

## PROCUREMENT AGREEMENT

**THIS PROCUREMENT AGREEMENT** (this "*Agreement*") is entered into effective as of *[Redacted: date of agreement]*, (the "*Effective Date*") between *[Redacted: name of party]* ("*Licensee*"), and *[Redacted: name of party]* ("*Licensor*"), sometimes hereinafter referred to singularly as a "*Party*," and collectively as the "*Parties*."

**WHEREAS**, Licensor is the rightful owner of certain intellectual property and rights pertaining to the *[Redacted: name of brands]* (the "*Brands*") and propriety processes (as more fully defined below, the "*IP*"), and packaging containing the IP (as more fully defined below, the "*Packaging*"), and substrate (as defined below); and

**WHEREAS**, Licensee owns and operates facilities that manufacture medical and /or retail marijuana Products (as defined below) in material compliance with all Applicable Laws (as defined below); and

**WHEREAS**, Licensor desires to grant to Licensee, and Licensee desires to obtain from Licensor, a revocable, non-transferable, exclusive, limited license to use the IP within the State of Colorado, subject to the terms and conditions of this Agreement; and

**WHEREAS**, Licensor desires to sell to Licensee, and Licensee desires to purchase from Licensor, certain units of Packaging and Substrate as shown on Exhibit A, subject to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and undertakings cited herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE I DEFINITIONS

1.1. "**Applicable Laws**" means the Colorado Medical Marijuana Code (C.R.S. 12-43.3-101 et seq.), the Colorado Retail Marijuana Code (C.R.S. 12-43.4-101 et seq.), and the applicable rules, regulations, orders, guidance or instructions promulgated by the Colorado Department of Revenue Marijuana Enforcement Division (the "**MED**"), the City and County of Denver, or any other applicable regulatory agency currently in place or that may become effective in the future.

1.2. "**Blend**" means the applicable final blend of Cannabis Products consisting of the *[Redacted: confidential product information]* combined with the Oil which shall be manufactured by Licensee in strict accordance with the detailed instructions provided by Licensor under this Agreement and provided to Licensee from time to time (the "**Specifications**").

1.3. "**Cannabis Products**" means physical cannabis plant, cannabis extracts, cannabis oils and any other physical cannabis derived products.

1.4. *[Redacted: confidential product information]*

1.5. "**Licensed IP**" means (i) all proprietary processes, formulas, specifications, standards, procedures, methods, know-how, trade secrets, unique and innovative uses of an existing invention, trade names, copyrights, design rights, trademarks, word marks, service marks, design marks, certification marks, and marks or other designations of origin, whether or not protected by copyright, trademark, or similar law, and all other intellectual property rights and marks owned, held, controlled or otherwise utilized with permission by Licensor pertaining to the Licensor and/or its Brands and associated logos exclusively within the Licensed Territory, regardless of whether such marks are registered with any state or federal agency, (ii) all intellectual property and rights pertaining to the Licensor and/or its Brands and logos exclusively within the Licensed Territory (the "**Licensor Brands**"), and (iii) all other intellectual property, proprietary, and attendant rights associated therewith.

1.6. "**Licensed Territory**" means the entire State of Colorado.

1.7. "**Oil**" means cannabis extracted oils that Licensee shall produce using an extraction method to be combined with the *[Redacted: confidential product information]* and infused and/or placed (as the case may be) in the Substrate or Hardware (as the case may be) in strict accordance with the method and formulation provided by Licensor.

1.8. "**Packaging**" means any packaging and labels sourced and/or owned by Licensor and containing the Licensed IP.

1.9. "**Products**" means any medical or retail marijuana infused product manufactured and sold by Licensee in accordance and in compliance with all Applicable Laws limited to the Edibles infused with an/or the Hardware filled with (as the case may be) the Blend. Products are sold or otherwise distributed within Colorado and at all times in accordance with such the Applicable Laws, as the same may be modified or amended. What about future developed products.

1.10. "**Substrate**" means any uninfused material that will be provided exclusively by Licensor to Licensee.

## ARTICLE II

### GRANT OF LICENSE; TERMS OF USE; EARLY TERMINATION; TESTING

2.1. **Grant.** Subject to the terms and conditions set forth in this Agreement, Licensor hereby grants to Licensee a revocable, non-transferable, exclusive, limited license to use the Licensed IP in connection with Licensee's sale of Products contained in the Packaging exclusively within the Licensed Territory (hereinafter, the "**License**"). The Parties agree that all or part of the Licensed IP may be licensed by Licensor to one or more additional persons or entities outside the Licensed Territory by Licensor without any notice to or permission of Licensee, and that Licensee shall have no recourse in any such event.

2.2. **Terms of Use.** Licensee is permitted to use the Licensed IP only in connection with its sale of Products exclusively within the Licensed Territory. The License shall be immediately revoked if Licensee utilizes or attempts to utilize any of the Licensed IP in connection with any business dealings outside the scope of this Agreement or outside the Licensed Territory. The License commences on the Effective Date, and expires thirty-six months (36) after the

Effective Date; provided, however that (i) the term may be extended by the mutual written agreement of the Parties and (ii) this Agreement may be terminated earlier in accordance with Section 2.6, or 10.2, below. In the event of the termination or expiration of this Agreement, all rights granted hereunder to Licensee shall terminate. Licensee shall strictly comply with all standards of use for the IP established by the Licensor and shall at all times display appropriate trademark and copyright notices as instructed by Licensor. All media advertising, printed materials and electronic documents in which the IP is used must be submitted to Licensor for approval before use and may not be distributed or used in any manner without the prior written approval of Licensor. Such approval shall not be reasonably withheld. If approval or rejection of any media advertising, printed materials and electronic documents in which the IP is used is not received within 15 day after submission by Licensee, any such material shall be deemed approved by Licensor. During the term of this Agreement and thereafter, Licensee shall not engage in any negligent or willful act that in any manner infringes, impeaches, dilutes or lessens the value of any of the IP, the goodwill associated therewith, or the reputation of Licensor. Licensee agrees to assist and cooperate with Licensor in protecting, defending and registering the Licensed IP. Licensee will immediately notify Licensor in writing of any infringement of or challenges to the Licensed IP which come to Licensee's attention. The Parties agree to cooperate in good faith to comply with all Applicable Laws.

2.3. **New Territories.** The Parties understand that each of them will be actively pursuing expanding their respective businesses into other territories. To the extent that Licensee is actively pursuing expansion into a new territory, Licensee may notify Licensor of that pursuit. To the extent that Licensee provides such notice to Licensor and (at that time it receives such notice from Licensee) Licensor (a) does not have an existing agreement with a like licensee in that territory, or (b) is not in active discussions with a like licensee in that noticed territory, the Parties shall work in good faith to enter that new territory together and on commercially reasonable terms that are appropriate for that new territory. As of the date hereof, Licensee has informed Licensor that Licensee is actively pursuing expansion into *[Redacted: location of territories]*. Therefore, consistent with this Section 2.3, the Parties shall work in good faith to enter that new territory together and on commercially reasonable terms that are appropriate for that new territory.

2.4 **Ownership of IP.** Nothing contained herein shall be construed as an assignment or grant to Licensee of any title or ownership interest in or to the IP, and the Parties agree that the Licensed IP is the sole and exclusive property of the Licensor. Licensee shall not acquire any right, title or interest in any of the Licensed IP and Licensee hereby irrevocably assigns and transfers to Licensor any right, title and interest that it may acquire in any of the IP as a result of the exercise of its rights under this Agreement. All advertising, artwork, designs and derivative works involving the Licensed IP, or any reproduction thereof, shall, notwithstanding their invention or use by Licensee, be and remain the property of Licensor; provided, however that such items shall become part of the Licensed IP, and Licensee shall be entitled to use them to the extent permitted by this Agreement.

2.5 **Licensee Intellectual Property.** Notwithstanding anything herein to the contrary, Licensee, and its Affiliates have, hold and own valuable intellectual property including, but not limited to cultivation technologies, product branding, trademarks, distribution and networks, licenses, recipes, know-ow and production techniques related to infused marijuana products and

oils, waxes, shatter, and other cannabis or marijuana extractions and concentrates. Licensee's pre-existing intellectual property or other intellectual property created or developed without knowledge of the Licensed IP is and remains the exclusive property of Licensee, its successors, its assigns, or its designees.

**2.6. Termination. This Agreement may be terminated in any manner provided below:**

(a) Either Party may terminate this Agreement upon the failure by the other Party to cure a breach of such Party of any term (or any other agreement between the Parties) within, in the case of a breach arising from the failure to make any payment due hereunder, fifteen (15) days, or in the case of any other breach, thirty (30) days, from the date written notice reasonably describing such breach is delivered to the breaching Party, including but not limited to;

- (i) Any violation of applicable law, that gives rise to a sanction or threatened sanction from any regulatory or law enforcement agency having jurisdiction that could materially impact the other Parties ability to perform its obligations hereunder, or
- (ii) Any criminal conviction that results in suspension or revocation of a license of a Party that is necessary to perform this Agreement.

(b) Either Party may terminate this Agreement effective immediately upon delivery of notice to the other Party if the other Party (i) is unable to pay its debts as they mature or admits in writing its inability to pay its debts as they mature, (ii) makes a general assignment for the benefit of creditors, (iii) files a voluntary petition for bankruptcy or has filed against it an involuntary petition for bankruptcy or (iv) applies for the appointment of a receiver or trustee for substantially all of its assets or permits the appointment of any such receiver or trustee who is not discharged within a period of thirty (30) days after such appointment.

(c) Licensor may terminate this Agreement effective immediately upon delivery of notice to Licensee if (i) any material judgment is entered, or warrant, writ or levy of attachment, injunction or governmental tax lien or levy is issued, against Licensee or against any of its property which in the judgment of Licensor is reasonably likely to materially and adversely affect the business or operations of Licensee or (ii) any voluntary or involuntary suspension of the business or operations of Licensee occurs.

(d) Either Party may terminate this Agreement effective immediately upon delivery of notice to the other Party if the other Party assigns or attempts to assign this Agreement or any of its rights hereunder (or delegates or attempts to delegate any of its duties hereunder) in violation of Article 13.

(e) Licensor may terminate this Agreement by giving notice to Licensee if within six (6) months of the occurrence of damage to Licensee's factory by storm, wind, flood or other force majeure event, Licensee fails to have an operational factory producing at the same level as prior to the event which damaged the factory.

(f) Either Party has the right to terminate at any time if the laws of the State or related to the Field of Use change such that performance of the Parties obligations under this Agreement are illegal under the laws of the State of Colorado.

2.7. **Testing.** To the extent required by the then-current provisions of the Applicable Laws, the Hardware, Edibles, Packaging, and *[Redacted: confidential product information]* are regularly tested for compliance with Applicable Laws, and Licensor shall deliver to Licensee only such Hardware, Substrate, Packaging, and *[Redacted: confidential product information]* as complies with such laws, and Licensor agrees to provide Licensee with such test results upon request.

### **ARTICLE III SUBLICENSING; LIQUIDATED DAMAGES**

3.1. **No Sublicensing Without Consent; Liquidated Damages.** Licensee is not permitted to sublicense any of the rights it obtains under the License without the prior written consent of Licensor, which may not be unreasonably withheld. The Parties agree that the potential harm of a breach of this provision would be substantial, but incapable of being accurately measured. In light of the difficulty in qualifying and quantifying such damages, the parties agree that a violation of this provision shall entitle Licensor to liquidated damages in the amount of *[Redacted: dollar amount of damages]* for each violation.

### **ARTICLE IV PACKAGING AND SUBSTRATE FEE; BILL OF SALE; PURCHASE ORDERS**

4.1. **Packaging and Substrate Fees.** Licensee shall pay Licensor "*Packaging and Substrate Fees*" in the amounts set forth on **Exhibit A**, attached hereto and incorporated herein by reference, for each unit of Packaging and Substrate delivered by Licensor to Licensee. The Parties may adjust the Packaging and Substrate Fees by mutual agreement in writing; provided, however that such adjustments may not occur more frequently than semiannually and/or or in the event of an increase in the cost of Substrate to the Licensor resulting from tariff's or like taxes implemented or assessed after the Effective Date. The Packaging and Substrate Fees shall be payable without setoff or deduction, without notice or demand, as set forth in the applicable purchase order form to be mutually agreed upon by the Parties (each a "**Purchase Order**") pursuant to the Payment Terms reflected on **Exhibit A**, attached hereto., with the exception that Licensor agrees to setoff for costs incurred as a direct result by Licensee as a result of non-conforming or non-compliant products where the nonconformity or noncompliance was the sole fault of Licensor, as reasonably determined by Licensee. The Packaging and Substrate Fees shall be paid at Licensor's address, as set forth below or at such other address or addresses as Licensor may from time to time designate by written notice. Any failure of Licensee to pay the Packaging and Substrate Fees on or before the date such fee is due shall be deemed to be a material breach of this Agreement. No aspect of this Agreement shall be construed as a grant to Licensor of equity or profits interests in the business of Licensee, or as an arrangement whereby Licensor earns a percentage of revenue for the sale of the Products; this Agreement solely reflects compensation paid by Licensee to Licensor for the License, and the associated procurement of Substrate and Packaging. No aspect of this Agreement shall be construed to authorize Licensor to exercise control, or be positioned so as to enable the exercise of control, over Licensee or Licensee's business at any time whatsoever. Notwithstanding

anything herein to the contrary, the Packaging and Substrate Fees shall not be due in any month when the Packaging is not delivered by Licensor to Licensee under this Agreement or for any unit of Packaging or Substrate in the event such Packaging or Substrate is not compliant with the Specifications or Applicable Law.

4.2. **Bill of Sale and Purchase Orders.** All Packaging and Substrate referenced herein shall be conveyed and transferred by means of a Bill of Sale. The Parties shall negotiate in good faith, and shall document in Purchase Orders, the amounts of Packaging and Substrate and methods of delivery, timing and inspection for the Packaging and Substrate delivered by Licensor to Licensee pursuant to this Agreement.

4.3. **Product Recall.** If required by the Applicable Laws and the MED, Licensee may recall any non-conforming Products from the marketplace that cannot be reformed to compliance within a reasonable time, and destroy them or surrender them to the MED. The Party or Parties responsible for the non-conformance are responsible for all related expenses and costs and the responsible Party or Parties shall pay for such expenses and costs accordingly. If both Parties are responsible, then the Parties shall reasonably negotiate and agree to an equitable allocation of financial responsibility provided however that Licensee shall be responsible to provide adequate notice to Licensor of any regulator changes relating to the Products and/or Packaging. In no event shall Licensor be responsible for any costs related to a recall that is a result of Licensee's production or manufacturing of products at Licensee's licensed facility nor will Licensor be responsible for any costs related to a recall that was a result of the conditions of Licensee's licensed facility.

## ARTICLE V CONFIDENTIALITY

5.1. **Confidential Information.** The Parties acknowledge that as a result of the performance of this Agreement, each Party (for purposes of this Article V, the "*Discloser*") will have access to and will acquire other confidential information of the other Party (for purposes of this Article V, the "*Recipient*").

(a) For purposes of this Agreement, the term "*Confidential Information*" includes, without limitation, financial information, client, potential client and contacts lists, methods of doing business, materials, inventions, discoveries, ideas, processes, know-how, competitive bid data, prices paid or received for goods or services purchased or sold, price lists, marketing information, business plans and strategies, product plans, products (including the country of origin of any Packaging or Substrate, services, developments, processes, designs, drawings, methods, techniques, trade secrets, all information generated by Discloser that is marked as "copyright," "trademark," "confidential," "secret," or "registered", any other data where the information might be used to the detriment of Discloser and/or its clients or potential clients, branding strategies, logistics, manufacturing processes, packaging and substrate procurement methodologies, all other intangibles associated with the IP that are not known or readily knowable by the general public and all notes, analyses, compilations, studies and other documents, whether prepared by Recipient or others which contain or reflect such information. Confidential Information does not include information that (A) at the time of disclosure by Discloser to Recipient, was published or known publicly or was otherwise in the public domain, (B) after disclosure by Discloser to Recipient, is published or becomes publicly known or otherwise in the

public domain other than as a result of a breach of this Agreement, or (C) was disclosed to Recipient in good faith by a third party who was not, and is not, under any obligation of confidence or secrecy to Discloser, or its clients or prospective clients at the time of such disclosure.

(b) Recipient acknowledges that (A) the Confidential Information is the sole property of Discloser, (B) disclosure thereof to any third party would cause substantial loss to the goodwill of Discloser, (C) disclosure thereof is being made by Discloser to Recipient only because of the agreement of Recipient to the restrictions contained herein, (D) absent such restrictions, the knowledge of Recipient of these matters would enable Recipient to compete with Discloser in a manner likely to cause Discloser irreparable harm, and (E) disclosure of such matters by Recipient would likewise cause such harm.

## 5.2. **Protection of Confidential Information.**

(a) During the term of this Agreement and thereafter Recipient shall (i) hold the Confidential Information in strict confidence, (ii) exercise reasonable precautions to preserve the confidentiality of the Confidential Information with no less care than Recipient uses to protect and preserve its own confidential information, (iii) not disclose the Confidential Information to any third party without Discloser's prior written consent and (iv) not use the Confidential Information for the benefit of any person other than Discloser. Except as necessary to perform Recipient's duties and responsibilities under this Agreement, Recipient shall not copy or duplicate any of the Confidential Information. In the event that any unauthorized disclosure of any Confidential Information shall occur as a result of Recipient's actions or inactions, Recipient shall immediately notify Discloser in writing of the disclosure and the circumstances surrounding such disclosure.

(b) Notwithstanding the foregoing, Discloser acknowledges that Recipient may, in its ordinary course of business, be required to disclose all or a portion of the Confidential Information in Recipient's possession to employees, agents, or independent contractors performing work for Recipient (each a "**Representative**"). Recipient agrees that any such disclosure shall be limited in scope to the extent commercially practicable, and Discloser agrees that any such disclosure, properly limited in scope and content, shall not constitute a violation of this provision or breach of this Agreement. Recipient further agrees that prior to any such disclosure, Recipient shall enter into an agreement with the Representative which subjects the Representative to restrictions on use and disclosure of the Confidential Information at least as stringent as set forth herein. The Parties acknowledge that disclosure of the Confidential Information as required pursuant to any local, state, or federal statute, regulation, or other law, or by order of any court of competent jurisdiction or decree of any governmental agency (but only after Recipient has provided Discloser with reasonable notice and opportunity to take action against any legally required disclosure) shall not constitute a breach of this Agreement.

5.3. **Delivery of Confidential Information to Discloser on Termination.** Recipient shall deliver all of the Confidential Information in Recipient's possession to Discloser upon the termination of this Agreement, or at any time upon Discloser's request, together with Recipient's written certification of compliance with this Section 5.3.

5.4. **Protections Cumulative.** The Parties agree and acknowledge that the protections set forth in this Article V shall be cumulative with and not in place of any protections of Confidential Information set forth in any other agreement between the Parties.

5.5. **Records.** The Parties hereto agree to keep accurate records in sufficient detail to reflect its operations under this Agreement, and to enable the amounts due under this Agreement to be determined. All records shall be retained for no shorter than two (2) years after the termination of this Agreement, or for such longer time as may be required to resolve any question or discrepancy raised by either Party prior to termination.

## **ARTICLE VI REPRESENTATIONS AND WARRANTIES**

6.1. **Licensor's Representations and Warranties to Licensee.** Licensor represents and warrants that (i) Licensor has the full right and authority to enter into this Agreement, to grant the License and to conclude the transaction described herein, (ii) Licensor is the owner of the Licensed IP and the Packaging, (iii) to the best of Licensor's knowledge, the License granted hereunder does not infringe upon or violate the rights of any third parties inside or outside the Territory, (iv) there are no outstanding liens, encumbrances, license grants or agreements, whether written, oral, or implied, or any commitments or obligations, regarding the License or Licensed IP, which conflict in any way with its obligations under this Agreement, (v) no claim by any third party contesting the validity, enforceability, use or ownership of any of the Licensed IP has been made against Licensor or, to the present knowledge of Licensor, is threatened, (vi) Licensor has not received any notice of, nor to the present knowledge of Licensor, are there any facts which indicate to Licensor a likelihood of any infringement or misappropriation by, or conflict with, any third party with respect to the Licensed IP; and (vii) the *[Redacted: confidential product information]* are derived from food-grade substances from suppliers mutually agreed upon by the Parties.

6.2. **Licensee's Representations and Warranties to Licensor.** Licensee represents and warrants that (i) Licensee has the full right and authority to enter into this Agreement, to receive the grant of the License and to conclude the transaction described herein, (ii) the License granted hereunder does not infringe upon or violate the rights of any third parties, to the best of Licensee's knowledge, (iii) Licensee has no agreements with any third party or any commitments or obligations which conflict in any way with its obligations under this Agreement, and (iv) Licensee has not received any notice of, nor to the present knowledge of Licensee, are there any facts which indicate to Licensee a likelihood of any infringement or misappropriation by, or conflict with, any third party with respect to the Licensed IP.

## **ARTICLE VII INDEMNIFICATION; INSURANCE**

7.1. **Indemnification of Licensor.** Licensee agrees to defend, indemnify and hold harmless Licensor and its officers, directors, employees, shareholders, members, managers, agents and representatives from, in respect of, and against any and all claims, losses and liabilities (including, without limitation, reasonable attorney's fees and disbursements), judgments, damages, demands, lawsuits or similar actions or proceedings brought against or otherwise negatively



impacting Licensor (each, a "**Licensor Claim**") arising out of (i) the breach of any of Licensee's representations, warranties or covenants hereunder, (ii) Licensee's negligent use of the Licensed IP, Packaging or Substrate in a manner not contemplated herein or otherwise expressly prohibited hereby, or (iii) Licensee's gross negligence or willful misconduct. Licensor agrees to notify Licensee, within a reasonable time after it receives notice of any Licensor Claim, and Licensee shall promptly assume Licensor's defense thereof, through counsel of Licensor's choosing. Licensee shall have the right to participate in the defense of any Licensor Claim that includes Licensee as a named party, using counsel of its choosing and at its expense. The settlement of any Licensor Claim must be approved in writing and in advance by Licensor.

7.2. **Indemnification of Licensee.** Licensor agrees to defend, indemnify and hold harmless Licensee and its officers, directors, employees, shareholders, members, managers, agents and representatives from, in respect of, and against any and all claims, losses and liabilities (including, without limitation, reasonable attorney's fees and disbursements), judgments, damages, demands, lawsuits or similar actions or proceedings brought against or otherwise negatively impacting Licensee (each, a "**Licensee Claim**") arising out of (i) the breach of any of Licensor's representations, warranties or covenants hereunder, (ii) Licensor's gross negligence or willful misconduct; or (iii) any claim or allegation of any third party of intellectual property infringement, any design defects and use of Licensed IP or Packaging as specified in this Agreement. Licensee agrees to notify Licensor, within a reasonable time after it receives notice of any Licensee Claim, and Licensor shall promptly assume Licensee's defense thereof, through counsel of Licensee's choosing. Licensor shall have the right to participate in the defense of any Licensee Claim that includes Licensor as a named party, using counsel of its choosing and at its expense. The settlement of any Licensee Claim must be approved in writing and in advance by Licensee.

## **ARTICLE VIII DISCLAIMER; LIMITATION OF LIABILITY**

8.1. **Disclaimer by Licensor.** THE PACKAGING, SUBSTRATE, LICENSED IP AND RELATED CONFIDENTIAL INFORMATION ARE PROVIDED "AS IS." EXCEPT FOR THE WARRANTIES REGARDING THE PACKAGING, SUBSTRATE AND LICENSED IP IN SECTION 6.1 ABOVE, ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, ARE HEREBY DISCLAIMED BY LICENSOR, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, TITLE, DESIGN, ACCURACY AND PERFORMANCE, AND ANY IMPLIED WARRANTY AGAINST INTERFERENCE WITH ENJOYMENT.

8.2. **Limitation of Liability.** IN NO EVENT SHALL EITHER PARTY (INCLUDING EACH OF ITS AFFILIATES, SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, MANAGERS, OWNERS, LICENSEES, CUSTOMERS AND AGENTS) BE LIABLE TO THE OTHER FOR THE PAYMENT OF ANY CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, OR LOST PROFITS, BUSINESS OR REVENUE, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THIS SECTION 8.2 DOES NOT LIMIT EITHER PARTY'S INDEMNITY AND DEFENSE OBLIGATIONS UNDER ARTICLE VII HEREOF AND DOES NOT APPLY TO ANY BREACH OF SECTION 3.1 OR ARTICLE V.

**ARTICLE IX  
ASSIGNMENT; RELATIONSHIP OF PARTIES**

9.1. **Limitation on Assignment.** Neither Party may assign any right or obligation under this Agreement, other than the right to receive money, to any person, or entity, other than its parent or subsidiary companies, without the express written consent of the other Party.

9.2. **Party Relationship.** Nothing herein shall be construed to create a relationship between Licensee and Licensor in the nature of partnership, profit-sharing, company, joint venture, principal/agent, employment or any other relationship that might impose liability on either Party for the other Party's past, present or future debts, liabilities, obligations, acts or omissions.

**ARTICLE X  
MISCELLANEOUS**

10.1. **Governing Law, Jurisdiction and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado applicable to contracts to be performed entirely within such state. The District Court for the City and County of Denver, shall have exclusive jurisdiction, including *in personam* jurisdiction, and shall be the exclusive venue for any and all controversies and claims arising out of or relating to this Agreement.

10.2. **Entire Agreement.** This Agreement is the final integration of the agreement between the Parties with respect to the matters covered by it and supersedes any prior understandings or agreements, oral or written, with respect thereto.

10.4. **Modification, Waiver.** This Agreement may not be modified or supplemented except by written instrument signed by the Parties. No action or failure to act by either Party shall be deemed to be a waiver unless such waiver is expressly set forth in writing. No waiver of any default or breach of any agreement or provision herein contained shall be deemed a waiver of any other default or breach thereof or of any other agreement or provision herein contained.

10.5. **Severability.** If any provision of this Agreement shall be held to be invalid or unenforceable for any reason: (i) such invalidity or unenforceability shall not affect any other provision of this Agreement, (ii) the remaining terms, covenants and conditions hereof shall remain in full force and effect and (iii) any court of competent jurisdiction may so modify the objectionable provision as to make it valid and enforceable.

10.6. **Headings.** Headings of articles, sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof.

10.7. **External Circumstances.** No Party shall be considered in default or be liable to the other Party for any delay in performance or non-performance (except with respect to an obligation to pay money) caused by circumstances beyond the reasonable control of such Party, including but not limited to acts of God, explosion, fire, flood, war (whether or not declared), accident, labor strike or labor disturbances, terrorist activities, sabotage, orders or decrees of any court, or actions of any government authority.

10.8. **Counterparts.** This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument. A facsimile or other electronic copy of a signature on this Agreement shall be acceptable as and deemed to be an original signature.

10.9. **Surviving Obligations.** All obligations under this Agreement that are continuing in nature shall survive the termination or conclusion of this Agreement.

10.10. **Rules of Construction.** The Parties have had the opportunity to retain independent legal and financial counsel with respect to the negotiation of this Agreement. They have independently, separately, and freely negotiated each and every provision of this Agreement as if all Parties drafted it, and therefore, waive any statutory or common-law presumption that would serve to have this document construed in favor of, or against, any Party.

10.11. **Mediation.** If any dispute, claim or controversy arises out of or relates to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, and if such dispute cannot be settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association before resulting to litigation. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, that cannot be resolved by mediation within thirty (30) days may be finally resolved by litigation. This mediation provision shall not limit a Party from seeking or a court from granting a temporary restraining order, preliminary injunction or other injunctive relief with respect to an alleged breach or violation of any covenant or agreement contained in Section 3.1 or Article V of this Agreement.

10.12. **Notice.** All notices, demands and other communications to be sent by one Party to the other under this Agreement shall be in writing and shall be deemed to have been validly made, given, served and received if given or served by delivery in person to the addressee, or if sent by facsimile during normal business hours with delivery verification, or three (3) days after deposit in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to Licensor: *[Redacted: confidential Licensor information]*

If to Licensee: *[Redacted: confidential Licensee information]*

10.13. **Specific Performance.** Licensee acknowledges that irreparable injury to Licensor may result if Licensee breaches any covenant or agreement contained in Section 2.2 or Section 3.1 of this Agreement, and each Party acknowledges that irreparable injury to the other Party may result from a breach of any covenant or agreement contained in Article V of this Agreement, and that the remedy at law for the breach of any such covenant or agreement will be inadequate. Therefore, if either Party engages in any act in violation of any such covenant or agreement, such Party agrees that the other Party shall be entitled, in addition to such other remedies and damages as may be available by law or under this Agreement, to injunctive relief to enforce any such

covenant or agreement, provided such relief does not violate any Applicable Law or jeopardize the continued renewal of any marijuana business license of Licensee.

IN WITNESS WHEREOF, the Licensor and Licensee have executed this Agreement effective as of the date first above written.

\* \* \* \* \*

**[SIGNATURE PAGE TO PROCUREMENT AGREEMENT]**

**LICENSEE:**

*[Redacted: name of Licensee]*

By:                   *[Redacted: signature]*                    
Name:                   *[Redacted: personal information]*                    
Title:                   *[Redacted: personal information]*                  

**LICENSOR:**

*[Redacted: name of Licensor]*

By:                   *[Redacted: signature]*                    
Name:                   *[Redacted: personal information]*                    
Title:                   *[Redacted: personal information]*

## EXHIBIT A

### Initial Packaging and Substrate Fees and Thresholds

Packaging & Substrate Type

Fee (per Single Unit)

*[Redacted: confidential product information]*

*[Redacted: price]*

- *[Redacted: confidential product information]*
- *[Redacted: confidential product information]*

Notes:

- 1- A Single Unit (recreational) is comprised of *[Redacted: confidential product information]*
- 2- Payment Terms—Payments will be made in accordance with the following schedule:
  - a. *[Redacted: confidential payment information]*
  - b. *[Redacted: confidential payment information]*
  - c. *[Redacted: confidential payment information]*
- 3- Minimum Thresholds
  - a. *[Redacted: confidential product information]*
  - b. *[Redacted: confidential product information]*
  - c. *[Redacted: confidential product information]*
- 4- Amendments to this Exhibit A
  - a. The parties shall work in good faith to make any changes to this Exhibit A, including but not limited to all terms relating to additional Products under this Agreement.
- 5- The Licensee will purchase existing infused products from (or at the direction of ) Licensor at a price of *[Redacted: price]*.