

ACQUISITION OPTION AGREEMENT

This Acquisition Option Agreement (the “Agreement”) is made by and between Robert Colwell and Boris Gorodnitsky, individuals residing in the state of Washington (“Owners”), New Leaf Enterprises, Inc., a Washington state corporation (“Company”) and 6858 USA, Inc., a Washington state corporation (“Option Holder”). The Owners, Option Holder, and Company may be referred to herein individually as a “Party” or collectively as “Parties”.

RECITALS

WHEREAS, the Company is currently licensed to engage in the business of producing and processing cannabis and cannabis products and is the owner of Tier 3 cannabis producer and processor license #412070 and a Marijuana Infused Edibles Processor endorsement (together the “License”) issued by the Washington State Liquor and Cannabis Board (“WSLCB”);

WHEREAS, the Owners own one hundred percent (100%) of the issued and outstanding shares in the Company;

WHEREAS, Option Holder intends to obtain and the Company intends to grant an exclusive option and right for Option Holder to acquire all of the assets of the Company and assume the License;

NOW, THEREFORE, in consideration of the mutual representations, warranties and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Grant of Option.

- a. **Option.** Upon execution of this Agreement, the Company grants and Option Holder accepts an exclusive and irrevocable option to purchase from the Company all of the assets of the Company and the right to assume the License (the “Option”).
- b. **Option Period.** The Option shall be exercisable by Option Holder for a period of ten (10) years (“Option Period”) from the Effective Date as provided below. Provided however, the Option Holder may, in its sole discretion, elect to extend the Option Period for up to four (4) additional, consecutive, five (5) year terms, by providing written notice to the Company of its election to do so prior to the termination of the then current Option Period.
- c. **Option Fee.** In consideration for Option and right to purchase the Assets, Option Holder shall pay to Company an option fee of One Dollar (\$1.00 US), to be paid within two (2) business days of execution of this Agreement.

2. **Assets.** The Assets to be sold and purchased (“Assets”), shall include, but shall not be limited to:

- a. the License
- b. all inventory, raw materials, plants in any stage of development, plant material, finished or unfinished products, materials and supplies of every nature which contribute to the finished products, packaging;
- c. all books and records related to or used or held for use in connection with the business, all cash and cash equivalents, bank accounts and securities;
- d. all machinery and equipment, vehicles, office furniture and business machines, materials, operating and other supplies;
- e. all right, title and interest in and to trade secrets, know-how (including, without limitation, proprietary know-how and use and application know-how), formulae, processes, practices, techniques, methods, systems;
- f. the goodwill of the Company; and
- g. all other assets and rights of every kind and nature, real or personal, tangible or intangible, used or held by Company for use in connection with the operation or management of the business of the Company.

3. **Purchase Price.** The purchase price for the transferred Assets shall be a dollar amount equal to the deemed value (as agreed upon between the Seller and the Purchaser) at the time the parties enter into a final agreement for the assignment and assumption of the Assets.

4. **Exercise of Option.**

- a. WSLCB Approval Required. No exercise of this Option shall be effective until such time as the WSLCB approves Option Holder as a qualified True Party of Interest pursuant to this Agreement as defined in WAC 314-55 et. seq.
- b. Out of State Ownership. In the event Option Holder has shareholders that are not qualified residents of Washington State, the exercise of the Option shall arise if, and only if, during the Option Period the State of Washington, including but not limited to the WSLCB, enacts an amendment to the laws and/or regulations of the State of Washington (a “Change in Law”) related to the residency requirements for ownership of the License such that Option Holder may legally own an interest in and/or own a right to receive a percentage of gross or net profits from the License.
- c. Partial/Minority Ownership. In the event that during the Option Period a Change of Law allows only minority or partial ownership of the License by out-of-state residents and/or entities, exercise of the Option with respect to the License shall arise only as to the limit of permissible nonresident ownership.

- d. Exercise Notice. The Option shall be exercised when Option Holder gives written notice to Owners of its intent to exercise its Option three (3) days prior to the exercise date. The Option and its exercise is expressly conditioned upon Option Holder's compliance with its obligations as stated hereunder.
- e. Assumption of License. Within ten (10) days after receiving notice of Option Holder's intent to exercise its Option, Owners shall notify the Washington Department of Revenue of the proposed assignment and assumption of the License to initiate the WSLCB process of transferring the License.

5. **WSLCB Approval Required**. No interest in the License or inventory shall be transferred and assigned from the Company to the Option Holder without WSLCB approval of the transfer and assignment. The Option Holder will not exercise management or control of the Company's business, will have no right to Company revenues or net profits, and will not take possession of the Company's Assets, including any marijuana and marijuana products, until Option Holder receives WSLCB approval.

6. **Due Diligence**. Option Holder shall have the right to conduct all due diligence that it deems necessary and appropriate. The due diligence investigation will include, but is not limited to, a complete review of the Company's financial, legal, tax, environmental, intellectual property and labor records and agreements, and any other matters as Option Holder's accountants, tax and legal counsel, and other advisors deem relevant.

7. **Other Agreements and Further Assurances**. Upon exercise of the Option by the Option Holder, the Parties agree to execute and deliver all other agreement, documents and instruments and take all other actions that may be reasonably necessary in order to consummate the transactions provided for by such exercise. The Company and the Owners agree to fully cooperate and take all necessary action to secure WSLCB approval as required.

8. **No Solicitation**. Neither the Owners or the Company or any of representatives or agents thereof shall directly or indirectly, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person (other than Option Holder) relating to the subject matter of this Agreement or contrary to the intent hereof, including for example, any merger, consolidation, liquidation, or other business combination transaction involving the Company, the issuance or acquisition of the equity securities of the Company or the sale, lease, exchange, or other disposition of any portion of the Company's properties or assets (including the License) except in the ordinary course of business.

9. **Confidentiality**. Neither Party may disclose the terms of this Agreement to anyone other than its attorneys, its financial advisors, state regulators, or as required by law or ordered by a court of competent jurisdiction.

10. **Assignment**. Option Holder may transfer or assign any or all of its rights and obligations under this Agreement at any time. In such circumstances. the transferee or assignee shall enjoy

and undertake the same rights and obligations herein of Option Holder as if the transferee or assignee is the Option Holder hereunder. Neither the Company nor the Owners shall assign any of their respective rights or obligations hereunder without the prior written consent of the Option Holder.

11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and any action that refers, relates to and/or arises out of this Agreement shall be filed in a court of competent jurisdiction located in King County, Washington.

12. **Specific Performance.** The Parties hereto hereby acknowledge and agree that the failure of any Party to this Agreement to perform its agreements and covenants hereunder will cause irreparable injury to the other Party to this Agreement for which damages, even if available, will not be an adequate remedy. Accordingly, each of the Parties hereto hereby consents to the granting of equitable relief (including specific performance and injunctive relief) by any court of competent jurisdiction to enforce any Party's obligations hereunder. The Parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such equitable relief and that this provision is without prejudice to any other rights that the Parties hereto may have for any failure to perform this Agreement.

13. **Costs and Fees.** Any cost and/or fees incurred by the Option Holder, the Company or Owners in executing this Agreement shall be borne by the respective Party incurring such cost.

14. **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

15. **Notices.** All notices, requests, consents, waivers, and other communications hereunder must be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and otherwise on the next business day, or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. All such communications must be sent to the respective Parties at the addresses stipulated on the signature page hereunder (or at such other address specified in a notice given in accordance with this Section).

16. **Opportunity to Consult and Retain Independent Counsel.** Each Party hereto expressly acknowledges that it has had the opportunity to consult with and retain independent legal counsel in connection with this transaction prior to the execution of this Agreement and has either done so or specifically waived the right and opportunity to do so and enters into this Agreement of his own free will. In the event of any conflict or ambiguity on the intent of this Agreement, no inference may be made against the Buyer due to the fact that this Agreement was initially drafted by Buyer and or his counsel.

17. **Modifications.** This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by the Owners, the Company and Option Holder.

18. **Counterparts.** This Agreement may be executed in two or more counterparts and shall be fully effective when executed by all Parties. This Agreement may be executed on multiple copies sent via email and shall be effective as if all signatures were affixed to one copy. An electronically stored and/or executed copy of this Agreement has the same force and effect as an original.

19. **Entire Agreement.** This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between the Owners, the Company and Option Holder with respect to the subject matter hereof and supersedes all prior discussions and agreements whether written or oral between the Owners, the Company and Option Holder with respect to the subject matter hereof, and the Agreement constitutes the sole and entire agreement between the Owners, the Company and Option Holder, as well as any supplemental documents or information provided to interpret this document, in the event such supplemental documents or information conflicts with this writing. In case of any conflict between this Agreement and any other agreement between the Parties, this Agreement shall supersede any prior agreement and be effective.

6/21/2019 6/21/2019

IN WITNESS WHEREOF, this Agreement has been executed the _____,
2019 (the "Effective Date") by and between:

OWNERS

By: "Robert D. Colwell"
Robert D. Colwell, an individual

By: "Борис Городницкий"
Boris Gorodnitsky, an individual

COMPANY

New Leaf Enterprises, Inc.

By: "Robert D. Colwell"
Robert D. Colwell, President

By: "Борис Городницкий"
Boris Gorodnitsky, Vice President

OPTION HOLDER

6858 USA Inc.

By: "Robert D. Colwell"
Robert D, Colwell, CEO

By: "Борис Городницкий"
Boris Gorodnitsky, President