

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("Agreement") is entered into and effective as of November 15, 2017 ("Effective Date") by and between TRANS CANNA MANAGEMENT INC., a California corporation (""), and TCM DISTRIBUTION INC., a California nonprofit mutual benefit corporation ("CORPORATION") (each individually as a "Party" and collectively as the "Parties"), with reference to the following facts:

RECITALS:

A. CORPORATION plans to obtain from the City of Adelanto, California, transportation and distribution permits for the transportation and distribution of medical marijuana products ("Permit") and a conditional use permit to operate the transportation and distribution operation ("CUP").

B. CORPORATION plans to lease a facility in Adelanto, California ("Facility"). Within the Facility, TCM will advise and consult CORPORATION in connection with the acquisition, transportation, marketing and distribution ("Activity"), and the eventual sale of medical marijuana products to third parties ("Product").

C. The consulting services and Credit Facility (as defined in Section 10.4.1) to be provided by TCM to CORPORATION are the sole subject of this Agreement.

D. TCM and CORPORATION agree that CORPORATION will maintain in full force and good standing all business licenses, the Permit and the CUP.

E. LDS Development Corporation, a California corporation ("DevCo"), is supervising the construction and the equipping of the Facility. DevCo shall lease the Facility to CORPORATION pursuant to a lease between DevCo and CORPORATION to be executed upon completion of the Facility ("Lease Agreement").

F. DevCo has agreed to grant an option to purchase the Facility and a first right of refusal regarding the Facility to TCM.

G. TCM shall provide all required replacement equipment and supplies required to conduct the Activity at the Facility at CORPORATION's cost and expense.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties covenant and agree as follows:

1 APPOINTMENT OF MANAGER

1.1 Appointment by CORPORATION. CORPORATION hereby appoints TCM as its operations manager and, in connection therewith, grants to TCM the authority and responsibility, as specifically set forth herein, to supervise and manage the day-to-day operations of the Facility, including all revenue and non-revenue producing activities and all other operations of CORPORATION, as and to the extent permitted by California law. In addition thereto, CORPORATION grants to TCM the sole authority and responsibility to manage, deposit, disburse and invest the funds received by CORPORATION from its sale of Product or otherwise.

1.2 Acceptance by TCMI. TCMI hereby accepts such appointment and agrees, as specifically set forth herein, to supervise and direct the management and operations of the Facility.

1.3 Ultimate Authority and Control. It is expressly recognized and agreed by the Parties that CORPORATION has and, at all times during the term of this Agreement shall exercise, the ultimate authority and control over the CORPORATION's assets, affairs and business and the Facility including, without limitation, all financial and operational matters, delegated pursuant to this Agreement.

1.4. Cost of CORPORATION's Corporate Governance. TCMI shall pay any and all reasonable costs associated with the ongoing corporate governance of CORPORATION and such costs shall be deemed to be "Cost of Services". TCMI has retained Buckner, Robinson & Mirkovich ("FIRM") to complete the organization of CORPORATION and to provide corporate governance services on an ongoing basis. CORPORATION shall have the right to terminate FIRM at the election of CORPORATION's Board of Directors; provided, however, that TCMI may, at its sole discretion, require that FIRM review all corporate governance professional legal services provided by new counsel, or by individual directors, from time to time and on an ongoing basis, and such costs shall be "Cost of Services."

2 FACILITY

2.1 Utilities, Building Services and Supplies. TCMI shall provide, or cause to be provided, all necessary and appropriate utilities, building services and supplies including, but not limited to, all water, gas, heat, air conditioning, power, light, janitorial and maintenance services necessary to conduct the Activity at the Facility. The Parties acknowledge and agree that the Facility is, or will be, leased by CORPORATION and therefore subject to one or more leases (the "Leases"). All such utilities, building services and supplies to be provided by TCMI shall, at all times, be provided subject to all of the terms, conditions, limitations and restrictions set forth in the Leases. TCMI shall also provide all telephone services restricted to official business of the Facility and all uniforms, printed stationery, forms, telephone answering service, reception, secretarial services, postage, duplication services, transport equipment and supplies, and office supplies, as necessary.

2.2 Building, Equipment, Furniture and Furnishings. The building and all equipment at the Facility prior to execution and delivery of the Lease Agreement will be provided by DevCo. The Facility will be leased to CORPORATION pursuant to the Lease Agreement. TCMI shall provide any equipment necessary or reasonably appropriate for the ongoing Activity at the Facility (collectively, the "Equipment"). TCMI shall have no title or interest in the Equipment provided by TCMI pursuant to this Agreement and said Equipment shall at all times remain the sole property of CORPORATION; provided, however, that any items purchased to satisfy the terms of the Lease Agreement shall be and remain the property of DevCo. Each director and officer of CORPORATION may utilize furniture and equipment necessary and appropriate to the performance of their corporate governance or marketing services on behalf of CORPORATION.

2.3 Repairs and Maintenance of Facility

2.3.1 TCMI shall provide all lessee maintenance and repair obligations for the Facility required to be provided pursuant to the terms of the Lease Agreement and any and all other necessary or appropriate maintenance and repairs to said Facility.

2.3.2 Continuous Use. At all times during the term of this Agreement, TCMI shall staff the Facility with all required personnel in a manner which permits the operation of the Facility during the business hours established by TCMI for the Facility. TCMI shall, in its sole discretion, hire staff as employees of TCMI.

2.3.3 Compliance with Laws by CORPORATION. CORPORATION shall comply with any and all codes, ordinances, rules, regulations, and requirements of all state, and municipal authorities now in force, or which may hereafter be in force, pertaining to the licensing and permitting of CORPORATION, or pertaining to any other legal requirements applicable to the planting and cultivation activities carried on by CORPORATION.

2.3.3 Compliance with Laws by TCMI. TCMI shall comply with any and all codes, ordinances, rules, regulations, and requirements of all state, and municipal authorities now in force, or which may hereafter be in force, pertaining to the licensing and permitting of TCMI, or pertaining to any other legal requirements applicable to the transportation and distribution activities carried on by TCMI pursuant to this Agreement.

3 EQUIPMENT AND SUPPLIES.

3.1 Equipment to be Furnished.

3.1.1 Ownership of Equipment. All of the Equipment used in conjunction with the Activity is the sole property of CORPORATION.

3.1.2 Maintenance of Equipment. TCMI shall keep, repair and maintain, in accordance with the applicable manufacturer's specifications, all Equipment as necessary or appropriate for the efficient and proper operation of the Facility.

3.1.3 Replacement Equipment. In the event that any Equipment used in the operations of the Facility becomes worn out or obsolete, and if it is unreasonable, impossible or economically impractical to repair such Equipment, then TCMI, after consultation with CORPORATION, may replace such Equipment with the same model or type, a similar model, or its functional equivalent at CORPORATION's sole cost and expense. Any such Equipment shall be owned by CORPORATION.

3.1.4 Use of Equipment. TCMI and CORPORATION shall cause the Equipment to be used and operated solely in the conduct of the Activity at the Facility by competent personnel who have been trained in the proper use of the Equipment.

3.2 Supplies. TCMI shall acquire and supply to the Facility all supplies of every kind and nature, as may be reasonably required in order to conduct and operate the Activity at the Facility.

4 GENERAL ADMINISTRATIVE SERVICES

4.1 Scope of Services. TCMI agrees to perform all functions relating to the operation of the Activity at the Facility. Such functions shall include, without limitation, the functions and services described in the following paragraphs.

4.2 Administrative Services.

4.2.1 In General. TCMI shall provide CORPORATION with overall supervision and administration of the Facility and any associated premises or common areas, general business and office administration services, and planting and cultivation activities, except as otherwise mutually agreed upon by TCMI and CORPORATION.

4.2.2 Performance in Consultation with CORPORATION. CORPORATION shall confer and consult with TCMI in any administrative matters and any management matters which, in the judgment of CORPORATION, may have an impact on any licenses or permits necessary to conduct the Activity, including the Permit and the CUP, held by CORPORATION. Any such issues shall be resolved by the mutual agreement of TCMI and CORPORATION after discussion with each other and with appropriate advisors or consultants.

4.3 Bookkeeping and Accounting Services. TCMI shall be responsible for all bookkeeping and accounting services necessary or appropriate for the efficient and proper operation of the Activity at the Facility, including, without limitation, the following:

4.3.1 Records Maintenance. The maintenance, custody and supervision of business records, papers, documents, ledgers, journals and reports relating to the Activity, the Facility, and CORPORATION.

4.3.2 Accounting. The establishment, administration and implementation of accounting procedures, controls, forms and systems.

4.3.3 Financial Reporting. The preparation of monthly, quarterly, and annual financial reports reflecting the business operations of the Activity conducted at the Facility, and of CORPORATION.

4.3.4 Accounts Payable Processing. The processing and payment of accounts payable.

4.3.5 Personnel Records and Payroll Processing. The providing and processing of all personnel record keeping, payroll accounting, including social security and other payroll tax reporting and insurance as applicable for all employees and agents of TCMI, and for all employees of CORPORATION, and for all other persons rendering services on behalf of CORPORATION at the Facility.

4.4 Marketing and Public Relations Services.

4.4.1 Marketing Decisions. TCMI, in consultation with CORPORATION, shall determine the content of all marketing materials prepared for the purpose of promoting or marketing the Product.

4.4.2 Ownership of Manuals and Intellectual Property. TCMI shall be the sole owner and holder of all right, title and interest, including, but not limited to all copyright, service

mark and trademark rights, in and to any marketing materials or documents acquired, prepared, purchased or furnished by TCMI pursuant to this Agreement, to any trade or service mark, to any slogans and/or logos. CORPORATION may distribute or use such marketing materials and documents, as revised from time to time by TCMI in its sole discretion after consultation with CORPORATION, to market the Product.

4.5 Management Information Systems.

4.5.1 Scope and Provision of System. TCMI shall provide CORPORATION with a management information system appropriate to CORPORATION's business, including the ability to fulfill the CORPORATION's obligations for security of the activity and compliance with California's Unique Identifier and Track and Trace Program.

4.5.2 Supervision and Management. TCMI shall provide supervision and management of the use of all software and/or hardware for the management information system utilized in the operations of the Facility and make any and all payments required for the use of said software and hardware.

4.5.3 Modifications, Enhancements, and Upgrades. TCMI shall provide modifications, enhancements and upgrades to existing hardware and/or software used in connection with the Activity and, to the extent necessary or appropriate, select and provide new hardware and/or software, on the basis as is common in the medical marijuana industry.

4.6 Maintenance, Waste Disposal, Laundry and Communications Services. TCMI shall provide the Facility with all services and personnel reasonably necessary and appropriate to operate the Activity at the Facility and maintain the Equipment. Additionally, TCMI shall furnish or obtain all stationery, forms, postage, duplication services, printing services, janitorial services, routine and marijuana waste disposal services and any and all other supplies and services of a similar nature which are reasonably necessary and appropriate for the day-to-day operation of the Activity at the Facility.

4.7 Employee Benefits Administration Services for CORPORATION Employees. TCMI shall administer the compensation, payroll taxes, workers' compensation insurance, unemployment insurance, and any other benefit programs adopted by CORPORATION for its employees. CORPORATION's sole employee shall be _____. _____'s salary and incentive compensation have been set by the Board of Directors of CORPORATION with the approval of TCMI.

5 SALES OF PRODUCT

5.1 Setting Prices.

TCMI shall conduct periodic reviews and/or surveys of amounts charged by other cultivators for the sale of Product to cultivators. On an ongoing basis, TCMI shall advise the CORPORATION of the results of TCMI's surveys, shall consult with the CORPORATION concerning the appropriateness of the fees charged for Product and shall provide CORPORATION with a proposed fee structure for future sales of Product. CORPORATION shall have five (5) business days thereafter to present TCMI with any objections, comments or questions, including CORPORATION's recommendations to increase or decrease any proposed fees ("Feedback"). TCMI, acting in TCMI's sole discretion, shall notify CORPORATION of the final fee structure within five (5) business days after receipt of Feedback.

5.2 Billing and Collection of CORPORATION Receivables

5.2.1. Assignment of Accounts. CORPORATION hereby grants TCM I a present security interest in all accounts receivable corresponding to Product sold by corporation ("A/R") in an amount required to secure all outstanding financial obligations of CORPORATION to TCM I hereunder.

5.2.2. Billing and Collection. TCM I shall provide all billing services relating to the operation of the Facility. TCM I shall maintain accounting records which will appropriately set forth the amounts billed and collected for Product sold by CORPORATION. Method and manner of billing and collection shall be in the sole discretion of TCM I; provided, however, that billing and collection shall be conducted in a manner consistent with accepted practices generally prevailing in the billing industry. Further, in the event CORPORATION reasonably believes TCM I's billing and collection services are inadequate, the Parties shall meet and confer to establish procedures and protocols and performance metrics for measuring the efficacy of such billing and collection services.

5.2.3 Payments. TCM I will receive payments from purchasers of the Product sold by CORPORATION pursuant to the terms of this Agreement. These payments will be made payable to CORPORATION and TCM I will record these payments and immediately deposit any and all funds into a bank account in the name of CORPORATION.

5.2.4. Banking Agreement. CORPORATION agrees to give TCM I its banking account number and routing number necessary for TCM I to debit the amount payable to TCM I each month by CORPORATION under this Agreement. Any and all banking forms and/or signature cards required to be authorized by CORPORATION and signed by TCM I under this Agreement are hereby incorporated by reference and attached hereto as Exhibit "A". TCM I shall be given the sole authority to pay from CORPORATION's bank account such out-of-pocket expenses as are incurred by TCM I on behalf of CORPORATION in the ordinary course of managing CORPORATION's business. Any draws upon CORPORATION's bank account for TCM I Costs of Services and/or Management Fee shall be made only after compliance with the estimating procedure specified hereinafter.

5.2.5. Reports. Within 15 days following the end of each calendar month during which this Agreement remains in effect, TCM I will provide CORPORATION with a detailed monthly report of the CORPORATION's account and a description and itemization of each expense or fee paid from CORPORATION's account.

5.2.6. Adjustments. CORPORATION and TCM I shall advise each other promptly of any and all disputes with any purchaser.

6 ACCOUNTING AND FINANCIAL SERVICES

6.1 Accounting Method and Audit Rights.

6.1.1 Cash Method of Accounting. The Parties agree, and TCM I shall ensure, that for income tax purposes and for purposes of calculating and paying compensation under this Agreement (pursuant to Article 10) the accounting performed pursuant to this Agreement for the operation of the Facility shall be performed on a cash basis, and otherwise in accordance with generally accepted accounting principles. Further, the Parties agree that financial and management reports required under Paragraph 6.2 shall be performed on the accrual basis to the

extent necessary to provide adequate information, and where required for analysis and decision-making, shall be reconciled with reports prepared on a cash basis.

6.2 Financial and Management Reports and Information. TCM I shall provide to CORPORATION on a regular, periodic basis, copies of the following reports immediately upon preparation of said reports and/or CORPORATION'S written request:

6.2.1 Financial Statements. Monthly income statements and balance sheets prepared by TCM I relating to the operation of the Facility. For all purposes, CORPORATION shall use the accrual method of accounting in accordance with generally accepted accounting.

6.2.2 Other Reports. Any and all additional financial and management reports and information prepared by TCM I which CORPORATION determines, after consultation with TCM I, would assist CORPORATION in evaluating CORPORATION'S operations.

7 TCM I PERSONNEL

7.1 TCM I Personnel.

TCM I shall be solely responsible for the hiring, training, employing, setting and paying of compensation and benefits, as applicable, and supervising of all administrative, technical, and production personnel (hereinafter referred to as "TCM I Personnel"), if any, who are now or may hereafter be reasonably necessary to effectively and efficiently operate the Activity at the Facility.

7.2 Authority to Discipline, Hire and Discharge TCM I Personnel. Except as otherwise provided in this Agreement, the Parties agree that TCM I shall have the sole right and authority to discipline, hire and discharge all TCM I Personnel employed by TCM I to meet its obligations hereunder.

7.3 Scheduling of Personnel. TCM I shall be solely responsible for the scheduling of individual work hours for personnel furnished by TCM I.

8 INSURANCE

8.1 Property Damage Insurance. TCM I shall obtain insurance for the Facility and the furniture, fixtures, Equipment and supplies located therein for the full insurable replacement value of the Facility and such furniture, fixtures, Equipment and supplies. Such policy shall name both CORPORATION and TCM I as insured.

8.2 Insurance Covering TCM I Personnel. TCM I shall, as an expense of operating the Facility, maintain and continue in full force and effect one or more policies of comprehensive liability insurance, including property damage, personal injury, and any other insurance appropriate for the services performed by TCM I Personnel furnished hereunder, which insurance shall protect against liability for injury to persons and property and for the death of any person or persons which may result from the negligence of, or the performance of services by, TCM I personnel furnished hereunder. Said coverage shall be under such terms and for such amounts as are reasonably prudent for a management services organization of TCM I'S kind and responsibilities.

8.3 Proof of Insurance. TCM I shall from time to time obtain certified copies of or Certificates of Insurance on all policies required hereunder, as evidence of the insurance coverage to be procured pursuant to this Agreement. On an annual basis, and also at such times as a Party

may reasonably request, TCMI and CORPORATION shall each provide the other Party with Certificates of Insurance and such other proof of insurance reasonably satisfactory to evidence that the insurance required pursuant to this Agreement continues to be maintained by the Party providing such Certificate of Insurance, and that such insurance is in full force and effect.

8.4 Additional Insurance: Blanket Policies. Any Party hereto may obtain for its own account, and solely at its own expense, any insurance not required under this Agreement.

9 INDEMNIFICATION

9.1 Indemnification by TCMI. TCMI shall indemnify, defend, and hold CORPORATION, and the shareholders, directors, officers, partners, employees, agents, and servants of CORPORATION, free and harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, resulting in any manner, directly or indirectly, from any negligent or willful act or omission of TCMI or the personnel furnished by TCMI under this Agreement (including Payment of any wages, benefits or other compensation owed to any TCMI personnel). Notwithstanding any provisions of the preceding sentence to the contrary, TCMI shall not be liable to CORPORATION for any consequential, exemplary, or punitive damages. This duty of TCMI to indemnify, defend, and hold CORPORATION harmless shall only apply to the extent that such loss of CORPORATION is not covered by insurance or is not caused by the gross negligence or willful misconduct of CORPORATION.

9.2 Indemnification by CORPORATION.

9.2.1 Indemnity by CORPORATION. CORPORATION shall indemnify, defend, and hold TCMI and its directors, officers, employees, agents, and servants, free and harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, resulting in any manner, directly or indirectly, from any negligent or willful act or omission of CORPORATION or of its officers or directors. Notwithstanding any provisions of the preceding sentence to the contrary, CORPORATION shall not be liable to TCMI for any consequential, exemplary, or punitive damages. This duty of CORPORATION to indemnify, defend and hold harmless TCMI shall only apply to the extent that such loss of TCMI is not covered by insurance or is not caused by the gross negligence or willful misconduct of TCMI.

10 COMPENSATION

10.1 Internal Compensation System of CORPORATION. The Parties agree that CORPORATION has developed and implemented its own internal compensation systems for its directors and officers, and TCMI shall have the right of approval for any increases, amendments, or modifications to CORPORATION's internal compensation system from and after the date of this Agreement.

10.2. Management Services Fees. The compensation set forth in this Section 10.2 is being paid to TCMI as fair and reasonable consideration of the substantial commitment made and services to be rendered by TCMI hereunder. TCMI shall be paid monthly the following amounts (collectively "Management Fee"):

10.2.1 An amount reflecting all Cost of Services (defined below) incurred by TCMI, in connection with CORPORATION'S practice; and

10.2.2 During each year of this Agreement, a Management Fee in an amount equal to Ninety Percent (90%) of the excess of Net Revenues over Cost of Services, payable monthly, subject to the limitations below. "Net Revenues" shall mean Revenues less (i) lease payments and (ii) royalty payments.

10.2.3 TCMI and CORPORATION agree that until CORPORATION's net collections exceed CORPORATION's operating expenses, including Cost of Services, on a cumulative basis, TCMI shall not receive payment of the Management Fee.

10.3 Operating Budget. The projected operating income and expense budget of the CORPORATION for each fiscal year shall be prepared by the Chief Financial Officer of the TCMI at least sixty (60) days prior to the end of each preceding fiscal year. Such projected operating income and expense budget shall reflect the CORPORATION's anticipated staffing requirements for the next fiscal year as well as the aggregate compensation requirements and anticipated expenses of CORPORATION under this Agreement, including but not limited to rent, costs of supplies, equipment, insurance, maintenance of records, repayment of working capital loans, etc.

10.4 Cost of Services and Management Fee. On the First and Fifteenth of each month, TCMI shall be entitled to withdraw from CORPORATION's bank account an amount equal to one-half of the sum of the estimated Cost of Services as defined in this Section and the Management Fee as defined in Section 10.2.2, subject to the limitations set forth in Section 10.2.2. TCMI shall develop an estimate of the Cost of Services and Management Fee which shall be presented to CORPORATION on the Fifteenth of each month for the following month, and clearly identifying all recurring items and extraordinary items. If CORPORATION does not object to an extraordinary item in said monthly report within 10 business days of the receipt of such estimate, TCMI may withdraw all undisputed amounts specified therein on the First and Fifteenth of the Month, as the case may be. TCMI shall provide a detailed report to CORPORATION each month verifying the previous month's actual costs and fees. Not less frequently than quarterly TCMI shall reconcile the estimated amounts with the actual amounts and submit such reconciliation to CORPORATION for its review. If the actual amount exceeds the estimated amounts, then CORPORATION shall pay all undisputed portions of the balance to TCMI not later than ten business days after receipt of the reconciliation. If the estimated amount exceeds the estimated amounts, then TCMI shall credit that amount against CORPORATION'S next estimated payment.

10.4.1 In the event CORPORATION is unable to pay the Cost of Services amount or the Management Fee, such amount shall bear interest at the rate of Six Percent (6.0%) per annum, compounded monthly, until such amount is paid in full ("Credit Facility"). Payments in any month shall be applied first to the current Cost of Services amount, next to interest on the unpaid Cost of Services amount, next to the unpaid Cost of Services amount, next to the current Cost of Services amount, next to interest on the unpaid Management Fee amount, next to the unpaid Management Fee amount and lastly to the current Management Fee amount.

10.5 Cost of Services Defined "Cost of Services" includes, without limitation, the following costs and expenses, which may be incurred by TCMI in connection with CORPORATION'S business:

10.5.1 Compensation and benefits of all employees of TCMI, if any, working directly in the management, operation or administration of, or otherwise providing services to, CORPORATION, along with payroll taxes or all other taxes and charges now or hereafter applicable to such personnel, and services of independent contractors, subject to the limitations set forth below;

10.5.2 Direct marketing expenses of CORPORATION, such as direct costs of printing marketing materials prepared by TCMI;

10.5.3 Any sales, use and excise taxes assessed against CORPORATION related to the operation of CORPORATION's business or sale of its Products;

10.5.4 Lease payments, purchase of Equipment, replacement of Equipment, taxes and interest directly relating to the Facility or the Equipment, and other expenses of the Facility;

10.5.5 Legal fees and costs paid by TCMI on behalf of CORPORATION to outside counsel in connection with matters specific to this Agreement; provided, however, that legal fees incurred by the Parties hereto as a result of a dispute between the Parties shall not be considered a Cost of Services;

10.5.6 All insurance necessary to conduct the Activity and operate the Facility, including fire, theft, and general liability insurance;

10.5.7 Cost of administrative supplies and all direct general and administrative expenses, other than salaries and benefits, relative to the CORPORATION;

10.5.8 Such other costs and expenses directly incurred by TCMI necessary for the management or operation of Facility.

At CORPORATION'S request, TCMI shall provide an accounting and back up documentation required to verify charges for the Cost of Services, including without limitation employee and independent contractor compensation and benefits, charged to CORPORATION. Preparation of such accounting and all copying costs shall be a Cost of Services.

10.6 Exclusions. Notwithstanding anything to the contrary contained herein, Cost of Services shall not include costs of the following:

10.6.1 Compensation, including employer payroll taxes, of officers, directors and employees of the CORPORATION shall be borne solely by CORPORATION;

10.6.2 Any TCMI overhead charges;

10.6.3 Any federal or state income taxes of TCMI other than those reimbursable as employee benefits;

10.6.4 Any interest paid pursuant to the Credit Facility described in Section 10.4.1, above; and

10.6.5 The Management Fee.

10.7 The Management Fee shall constitute TCMI's sole compensation and all other amounts represent reimbursement to TCMI for all indirect costs including all overhead, legal, accounting, financial, marketing, management and administrative assistance provided by TCMI corporate staff which are not provided for in Section 10.5.

11 RELATIONSHIP OF PARTIES

11.1 Independent Contractors.

11.1.1 In General; No Authority to Bind Other Party. TCMI and the CORPORATION are independent contractors to each other, and as such they shall remain professionally and economically independent. TCMI and CORPORATION are not, and shall not be deemed to be, joint venturers, partners, employees or agents of each other (except with respect to a limited agency for billing and collection activities). Neither Party shall have any authority to bind the other without the other Party's express written consent, and then only insofar as such authority is conferred by such express written consent.

11.1.2 Personnel Furnished by TCMI as Independent Contractor. All TCMI Personnel shall be the employees, independent contractors and/or agents solely of TCMI and shall not be deemed to be agents, servants or employees of CORPORATION.

11.1.3 TCMI is Independent Contractor; Limited Supervision by CORPORATION; Obligation to Confer. In the performance of the duties and obligations devolving upon TCMI under this Agreement, it is mutually agreed that TCMI, through its own employees and/or agents, is and at all times shall be acting as an independent contractor engaged in the operation of the Activity at the Facility, which includes furnishing and providing experienced administrative services, clerical, secretarial and other production services. CORPORATION shall not control or direct the methods by which TCMI and its employees shall perform their duties and obligations arising hereunder. A representative of CORPORATION and a representative of TCMI shall meet at the Facility not less frequently than quarterly to discuss the Activity, the Facility and the financial performance of CORPORATION.

12 RECORDS AND CONFIDENTIALITY

12.1 Ownership of Records and Confidentiality.

12.1.1 Ownership of Records. TCMI shall maintain complete and accurate business and accounting records for the benefit of CORPORATION and TCMI with regard to the Activity at the Facility, and all such records shall be the property of TCMI and shall be stored at a location determined by TCMI. TCMI shall provide CORPORATION with originals, or copies if appropriate, of all documents required by CORPORATION to manage its affairs.

12.1.2 Retention and Availability of Records. TCMI shall cause all such records to be maintained and stored for the period required by applicable Federal and State laws pertaining to retention of records. Further, such records shall be made available to CORPORATION if required for the purpose of defending any claim or other lawsuit or administrative action against CORPORATION, or the members, shareholders, directors, officers, employees, or agents of CORPORATION.

12.1.3 Financial Records of CORPORATION. All financial records, accounting and billing records, partnership records, and/or corporate records of or pertaining to CORPORATION, as well as all personnel files and written procedures pertaining to the business and/or the officers, directors, members, employees, or agents of CORPORATION, shall be the property of CORPORATION. However, as is reasonably necessary for the administration of CORPORATION business, TCMI shall have the right to review such records and to photocopy and retain copies of all such records.

12.1.4 Computer Software and Hardware. Any computer software or hardware supplied and used by TCMI in connection with the services provided hereunder shall remain the property of TCMI or the lessor or licensor thereof, as applicable. Upon termination of this Agreement, TCMI shall be entitled to retain copies of any and all computer data pertaining to CORPORATION.

12.1.5 Confidentiality of Business Information. All statistical, financial, and personnel information and any and all other information or data relating to the business of each Party shall be kept in the strictest confidence by the other Party and by the agents, employees, and affiliates of the other Party, and shall not be used or disclosed in any way by the other Party or its agents, employees, or affiliates without the prior written consent of the first Party.

12.1.6 Limitation of Confidentiality. The obligations set forth in Paragraph 12.1.5 do not apply to any data that may become publicly available or may be rightfully obtained from third parties. TCMI will not be obligated to keep confidential any concepts or techniques related to electronic data processing that may be developed either solely by TCMI or jointly with CORPORATION during the term of this Agreement.

12.2 Preservation of Trade Secrets and of Confidential Information. CORPORATION expressly acknowledges that during the course of this Agreement, CORPORATION and the directors, officers, employees, and agents of CORPORATION may have access to trade secrets, proprietary information and confidential information of TCMI including, but not limited to, personnel manuals, operations manuals, protocols, business plans, strategic plans, legal documents, marketing plans, and various methods of conducting the Activity. CORPORATION expressly agrees that all such information shall be and shall remain the property of TCMI. CORPORATION further agrees that both during and after the term of this Agreement, CORPORATION shall protect and preserve the confidential and proprietary nature of all such information and shall not:

- a) Disclose such information to any other person or entity, except to the extent required to carry out the duties and responsibilities set forth in this Agreement, or as may be otherwise required by law; or
- b) Use such information to the advantage of CORPORATION or any other person or entity, except to the extent necessary and consistent with CORPORATION's duties and obligations under this Agreement.

The Parties agree that the remedy at law will be inadequate for any breach by CORPORATION of the covenant not to disclose, use, or benefit from said trade secrets, proprietary information, and/or confidential information as set forth in this Article 12. The Parties further agree that TCMI shall be entitled to an injunction both preliminary and final, and any other appropriate equitable relief to enforce its rights under the terms of said covenant. Such remedies shall be cumulative and non-exclusive, being in addition to any and all other remedies which TCMI may have. CORPORATION hereby waives any requirement for securing or posting a bond in connection with TCMI's obtaining any injunctive or other equitable relief.

13 TERM AND TERMINATION

13.1 Term; Option to Extend.

13.1.1 Original Term. The term of this Agreement shall be for a period of approximately twenty (20) years, commencing with an effective date of December 1, 2017 and terminating on December 31, 2037.

13.1.2 Meeting Prior to End of Original Term. Three (3) months prior to the expiration of the original term of this Agreement, the Parties agree to attend at least one (1) meeting to discuss the possible renegotiation and/or extension of the term of this Agreement; however, no Party shall be obligated in any manner to negotiate or to agree upon any extension of this Agreement.

13.1.3 Early Termination. In the event this Agreement terminates prior to the end of the Term, TCMI and CORPORATION shall agree to the actual date of termination or, in the event TCMI and CORPORATION are unable to reach agreement, on the date selected by TCMI ("Closing Date"). After the Closing Date, TCMI shall apply all amounts then held by CORPORATION or later collected and attributable to CORPORATION's accounts receivable in the following priority:

- a. Payroll expenses, including all payroll taxes, for employees of CORPORATION through and including the Closing Date;
- b. Payroll expenses, including all payroll taxes, for employees of TCMI providing services on behalf of CORPORATION through and including the Closing Date, and including any costs of severance;
- c. Income, franchise, sales, use and excise taxes of CORPORATION;
- d. Lease payments for the Facility which are the responsibility of CORPORATION;
- e. Payroll expenses, including all payroll taxes, for employees of TCMI providing billing and collection services on behalf of CORPORATION after the Closing Date;
- f. The Management Fee;
- g. All expenses for winding up CORPORATION, filing income tax, payroll tax, sales and use tax and excise tax returns, and dissolving CORPORATION;
- h. Distribution of all remaining assets of CORPORATION to TCMI as liquidated damages for the early termination of this Agreement.

The Parties stipulate and agree that quantifying losses arising from TCMI's loss of future management fees is inherently difficult to calculate because the nature, scope and volume of CORPORATION's future sales is difficult to predict, and further stipulate and agree that the amount to be determined pursuant to sub-section 13.1.3(j), above, is not a penalty, but rather a reasonable measure of damages based upon the experience of the Parties and given the nature of the loss of future revenues to TCMI.

After collection of all accounts receivable of CORPORATION, this Agreement shall terminate, and the Parties shall have no further duties hereunder except as otherwise provided herein.

13.2 Termination Upon Bankruptcy or Insolvency.

Either TCMI or CORPORATION may elect to terminate this Agreement upon the occurrence of any of the following with regard to the other (the "Other Party"):

13.2.1 An assignment by the Other Party of its property for the benefit of creditors.

13.2.2 The filing of a voluntary petition under the Bankruptcy Act by the Other Party, or the filing of an application for relief against the Other Party pursuant to an involuntary bankruptcy proceeding brought under the Bankruptcy Act unless such involuntary application against the Other Party is not dismissed within sixty (60) days.

13.2.3 The filing against the Other Party of a suit or petition under the insolvency law of any state that is not dismissed within sixty (60) days.

13.2.4 The issuance of a writ of attachment or execution, which is levied on this Agreement, and which is not removed within sixty (60) days.

13.2.5 The appointment of any receiver, trustee, or liquidator for the Other Party or for any property of the Other Party, where such appointment is not removed or terminated within sixty (60) days.

13.3 Termination Upon Legal Prohibitions of Relationship. In the event that any, state, or local law or regulation is hereafter enacted which prohibits the relationship of the Parties as presently structured under this Agreement, or if any state or local law or regulation is enforced by any governmental authority having jurisdiction over any of the Parties in a manner such that any of the Parties are threatened with criminal proceedings or administrative proceedings carrying potential fines or administrative penalties of One Hundred Thousand Dollars and No Cents (\$100,000.00) or more, calculated on an annual basis, or that would otherwise make it impossible for the Parties to carry on their relationship as presently structured under this Agreement, the Parties shall make good faith efforts to alter their relationship and modify this Agreement to the minimum extent necessary to comply with such newly enacted law or regulation. If, after diligent good faith efforts, the Parties are unable to mutually agree upon such modification, or if such modification is not legally possible, then this Agreement shall be terminated upon the earlier of the following:

13.3.1 Notice. The date ninety (90) days subsequent to the date upon which any Party gives written notice to the Other Party of termination of this Agreement; or

13.3.2 Date of Prohibition. The effective date on which the new law or regulation prohibits the relationship of the Parties pursuant to this Agreement.

13.4 Termination Upon Breach.

13.4.1 Breach of Services Agreement. Either the TCMI or CORPORATION may elect to terminate this Agreement in the event that the Other Party is in substantial breach of this Agreement and such default continues for a period of thirty (30) days after written notice thereof has been given to the Party in default by the Other Party; provided however, that if the nature of the alleged breach is such that it cannot be cured within thirty (30) days, this Agreement shall not terminate thirty (30) days after the giving of written notice if the Party

alleged to be in breach is taking or has taken reasonable steps (within said thirty (30) day period) to cure the alleged breach and such steps are being diligently pursued.

14 EFFECT OF TERMINATION

14.1 Transition. Upon termination of this Agreement, TCM I and CORPORATION shall cooperate in the winding up of TCM I's responsibilities and TCM I shall provide CORPORATION with written schedules, plans, algorithms and instructions on the day-to-day operations of the Activity at the Facility if and to the extent CORPORATION plans to continue operations and to the extent such written schedules, plans, algorithms and instructions are not TCM I Proprietary Information.

14.2 Liabilities and Obligations Upon Termination. Upon the effective date of termination of this Agreement, TCM I and CORPORATION shall thereafter be automatically relieved and released from all further liability and obligation thereunder, except for the obligations set forth in Article 9 (Indemnity), Article 12 (Records and Confidentiality) and this Article 14.

14.3 Return of Proprietary Property.

14.3.1 Return by CORPORATION. Upon termination of this Agreement, CORPORATION shall immediately discontinue the use of and shall promptly return and/or restore to TCM I all originals and copies in CORPORATION's possession of all of TCM I's proprietary property, including all of TCM I's copyright, service mark and trademark rights, systems, forms, form contracts, policy manuals, marketing and public relations materials, and anything else utilized by TCM I in conjunction with or related to the Activity (hereinafter collectively referred to as "TCM I Proprietary Property").

14.3.2 Return by TCM I. Upon termination of this Agreement, TCM I shall immediately discontinue the use of and shall promptly return and/or restore to CORPORATION all originals and copies in TCM I's possession of all of CORPORATION's proprietary property, including all of CORPORATION's customer contacts and lists, systems, forms, form contracts, and policy manuals (hereinafter collectively referred to as "Proprietary Property").

14.4 Return of CORPORATION Records. Upon termination of this Agreement, TCM I shall return to CORPORATION any and all financial and corporate records and information relating exclusively to the business and activities of CORPORATION.

14.5 Injunctive Relief. The Parties hereto acknowledge and agree that breach of Paragraph 14.3 and 14.4, of this Agreement by the other would result in irreparable injury to the nonbreaching Party, for which damages could be inadequate and, therefore, in the event of such breach, the injured Party shall be entitled to have an injunction issued by any court of equity enjoining and restraining such breach in addition to all other legal and equitable remedies. The Parties hereto further agree that no actual damages shall be required to be proved by the Parties hereto.

15 RIGHT OF FIRST REFUSAL

15.1 Right of First Refusal. During the Term, TCM I shall have the absolute right to manage, on the terms contained in this Agreement, any new Permit, venture or business

opportunity (each of which being an “Opportunity”) presented to CORPORATION or proposed by CORPORATION’s Board of Directors.

15.2 Notice. Upon receipt by CORPORATION of notice of an Opportunity, or a decision by CORPORATION’s Board of Directors to pursue a new Opportunity, CORPORATION shall give TCMI written notice of the Opportunity (“Notice of Opportunity”). The Notice of Opportunity shall contain a copy of all written communications received by CORPORATION in connection with the Opportunity, all financial terms related to the Opportunity and any deadlines or time constraints associated with the Opportunity.

15.3 Response by TCMI. Not later than five (5) business days after receipt of a Notice of Opportunity from CORPORATION, TCMI shall notify CORPORATION in writing of TCMI’s decision to accept or reject the Opportunity.

15.4 Accepted Opportunity. If TCMI accepts the Opportunity, TCMI shall present CORPORATION with a plan of implementation and a budget not later than fourteen (14) business days after delivery of the notice of acceptance. TCMI’s acceptance shall be on the same terms as the terms contained in the Notice of Opportunity.

15.5 Rejected Opportunity. If TCMI rejects the Opportunity, CORPORATION shall have the right, but not the obligation, to pursue the Opportunity; provided, however, that CORPORATION shall not use any leased space, Equipment, supplies or personnel provided by TCMI pursuant to this Agreement. If CORPORATION does not implement the Opportunity within ninety (90) days after receipt of TCMI’s notice of rejection, CORPORATION shall have the obligation to provide a new Notice of Opportunity to TCMI prior to pursuing the Opportunity.

16 GENERAL PROVISIONS

16.1 Time. Time is of the essence of this Agreement.

16.2 Entire Agreement; Amendment. This Agreement and any documents and agreements referred to herein constitutes the entire agreement between the Parties pertaining to the subject matter contained herein. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the Parties.

16.3 Exhibits. The attached Exhibit A constitutes a material part of this Agreement and is to be construed as incorporated in this Agreement and is made a part hereof.

16.4 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

16.5 Subject Headings. The subject headings of the Articles and Paragraphs of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of the provisions of this Agreement.

16.6 Parties. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies on any person other than the Parties to it and their respective successors and assigns; nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party to this Agreement; nor shall any provision

give any third person any right of subrogation or action over or against any Party to this Agreement.

16.7 Binding Agreement; No Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties to it and their respective legal representatives, successors and assigns. No Party may assign this Agreement nor any rights hereunder, nor may they delegate any of the duties to be performed hereunder without the prior written consent of the other Party; provided however, that notwithstanding the foregoing sentence to the contrary, TCMI shall have the right to subcontract with any other responsible Parties for the performance of various aspects of its obligations hereunder, provided that TCMI shall remain fully responsible for the performance of any such subcontractors.

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

16.9 Severability. If any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, will not be affected.

16.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Each Party hereto irrevocably consents to the exclusive jurisdiction of courts located in Orange County, California, in connection with any action, suit or other proceeding arising out of or relating to this Agreement or any action taken or omitted hereunder. In connection with any such action or proceeding, each Party hereto hereby irrevocably (i) submits to the jurisdiction of such court, (ii) waives any present or future objection to venue or jurisdiction in any such court and any present or future claim that any such court is an inconvenient or otherwise inappropriate forum and (iii) agrees not to bring any action in respect of any claim or potential claim of such Party hereunder, whether by way of declaratory judgment or otherwise, in any other court.

16.11 Attorneys' Fees. Each Party shall bear his or her or its attorney fees and costs in connection with the negotiation and execution of this Agreement.

16.12 Notices.

16.12.1 Notice in General. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the Party to whom notice is to be given, or on the second day after mailing if mailed to the Party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

TO TCMI:

Trans Canna Management Inc.
2060 Placentia Ave., Ste. A-4
Costa Mesa, CA 92627

WITH COPY TO:

Brent H. Coeur-Barron

Buckner, Robinson & Mirkovich
3146 Red Hill Ave., Suite 200
Costa Mesa, CA 92626

TO CORPORATION:

James Pakulis, President
TCM Distribution Inc.
2060 Placentia Ave., Ste. A-4
Costa Mesa, CA 92627

16.12.2 Change of Address for Notices. Any Party may change their address for purposes of this Paragraph 16.12 by giving the other Parties written notice of the new address in the manner set forth above.

16.13 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.

16.14 Interpretation: Reasonable Good Faith.

16.14.1 Decisions in Good Faith. Whenever this Agreement provides for or requires a determination, decision, selection, or approval by any Party in its sole discretion, such Party shall act reasonably and in good faith in making such determination, decisions, selection or approval.

16.14.2 Consultation in Good Faith. Whenever this Agreement requires one Party to confer or consult with another Party prior to making a determination, decision, selecting or giving approval, such a Party shall confer or consult with the other Party in good faith; and then shall act reasonably and in good faith in making such determination, decision, selection or giving approval.

16.14.3 Consent in Good Faith. Whenever this Agreement requires the mutual consent, approval, or agreement of the TCMI and the CORPORATION, the decision of each Party to give or withhold such consent shall be made by each Party reasonably and in good faith.

16.15 Representation by Counsel and Waiver

Each Party acknowledges and represents that, in executing this Agreement, it was advised to retain independent legal counsel and that it has had the opportunity to seek advice as to its legal rights in connection with this Agreement from independent legal counsel and other advisors of its choosing. The person signing the Agreement has read, understood and agreed to all of the terms and provisions of this Agreement and is fully authorized and competent to enter voluntarily into this Agreement. In particular, CORPORATION understands and hereby acknowledges and agrees that TCMI's legal counsel, Buckner, Robinson & Mirkovich is/will be handling matters pertaining to CORPORATION'S incorporation and that potential and/or actual conflicts of interest may arise. CORPORATION hereby knowingly and voluntarily waives any potential or actual conflict that now exists or that could be argued to exist in connection with its dealings with TCMI as a result of Buckner, Robinson & Mirkovich having handled matters pertaining to CORPORATION'S incorporation and organization, and the preparation of agreements between TCMI and CORPORATION.

16.16 Dispute Resolution. The Parties agree to the following mechanism in order to obtain prompt and expeditious resolution of disputes hereunder:

16.16.1 Any dispute seeking damages and any dispute seeking specific enforcement of any provision hereof shall be heard and determined by a referee pursuant to California Civil Procedure Section 638.1 in effect as of the date hereof. The venue of any proceeding hereunder shall be in Orange County, California (unless changed by order of the referee).

(i) The Party seeking to resolve the dispute shall serve a complaint or statement of claim on the other Party, describing the matters in dispute in the manner prescribed for giving of notice hereunder. Within (5) business days after the service of the complaint or statement of claim, the Party seeking relief shall make a written request for the specific designation of a referee to try the dispute. The referee shall be chosen from the Orange County panel of retired jurists operating as JAMS. Thereafter the Parties shall use their best efforts to agree upon the selection of a referee. If the Parties are unable to agree upon a referee within ten (10) business days after a written to do so by any Party, then either Party may petition the presiding judge of the Orange County Superior Court to appoint a referee from the panel maintained in Orange County by JAMS.

(ii) The provisions of California Code of Civil Procedure Section 640, 642, 643, 644, and 645 shall be applicable to dispute resolution by a referee hereunder. In an effort to clarify and amplify the provisions of California Code of Civil Procedure Sections 644 and 645, the Parties agree that the referee shall decide the dispute submitted by the Parties for decision in the same manner as required for a trial by court as set forth in California Code of Civil Procedure Section 631.8 and 632, and Rule 232 as the California Rules of Court. The referee shall try and decide the dispute according to and based on all of the substantive and procedural statutory and decisional law of the State of California, unless the Parties stipulates to the contrary. When the referee has decided the dispute, the referee shall also cause the preparation of a judgment based on said decision. The judgment to be entered by the Superior Court, based upon the decision of the referee, shall be appealable in the same manner as if the judge signing the judgment had tried the case.

16.16.2 The Parties shall diligently cooperate with one another and the person appointed to resolve the dispute, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute. If any Party refuses to diligently cooperate, and any other Party, after first giving notice of its intent to rely on the provisions of this Section 16, incurs additional expenses or attorneys' fees solely as a result of such failure to diligently cooperate, the referee may award such additional expenses and attorneys' fees to the Party giving such notice, even if such Party is not the prevailing Party in the dispute.

16.16.3 The cost of the proceeding shall initially be borne equally by the Parties to the dispute, but the prevailing Party in such proceeding shall be entitled to recover, in addition to reasonable attorneys' fees and all other costs, its contribution for the reasonable cost of referee as an item of recoverable costs. If either Party refuses to pay his share of the costs of the proceeding, at the time(s) required, the other Party may do so, in which event

that Party will be entitled to recover (or offset) the amount advanced, with interest, even if that Party is not the prevailing Party. The referee shall include such costs in the judgment or award.

EACH PARTY UNDERSTANDS THAT BY SIGNING THIS AGREEMENT IT IS EFFECTIVELY WAIVING ITS RIGHT TO A TRIAL BY JURY WITH REGARD TO ANY OF THE MATTERS COVERED BY THIS AGREEMENT. EACH PARTY UNDERSTANDS THAT IT HAS THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL BEFORE EXECUTING THIS AGREEMENT AND, ACCORDINGLY, EACH PARTY HAS SIGNED THIS AGREEMENT HEREINBELOW.


IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the Effective Date.

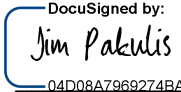
TCMI:

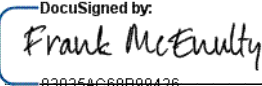
CORPORATION:

TRANS CANNA MANAGEMENT INC.,
a California corporation

TCM DISTRIBUTION INC.,
a California nonprofit mutual benefit corporation

By: 
James Pakulis, President

By: 
James Pakulis, President

By: 
Frank McEnulty, Secretary

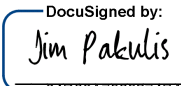
By: 
James Pakulis, Secretary

EXHIBIT A
BANKING FORMS/SIGNATURE CARDS