that the following actions by Company shall require the prior consent of Service Company:

- (i) The issuance, transfer or pledge of any equity in the Company or of any security convertible into equity in the Company;
- (ii) The payment of any distributions on the membership interest of Company or other distribution to the members of Company, except for any minimum distributions necessary to cover Taxes owed by the members of the Company with respect to taxable income of the Company or any fines or penalties assessed against the Company's members as a result of the arrangement contemplated under this Agreement;
- (iii) Any consolidation, conversion, merger or membership exchange of Company;
- (iv) Any sale, assignment, pledge, lease, exchange, transfer or other disposition, excluding salaries, but including without limitation a mortgage or other

security device, of assets, including Company's accounts receivable other than inventory in the ordinary course;

- (v) Any purchase or other acquisition of assets at any aggregate cost to Company exceeding One Thousand and No/100 Dollars (\$1,000.00) (in one transaction or a series of related transactions);
- (vi) Any incurrence of loans or other indebtedness by Company in an amount in excess of One Thousand and No/100 Dollars (\$1,000.00) (in one transaction or a series of related transactions);
- (vii) Any reclassification or recapitalization of the membership interests of Company;
- (viii) Any redemption or purchase of any membership interests of Company;
- (ix) Any amendment to the Articles of Organization and limited liability agreement of Company;
- (x) The dissolution or liquidation of Company;
- (xi) The authorization for the employment or discharge of any employees, or the engagement or termination of engagement of any independent contractor, at a compensation in excess of Five Thousand and No/100 Dollars (\$5,000.00) per annum, or for the execution and delivery of any employment agreements or contracts with independent contractors or consultants, or the modification or termination thereof;
- (xii) The entering into of any contract by Company at an aggregate contract price to Company in excess of One Thousand and No/100 Dollars (\$1,000.00) (in one transaction or a series of related transactions);
- (xiii) The creation of any indebtedness or any other obligation of Company to any of the shareholders or members of Company or of any of the shareholders or members of Company to Company;
- (xiv) Any act outside of the ordinary course of business of the Company; and
- (xv) Any tax election or other filing that is inconsistent with the Company's election to be taxed as a corporation.

(b) Exclusivity. During the term of this Agreement, Service Company shall serve as Company's sole and exclusive manager and provider of the Services, and Company shall not, without first obtaining the express written consent of Service Company, engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Service Company.



## 5. FINANCIAL ARRANGEMENTS

(a) Application of Revenues. The Parties agree to allocate the Company's revenues for the following purposes, in the order set out below:

- (i) Costs and Expenses of Company. Revenues shall be applied to pay all direct costs and expenses of operating Company's business, including, but not limited to, insurance premiums, reasonable payroll and benefits for Company's employees, marketing expenses, regulatory fines or penalties, supply expenses, lease expenses, auditing and tax preparation fees and fees of professional advisors, such as attorneys, subject to the budgets in effect from time to time.
- (ii) Service Company's Expenses. Revenues shall next be applied to pay all direct or indirect expenses incurred by Service Company (including, without limitation, an allocable percentage of Service Company's costs and expenses not directly allocable to Company in carrying out its duties hereunder on behalf of Company).
- (iii) Management Fee. Revenues shall next be applied to pay Service Company a monthly management fee (the "Management Fee") equal to all available net cash flow (after paying and making provisions for (a) expenses to be paid pursuant to Paragraphs 5(a)(i) and 5(a)(ii) above, (b) regulatory compliance, (c) payment of the license fee under the License Agreement, (d) repayment of any debts of Company including without limitation any amounts owed under the Credit and Security Agreement contemplated in Paragraph 6 below, and (e) any Taxes) of the Company in such month, or such lesser amount as is reasonably required for the Company to maintain working capital requirements. For purposes of this Agreement, "Taxes" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, startup, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise profits, withholding, social security (or similar), health, unemployment, disability, real property, personal property, intangible property, sales, use, transfer, registration, value added, goods and services, harmonized, alternative or add-on minimum, estimated, or other tax or similar obligation of any kind whatsoever to any Tax authority, including any interest, penalty or addition thereto whether disputed or not.

(b) IFRS. Except as specifically provided otherwise by the Parties hereto, in keeping Company's books and records, Service Company shall record all revenue, refunds, rebates, costs, expenses, and any other information using the same accounting method under which Service Company keeps its own books and records, in accordance with IFRS, consistently applied.

(c) Budget. Service Company shall prepare annual budgets for Company's approval (not to be unreasonably withheld, delayed or conditioned) showing expected revenues and expenses, and shall revise such budgets as the Parties deem appropriate from time to time.

## 6. CAPITAL IMPROVEMENTS/WORKING CAPITAL.

(a) Extension of Credit. Pursuant to that certain Credit and Security Agreement entered into by and between Service Company and Company of even date herewith, to the extent Service Company has funds available from its management fee, Service Company shall provide Company with all funds necessary to fund (i) any shortfalls in working capital (ii) any budgeted capital improvements or (iii) budgeted expansion of the Operations of Company, including the costs of any governmental applications necessary thereto.

## 7. INTELLECTUAL PROPERTY.

(a) License Agreement. Simultaneously with the execution and delivery of this Agreement by the Parties, the Parties shall execute and deliver the License Agreement, which shall permit Company to use certain licensed materials on the terms and conditions set forth therein.

## 8. TERM AND TERMINATION

(a) Term. This Agreement shall commence as of the Effective Date and continuing in full force and effect for a period of twenty (20) years (the "Initial Term"), unless terminated as provided herein. Following the Initial Term, this Agreement shall automatically renew for five (5) year renewal terms.

(b) Immediate Termination By Service Company. Service Company shall have the right, but not the obligation, to terminate this Agreement immediately upon notice to Company of any of the following events (in addition to its other remedies):

- (i) The conviction of Company, any member of Company, or anyone employed or engaged by Company, of any crime punishable as a felony under federal or state law;
- (ii) The date upon which any of the membership interests in Company are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person without the prior approval of the Service Company;
- (iii) The merger, consolidation, reorganization, conversion, sale, liquidation, dissolution, or other disposition of all or substantially all of the membership interests or assets of Company without the prior written approval of the Service Company;
- (iv) Failure to pay the Management Fee in a timely fashion;

- (v) The Company's materially altering or changing the scope of the Operations without Service Company's approval;
  - (vi) The Company's breach of this Agreement; and
  - (vii) Failure to obtain consent from applicable regulatory authorities to the transfer of one or more licenses (or the equity of the Company) to Service Company or its affiliates or designees.
- (c) Termination by Either Party. This Agreement may be also terminated as follows:
- (i) By mutual written agreement of the Parties;
  - (ii) By either Party immediately upon the filing of a petition in bankruptcy with respect to the other Party or the insolvency of the other Party; or
  - (iii) By either Party upon a material breach of a material provision hereof by the other Party, provided that the non-breaching Party provides the breaching Party with sixty (60) days written notice of any such breach, during which period of time the breaching Party shall have the opportunity to cure any such breach (or in the event of a non-monetary breach which is not curable within such sixty (60) day period the breaching Party shall have the opportunity to commence cure of any such breach). If any such breach is cured by the breaching Party during such period of time (or in the event of a non-monetary breach which is not curable within such sixty (60) day period but the breaching Party has commenced to cure such breach and does continue to cure such breach with the exercise of due diligence), it shall be as if such breach never occurred and this Agreement shall continue in full force and effect, unaffected by the non-breaching Party's notice.
  - (iv) Termination Obligations. In the event of termination, Company shall pay all Management Fees and costs and expenses accrued and owing to Service Company pursuant to this Agreement up through and including the date of termination.

## 9. RECORDS AND RECORD KEEPING

(a) Access to Information. Company hereby authorize and grants to Service Company full and complete access to all information, instruments and documents relating to Company which may be reasonably requested by Service Company to perform its obligations hereunder, and shall disclose and make available to representatives of Service Company for review and photocopying all relevant books, agreements, papers and records of Company.

(b) At all times during and after the term of this Agreement, all business records and information, including, but not limited to, all books of account and general administrative records and all information generated under or contained in the management information systems pertaining to Company, relating to the business and activities of Service Company, shall be and

remain the sole property of Service Company. Company will have reasonable access during normal business hours to the business records kept by Service Company relating to the Operations, and Company may copy any or all such records. After termination of this Agreement, Company will have reasonable access during normal business hours to the business records relating to the Operations for the purpose of preparing tax and other business filings or collecting accounts receivable. Service Company may elect to return documents to Company.

(c) Company shall at all times during the Term, and at all times thereafter, make available to Service Company for inspection by its authorized representatives, during regular business hours, at the principal place of business of Company, any of Company' records determined by Service Company to be necessary to perform its services and carry out its responsibilities hereunder or necessary for the defense of any legal or administrative action or claim relating to said records.

## 10. GENERAL

### (a) Indemnification; Limitation of Liability.

- (i) Indemnification by Service Company. Service Company hereby agrees to indemnify, defend and hold harmless Company, its officers, directors, owners, members, employees, agents, affiliates and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to the breach of this Agreement by Service Company or any fines or penalties arising from this Agreement. The provisions of this Section shall survive termination or expiration of this Agreement.
- (ii) Indemnification by Company. Company hereby agrees to indemnify, defend and hold harmless Service Company, its officers, directors, owners, members, employees, agents, affiliates and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement.
- (iii) No Warranty; Limitation of Liability. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, ANY AND ALL SERVICES SUPPLIED OR DELIVERED BY SERVICE COMPANY PURSUANT TO THIS AGREEMENT ARE PROVIDED "AS IS" AND WITHOUT WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS

OR IMPLIED, SERVICE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS OTHER THAN AS EXPRESSLY PROVIDED FOR HEREIN. IN NO EVENT SHALL SERVICE COMPANY BE LIABLE FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH HEREOF, INCLUDING LOST PROFITS, LOST DATA, BUSINESS INTERRUPTIONS OR OTHER ECONOMIC LOSS, EXCEPT FOR ANY REGULATORY FINE OR PENALTY ARISING FROM THIS AGREEMENT. THE DISCLAIMERS SET FORTH IN THIS SECTION SHALL APPLY EVEN IF SERVICE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

- (iv) Nothing in this Agreement shall impact in any way the obligations of CSAC Acquisition Inc., a Nevada corporation (“Buyer”) and Cannabis Strategies Acquisition Corp, an Ontario corporation (the “SPAC”) under the Equity Purchase Agreement dated as of October 17, 2018 (“Purchase Agreement”), including without limitation the indemnification obligations of Buyer and SPAC in favor of Sellers and the Acquired Companies (as defined in the Purchase Agreement) under Section 9.1(c) of the Purchase Agreement.

(b) Governing Law; Dispute Resolution.

- (i) This Agreement will be construed, interpreted and the rights of the Parties determined in accordance with the laws of the State of Nevada without regard to principles of conflicts of law.
- (ii) Any dispute, claim or controversy arising out of or relating to this Agreement, including the determination of the applicability, enforceability or scope of this agreement to arbitrate, will be determined by arbitration in Reno, Nevada before one arbitrator. The arbitration will be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (as it exists on the effective date of this Agreement). Judgment on the award may be confirmed, entered and docketed in any court having jurisdiction. If the Parties cannot agree on a single arbitrator, one will be appointed by JAMS. The arbitrator will be a retired judge from a federal court in the State of Nevada or a lawyer admitted to practice in the State of Nevada with at least 25 years’ active legal practice based in the State of Nevada. All objections are reserved for the arbitration hearing, except for objections based on privilege and proprietary or confidential information. The arbitrator will be instructed by the Parties to ignore the application of the Federal Cannabis Laws to each and every Party and to the dispute, claim or controversy. The arbitrator may not modify the terms of this Agreement. A transcription of the hearing will be made and the arbitrator will provide a

reasoned decision in writing. The Parties will keep confidential all matters relating to the arbitration, the arbitration award and any challenge or appeal, except as may be necessary (1) to prepare for or conduct the arbitration hearing on the merits, (2) in connection with a court application for a preliminary remedy, (3) in connection with a judicial challenge to an arbitration award or its enforcement, (4) in connection with an appeal of the arbitration award, as permitted under this Agreement, or its confirmation, entering, docketing or enforcement, (5) to comply with applicable Law or judicial decision, or (6) to comply with any applicable stock exchange rules, including the NEO Exchange. Except as provided in this Agreement, the Parties must commence and pursue arbitration to resolve all disputes arising under or relating to this Agreement prior to commencement of any legal action.

- (iii) This Agreement evidences a transaction involving interstate commerce. Notwithstanding the choice of substantive law under this Agreement, the Federal Arbitration Act will apply to the arbitration of all disputes, including the breach of this Agreement and any alleged pre-contractual representations or conduct, violations of the Racketeering Influenced or Corrupt Organizations Act (RICO), applicable federal or state securities Law, unfair trade practice Law, or similar Law.
- (iv) If it is determined that the requirement to arbitrate is unenforceable, and after any and all final appeals the decision is upheld, the Parties agree to litigate in any state court in Clark County, Nevada, and these courts will have exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and the Parties will submit to the jurisdiction of such courts in all matters relating to or arising out of this Agreement. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.
- (v) Any arbitration award will have a binding effect only on the actual dispute arbitrated, and will not have any collateral effect on any other dispute

whatsoever, whether in arbitration, litigation or other dispute resolution proceeding. Service Company and the Company will not consolidate their dispute in any arbitration or litigation with a claim by any Person.

- (vi) If a Party (1) commences action in any court, except to compel arbitration, or except as specifically permitted under this Agreement, prior to an arbitrator's final decision, or (2) commences any arbitration or litigation in any forum except where permitted under this Agreement, then that Party is in default of this Agreement. The defaulting Party must commence arbitration (or litigation, if permitted under this Agreement), in a permitted forum prior to any award or final judgment. The defaulting Party will be responsible for all expenses incurred by the other Party as a result of this default, including legal fees.
- (vii) The Parties adopt and will implement the JAMS Optional Arbitration Appeal Procedures (as it exists on the effective date of this Agreement) with respect to a final award in an arbitration arising out of or relating to this Agreement, if that award requires the payment of monetary damages in excess of US \$500,000 (with this dollar value to be indexed from the date of this Agreement based on the annual rate of inflation in the United States). The JAMS appeal panel will determine whether such appeal threshold has been met. If the appeal panel consists of three members, the Chair will be a retired judge from a federal court located in the State of Nevada and one member will be a lawyer admitted to practice in the State of Nevada with at least 25 years' active legal practice based in the State of Nevada. Judgment on any revised award may be confirmed, entered and docketed in any court having jurisdiction. The same confidentiality provisions that apply to the Parties with respect to the original arbitration will apply to the appeal.
- (viii) If JAMS is no longer in business, an alternative administrative arbitration agency will be selected by mutual agreement of the Parties. If they cannot agree, the Parties will apply to a court of competent jurisdiction to select the agency. In the event of any conflict between the rules and procedures of JAMS or an alternate administrative arbitration agency and the provisions of this Section, the provisions of this Section will prevail.
- (ix) In any civil action, arbitration or other proceeding brought to enforce the terms hereof, or to redress a breach of a term hereof or other dispute, claim or controversy, the prevailing party shall be entitled to payment from the non-prevailing party(ies) of its reasonable attorney fees and expenses in addition to any damages or other relief to which it may become entitled.
- (x) Equitable Remedies. The procedures set forth in this Section 11.b shall be the sole and exclusive procedure for the resolution of disputes; provided, however, that a party may seek temporary or preliminary injunctive relief for the limited purpose of avoiding irreparable harm, and Service Company

may seek to enforce any and all rights and remedies accorded to it by the Uniform Commercial Code in the State of Nevada and other applicable law or in equity, in each case in a court of applicable jurisdiction prior to, during or after arbitration without having to submit such matter to mediation, arbitration or the other procedures set forth in this Section 11.b.

(c) Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties.

(d) Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the parties at the following addresses, or at such other addresses as the parties may designate by written notice in the manner set forth herein:

If to Company:           **WASHOE WELLNESS LLC**  
1645 Crane Way  
Sparks, NV 89431  
Attn: Mark E. Pitchford  
Email: [mark@washoewellness.com](mailto:mark@washoewellness.com)

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

(f) Federal Cannabis Laws. The parties hereto agree and acknowledge that no party makes, will make, or shall be deemed to make or have made any representation or warranty of any kind regarding the compliance of this Agreement with any Federal Cannabis Laws. No party hereto shall have any right of rescission or amendment arising out of or relating to any non-compliance with Federal Cannabis Laws unless such non-compliance also constitutes a violation of applicable state law as determined in accordance with the Act or by the Regulator, and no party shall seek to enforce the provisions hereof in federal court unless and until the parties have reasonably determined that the Act is fully compliant with Federal Cannabis Laws. As used herein, "Federal Cannabis Laws" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact



to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

(g) Assignment. This Agreement shall not be assignable by the Company without the express written consent of the Service Company. This Agreement shall be assignable by Service Company upon notice to Company.

(h) Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that Party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power, privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

(i) Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

(j) Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

(k) Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

(l) Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities (but excluding lack of funds). This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other party, provided that failure to give such notice shall not in any way limit the operation of this provision.

(m) Authorization for Agreement. The execution and performance of this Agreement by Company and Service Company have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Service Company in accordance with its terms.

(n) Cooperation. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Service Company and Company to perform successfully and efficiently its duties hereunder.

(o) Competing Interests. Service Company is entitled to have other business interests including those that may be competitive to the Company.

(p) Regulatory Compliance. This Agreement is subject to strict requirements for ongoing regulatory compliance by the parties hereto, including, without limitation, requirements that the parties take no action in violation of either the Nevada Medical Use of Marijuana Act (Nevada Revised Statutes ("NRS") Chapter 453A) or the Nevada Taxation of Marijuana Act (NRS Chapter 453D) (together with all related rules and regulations thereunder, and any amended or superseding legislation, rules and regulations, the "Act") or the guidance or instruction of the Nevada Department of Taxation or the Nevada Department of Health and Human Services (together with any successor, collectively, the "Regulator"). The parties acknowledge and understand that the Act and/or the requirements of the Regulator are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. If necessary or desirable to comply with the requirements of the Act and/or the Regulator, the parties hereby agree to (and to cause their respective affiliates and related parties and representatives to) use their respective commercially reasonable efforts to take all actions reasonably requested to ensure compliance with the Act and/or the Regulator, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement to reflect terms that most closely approximate the parties original intentions but are responsive to and compliant with the requirements of the Act and/or the Regulator. In furtherance, not limitation of the foregoing, the parties further agree to cooperate with the Regulator to promptly respond to any informational requests, supplemental disclosure requirements, or other correspondence from the Regulator and, to the extent permitted by the Regulator, keep all other parties hereto fully and promptly informed as to any such requests, requirements, or correspondence.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

**WASHOE WELLNESS LLC**

By: (Signed) *Clint R. Cates*  
Name: Clint R. Cates  
Title: Manager

**CSAC-WASHOE WELLNESS LLC**

By: (Signed) *Jonathan Sandelman*  
Name: Jonathan Sandelman  
Title: Manager

**EXHIBIT A**  
**SUBSIDIARIES**

[Exhibit A to Services Agreement]