Lease Agreement

ACG, LLC and Red Run Cannabis Company, LLC

THIS LEASE, made and entered this 21 day of JUNE, 2017, by and between: *ACG, LLC*, an Alaska Limited Liability Company in good standing (hereinafter called "Owner) and *Red Run Cannabis Company, LLC*, an Alaska Limited Liability Company in good standing, (hereinafter called "Resident"),

WITNESS THAT:

1. Lease Term

In consideration of the covenants hereinafter contained on the part of the Resident to be kept and performed, Owner does hereby lease to resident thirty percent (30%) of the floor space of the commercial premises located at 5455 Kenai Spur Hwy, Suite B, in Kenai, Alaska. This lease commences on the 1st of July, 2017, and expires at 11:59 p.m. on the June 30, 2018.

2. Rental

Resident shall pay to Owner a total rental of $12,000 per year, which shall be paid by Resident to Owner in two equal installments of $6,000 each, due and payable on January 1, 2018 and June 30, 2018. Resident shall pay the rent to Owner at 5455 Kenai Spur Hwy, or to such other address as Owner directs.

3. Security Deposit

Owner hereby acknowledges receipt from Resident of $1.00 as security for resident's full and faithful performance of each and every term, covenant and condition of this Lease. In the event that Resident shall default in the payment of any installment of rent when due, or shall fail to perform or observe any term, covenant or condition of this Lease on Resident's part to be kept, Owner may use, apply or retain the whole or any part of Resident's security deposit for the payment of any rent then or at time thereafter due, or for the satisfaction of other sums which Owner may expend or be required to expend or incur by reason of Resident's default hereunder, including any expenses incurred in the releasing of the building. In the event that Resident shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of the Lease, the security deposit (or any balance thereof) shall be returned to Resident within 14 days after the expiration of the term of the lease and vacation of the premises, and Owner shall provide a written statement describing why he retained deposit.

4. Default

Resident covenants and agrees that if default shall be made in the payment of any installment of rent, or if Resident shall violate any of the terms, covenants, or conditions of this Lease, then Owner shall be entitled to reenter and retake possession of the building and recover any and all resulting damages, including all costs and reasonable attorney's fees after a 3-day notice for late rent and a ten-day notice for any other breach of contract. Resident hereby acknowledges and agrees that in the event any statement made by Resident to Owner in connection with this Lease is subsequently determined to be false, Owner may, at its election, terminate this Lease after a ten day notice is provided.

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5. Miscellaneous Provisions

Resident, for themselves, their heirs, legal representative, successors and assigns, hereby covenant and agree that:

a) Resident shall pay utilities as follows: (1) 20% of Internet, phones, security, natural gas, sewer and water, snow and garbage removal, and real property taxes; and (2) 5% of electricity.

b) Use of the premises by Residents or others is at their own risk. Owner is not and shall not be deemed to be responsible for any damage to vehicles or to contents which are on the premises, or injuries that occur on the premises.

c) Owner is not an insurer of Resident's person or personal property. Resident agrees that Owner, and its partners, agents and employees, shall not be liable for any damage to the person or property of Resident of any person occupying or visiting the premises for any reason whatsoever, including a commercial reason.

d) Resident shall not rent, sublet, transfer or assign this lease, or any interest herein, without the prior written consent of Owner, which consent may be granted, withheld, or conditioned in Owner's sole and complete discretion. Resident agrees to make no unlawful, improper or offensive use of the premises and to quit and deliver up the building, appliances and equipment at the end of the term of this Lease in as clean a condition as they were on the date of first possession, ordinary wear and tear excepted.

e) Resident agrees to comply with all laws, orders and government regulations which affect the premises as the same may be amended from time to time.

f) Resident may make alterations, additions or improvements to the building without Owner's prior written consent.

g) Owner or any of its agents shall have the right to enter the building during all reasonable hours to make inspections, repairs, additions, or alterations as may be deemed reasonable necessary for the safety, comfort or preservation thereof, or of the building after providing a statutory two day notice. However, Owner may enter the building at any time for emergency repairs necessary for the protection of any person, but must notify the Resident as soon as possible and before entering if possible.

h) Owner must maintain premise-liability insurance on the premises.

i) If any provisions of this Lease, or the application of any provision of this Lease to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of the Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby; and each provision of their Lease shall be valid and enforced to the fullest extent permitted by law. If either party is threatened with civil or criminal prosecution by the United State of America, the Lease is voidable by either party without penalty.

j) Resident has examined the building before signing this Lease and agrees that the premises are in good and satisfactory condition.

k) If a conditional use permit must be obtained, the city of Kenai must issue or renew the CUP before any commercial activity on the premises.

l) Should any action of contest by Resident or lessor that may lead to arbitration or legal action, Owner will not be liable for any court fees and will be paid of any monetary loss or damage from court appearances and arbitration expenses.

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6. Acknowledgements

IN WITNESS WHEREOF, the parties hereto have executed this Lease in several counterparts, each of which shall be deemed an original, as of the day, month, and year first above written.

On behalf of Red Run Cannabis Company, LLC:

Marc Theiler
Agent of *Resident*

6/21/17
Dated

On behalf of ACG, LLC:

Eric Derleth, Esq.
Agent of *Owner*

6/21/17
Dated

Both signatures witnessed by:

Roger Boyd

6/21/17
Dated

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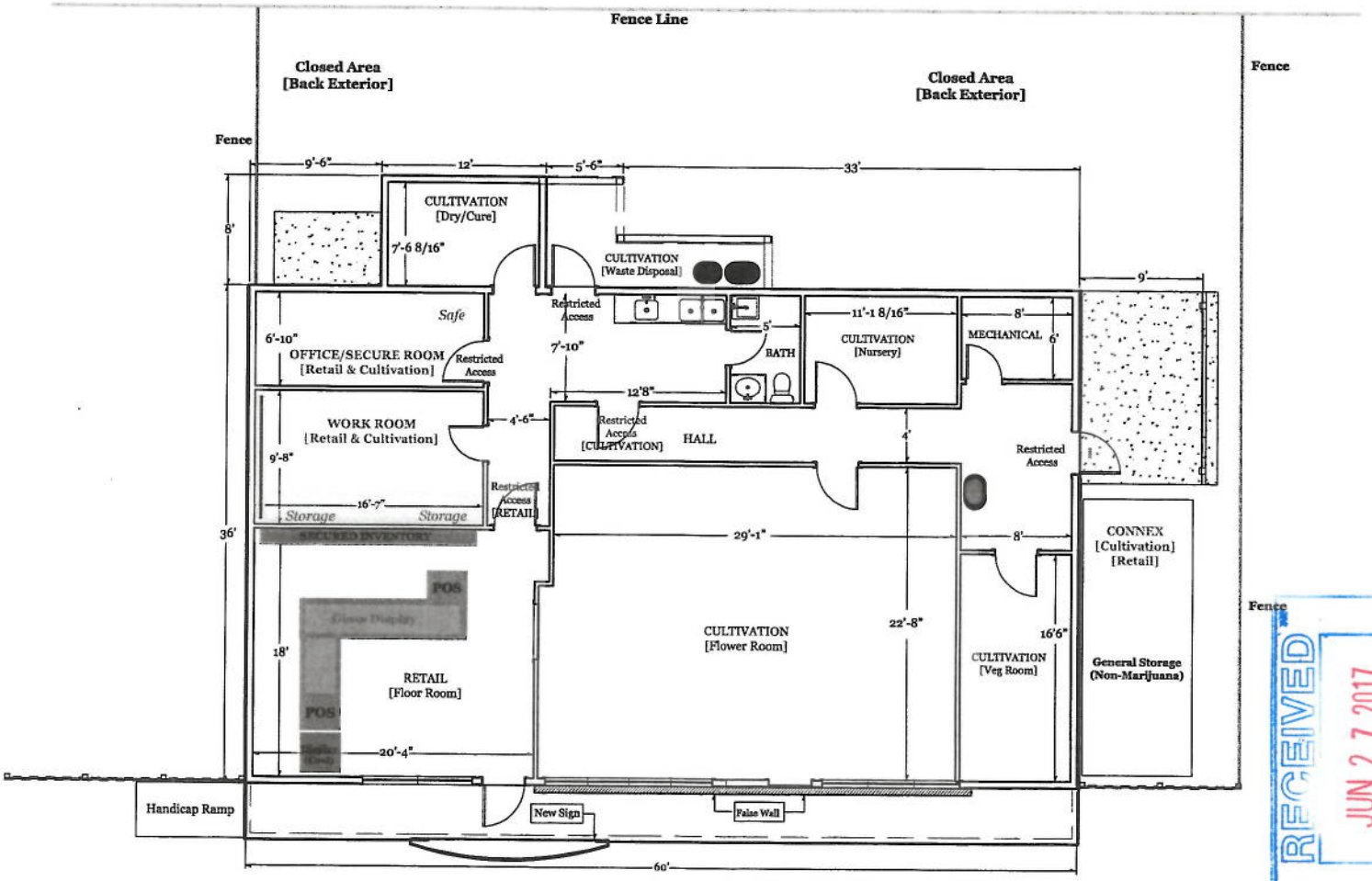

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The same partner-owners of Red Run Cannabis Company are also applying for a Cultivation establishment license as Red Run Cannabis Cultivators. Both licensees will operate out of the same facility, each room dedicated to a function specific to individual licensee is marked by color - Red for Retail; Green for Cultivation. Two rooms within the facility will be utilized by both licensees, a general Work Room and an Office/Secure Room.

RR **Floor Plan 1/8" = 1'**

Red Run Cannabis Company

License # 10056

DATE 6/2/16