OPERATING AGREEMENT
OF
Last Frontier Joint Operations, LLC

THIS OPERATING AGREEMENT ("Agreement") is entered into this 5th day of May, 2017, between members of Last Frontier Joint Operations LLC. This is the original Operating Agreement for the company.

ARTICLE I
GENERAL PROVISIONS

1. **Organization.** Last Frontier Joint Operations , LLC (the "Company") was formed when the executed Articles of Organization were filed with the Alaska Department of Community and Economic Development, according to the Alaska Revised Limited Liability Act ("Act"), on November 21, 2016.

2. **Name.** The name of the Limited Liability Company is Last Frontier Joint Operations, LLC.

3. **Principal Place of Business.** The principal place of business of the Company shall be located in Southeast, Alaska, or at such other additional places as the members may from time to time determine.

4. **Purpose.** The purpose of the company is to grow and sell marijuana and produce marijuana products.

5. **Property.** The property of the Company shall be owned by and in the name of the Company as an entity. The property and the credit of the Company shall be used solely for the benefit of the Company and not for the benefit of any individual member. The member shall not have any ownership in any Company property in the member's individual capacity. The member's interest in the Company shall be personal property.

6. **Term.** The Company commenced on the date the Articles of Organization were filed with the State of Alaska and shall continue until terminated as provided in this Agreement.

7. **Members.** A Member is any person signing this agreement, or who subsequently is admitted as a member of the Company.

ARTICLE II
ORIGINAL CONTRIBUTIONS AND ACCOUNTS

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1. **Original Contributions.** The original contributions of the members to the Company will be their entire interest in real property and equipment located near Ketchikan, Alaska.

2. **Member's Interests.** The interests of the members in the Company and in the profits and losses of the Company shall be as set forth in **ARTICLE V.**

3. **Additional Contributions**. The members shall make such additional contributions to the capital of the Company at such time and in such amounts as from time to time shall be determined is appropriate by unanimous vote of the members of the Company. Any such additional capital contributions shall be payable by the members in proportion to their interest in the Company on the date fixed for the making of the contribution.

A Member's signature on this Agreement constitutes the Member's written promise, in conformance with AS 10.50.280(a), to contribute cash or property to the Company as required by this Article II.

ARTICLE III
OPERATIONS

1. **Books and Records**. The Company books and records shall be maintained at its principal place of business, which accurately represent all transactions of the Company. The books shall be kept on a calendar year basis and shall be closed and balanced at the end of each calendar year. The Company shall furnish annual financial statements and prepare tax returns in a timely manner.

2. **Accounting**. The Company shall keep its accounting records and shall report its income for income tax purposes on the method of accounting in accordance with the laws, rules and regulations applicable to federal taxation of partnerships.

3. **Tax Matters Member.** The members hereby designate Mike Keiser as the member who will be named on the Company tax return or on a statement filed with the Internal Revenue Service as the "Tax Matters member" as that term is defined in Section 6231(a)(7)(A) of the Internal Revenue Code of 1986, or its counterpart in any subsequently enacted Internal Revenue Code (the "Code"). The Tax Matters Member shall be authorized to file or revoke an election under Section 754 of the Code on behalf of the Company. References to specific Code sections herein shall not limit the Company's right to make elections as appropriate under provisions of the Code. Notwithstanding reference to specific Code sections in other sections of this Agreement, the Tax Matters Member shall

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at all times handle tax matters in accordance with the provisions of the Code as amended from time to time.

4. **Method of Accounting.** The method of accounting of the Company shall be decided upon by the members, and may be changed from time to time as the members deem fit.

5. **Overall Management.** Each Member shall have the right to vote on the affairs of the Company. Except as expressly provided to the contrary, all decisions with respect to the management and control of the Company shall be made and agreed to by majority vote of the members.

6. **Meetings.** An annual meeting shall be held one time each year in Southeast Alaska, or in such other place designated by the members for the purpose of reviewing the operations of the Company for the next year. Members may attend meetings in person or by telephone. A member may give a proxy to any other Member to vote at a meeting or to execute consent to action in lieu of a meeting. The proxy must be in writing and must specify the matters or the meeting to which it applies and may be limited to a period of time.

7. **Voting.** Each member shall have an equal vote in the management of the Company.

ARTICLE IV
MEMBERS' ACCOUNTS

1. **Capital Accounts**. An individual capital account shall be maintained for each Member which (a) shall be credited with such Members' (1) original contribution of capital, (2) additional capital contributions, and (3) allocations to such member of Company profits, and (4) the amount of any Company liability assumed by such Member or that is secured by any Company asset distributed to such Member, and (b) shall be charged with (1) any distributions to such Member in reduction of Company capital, (2) allocation to such Member of Company losses, and (3) the amount of any liabilities such Member assumed by the Company or that are secured by any asset contributed to the Company by such Member. Each Member's separate capital account shall be maintained throughout the term of the Company in accordance with the requirements of Section 704(b) of the Code and any of the Treasury Regulations (the "Regulations") promulgated from time to time thereunder. No Member shall make withdrawals from his capital account without prior approval of the Company.

2. **Members Not Liable**. No member shall have personal liability for the losses, debts, claims, expense or encumbrances of or against the Company or its

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property, unless the Member has individually guaranteed repayment of a Company obligation. No Member shall be obligated to restore a deficit balance, if any, in the Member's Capital Account, except to the extent such deficit balance shall have arising as a result of his receipt of a distribution in excess of the amount rightfully due him under this agreement.

ARTICLE V
PROFITS, LOSSES, DISTRIBUTIONS, AND PAYMENTS

5.1 **Profits & Losses.** The profits and losses of the Company shall be allocated as follows:

25% to ————running /regular occurring cost

75% to ————loan repayment and owner dividend

5.2 **Guaranteed Payments.** There shall be no guaranteed payments from the Company. Any payment from the Company to the members shall be authorized by all members and be in proportion to membership interest.

3. **Allocations to Reflect Contributed Property and Capital Account Revaluations.** In accordance with Section 704(c) of the Code and the Regulations thereunder, taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for Federal income tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property for Federal income tax purposes and its fair market value, as recorded on the books of the Company. As provided in Section 1.704-1(b)(2)(iv)(f) of the Regulations, in the event that the Capital Accounts of the Members are adjusted to reflect the revaluation of Company property on the Company's books, then subsequent allocations of taxable income, gain, loss and deduction with respect to such property shall take into account any variation between the adjusted basis of such property for Federal income tax purposes and its adjusted fair market value, as recorded on the Company's books. Allocations under this paragraph shall be made in accordance with Section 1.704-1(b)(4)(i) of the Regulations, and, consequently, shall not be reflected in the Members' Capital Accounts.

4. **Varying Partnership Interests during Fiscal Year.** In the event there is a change in any Member's interest in the Company during a fiscal year (e.g., as a result of a valid transfer of all or part of a Member's interest), net profits and net losses shall be approximately allocated among the Members to take into account

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the varying interests of the Members so as to comply with Section 706(d) of the Code.

5. **Regulatory Allocations.** Notwithstanding any other provision in this Section 5 to the contrary, in order to comply with the rules set forth in the Regulations for (i) allocations of income, gain, loss and deductions attributable to non recourse liabilities, and (ii) partnership allocations where partners are not liable to restore deficit capital accounts, the following rules shall apply:

(1) "Partner nonrecourse deductions" as described and defined in Section 1.704-2(i)(1) and (2) of the Regulations attributable to a particular "partner nonrecourse liability" (as defined in Section 1.704-2(b)(4); e.g., a Company liability which one or more Members have guaranteed) shall be allocated among the Members in the ratio in which the Members bear the economic risk of loss with respect to such liability;

(2) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the minimum gain chargeback rules for nonrecourse liabilities set forth in Sections 1.704-2(f) and 1.704-2(i)(4) of the Regulations; and

(3) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the qualified income offset provisions set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations, relating to unexpected deficit capital account balances (after taking into account (i) all capital account adjustments prescribed in Section 1.704-1(b)(2)(ii)(d) of the Regulations and (ii) each Member's share, if any, of the Company's partnership minimum gain and partner nonrecourse minimum gain as provided in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations. Since the allocations set forth in this Section 5.4 (the "Regulatory Allocations") may effect results not consistent with the manner in which the Members intend to divide Company distributions, the Members may divide other allocations of net profits, net losses, and other items among the Members so as to prevent the Regulatory Allocations from distorting the manner in which distributions would be divided among the members but for application of the Regulatory Allocations. The Members may accomplish this result in any reasonable manner that is consistent with Section 704 of the Code and the related Regulations. The Members may agree, by unanimous written consent, to make any election permitted by the Regulations under Section 704 of the Code that may reduce or eliminate any Regulatory Allocation that would otherwise be required.

6. **Company Expenses.** The members stipulate that from time to time a member may be required to pay Company expenses from his own funds, and that

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these expenses may not be reimbursed by the Company. If the Company does not reimburse, such member may claim such expense on his or her individual tax return.

7. **Tax Conformity; Reliance or Accountants**. The determination of each Member's share of each item of income, gain, loss, deduction or credit of the Company for any period or fiscal year shall, for purposes of Sections 702 and 704 of the Code, be made in accordance with the allocation set forth in this **Article 5**. The Members may rely upon the written opinion of accountant retained by the Company with respect to all matters (including disputes) relating to computations and determinations required to be made under this Section or other provisions of the Agreement.

ARTICLE VI
ADMINISTRATIVE PROVISIONS

6.1 Outside Activity. The members are not expected to devote their full professional attention to the business of the Company. However, no member may engage in any capacity (as owner, employee, consultant, or otherwise) in any activity that competes with the business of the Company, except to the extent approved unanimously by the Members.

6.2 Unanimous Vote. An unanimous vote shall be the affirmative vote of the members of the Company. No Member may take any of the following actions without an unanimous vote:

(a) Borrow or lend money on behalf of the Company;

(b) Execute any mortgage, bond, pledge of assets, lease, sale or transfer of Company property;

(c) Assign, transfer, or pledge any debts due by the Company, or release any such debts except on payment in full thereof;

(d) Compromise any claim due to the Company or submit to arbitration any dispute or controversy involving the Company;

(e) Select an option concerning the portion of a payment to a departing member to be made by cash or by a promissory note;

(f) Purchase real property;

(g) Sell, assign, or pledge a Members' interest;

(h) Admit new members;

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(i) Amend Operating Agreement;

(j) Amend Articles of Organization;

(k) Merge or consolidate with another business or entity.

ARTICLE VII
LIMITATION OF LIABILITY

No Member of the Company shall be personally liable to the Company or its members for monetary damages for conduct as a Member performed in a manner reasonably believed by such Member to be within the scope of the authority granted to such member and in the best interest of the Company; provided that such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services to which such Member is not legally entitled. Any amendment to or repeal of this **Article VII** shall not adversely affect any right or protection of a Member of the Company for or with respect to any acts or omissions of such Member occurring prior to such amendment or repeal.

ARTICLE VIII
INDEMNIFICATION

The Company shall indemnify and hold harmless any person acting as a member, employee or agent of the Company or other persons acting on behalf of the Company, to the fullest extent allowed by the Act including, without limitation, all expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person, provided such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services to which such Member is not legally entitled. All expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement of any action, suit or proceeding shall be paid by the Company as they are incurred by any Member in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf o the Member to repay the amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Company. The provisions of this **Article VIII** do not affect any rights to advancement of expenses to which personnel of the Company, other than members, or any other person may be entitled under any contract or otherwise by law.

ARTICLE IX
TRANSFERS

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9.1 **Restrictions on Transfers.** Except as otherwise specifically provided in this Agreement, a Member shall not transfer, including, but not limited to, the sale of, assignment, pledge, or encumbering, all or any portion of his interest in the Company without unanimous written consent of the members and any purported transfer not in compliance with the provisions of this Agreement shall be null and void and of no force or effect. Regardless of whether the other members have given their unanimous written consent to a proposed transfer, no transfer of a Member's interest shall be permitted if the proposed transfer, when taken together with any other transfer(s) in a given twelve (12) month period ending with the date of the proposed transfer, would cause the termination or dissolution of the Company. Each Member agrees that these provisions are specifically enforceable and agrees to indemnify the Company and each member from all costs, liabilities, attorney's fees or damages resulting from an attempted transfer in violation of this Agreement. A Member's interest in the Company shall not terminate if a court of competent jurisdiction enters an order adjudicating the Member incompetent to manage the Member's person or property.

9.2 **Status of Transferee.** As provided in **Section 9.1** above, a transferee shall be admitted to the Company as a Member only on the unanimous consent of the members an only if the transferee as assignee becomes a party to this Agreement by signing a counterpart signature page to this Agreement and by executing such other documents as the Company reasonably determines necessary. Consent to admit a new Member may be given or withheld in the sole and absolute discretion of each Member. A transferee who is not admitted as a member shall be entitled only to receive allocations and distributions from the Company with respect to such interest as provided in this Agreement, and shall have no right to participate in the management of the business and affairs of the Company.

ARTICLE X
DEATH OR WITHDRAWAL

1. **Withdrawal and Mandatory Sale.** Upon occurrence of any of the following events ("Triggering Events"), the interest of a Member shall be sold to the Company by the member or the personal representative of a deceased member, and purchased by the Company;

   (a) The institution of any bankruptcy proceeding by the Member, the appointment of a receiver for the administration of the affairs of the Member, the making of an assignment of the assets of the Member for the benefit of creditors, or the institution of any involuntary bankruptcy proceeding against the Member which is not discharged within thirty (30) days after its filing, or upon the occurrence of any

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event which makes any or all of the membership interest of the Member subject to involuntary sale;

(b) Upon the death of the Member;

(c) Upon the member's attempted transfer of all or any portion of his interest in the company;

(d) Upon the voluntary sale of the membership interest of the member to the Company.

2. **Terms of Purchase and Sale.** Any membership interest that becomes subject to a mandatory purchase and sale shall be sold by the Member or the Member's estate on the following terms and conditions:

(a) **Purchase Price**. The purchase price of the membership interest shall be equal to the value of the interest based upon the "Estimated Fair Market Value" of the Member's interest as of the Company's fiscal year-end preceding the date of the Triggering Event.

(b) **Estimated Fair Market Value**. The Estimated Fair Market Value of the membership interest shall be based upon an appraisal for real estate of comparable value and an assessment of comparable sales for personal property items. However, in determining the Estimated Fair Market Value, (1) no value shall be attributed to good will or other intangible assets, and (2) liens or other encumbrances against Company assets shall be taken into account in determining the Estimated Fair Market Value of the Company.

(c) **Payment of Purchase Price.** At the option of the Company, and subject to financial institution and/or bank approval, the purchase price for the membership interest shall be paid either;

(i) in cash in one lump sum within ninety (90) days following the closing; or

(ii) in sixty (60) equal successive monthly installments of principal and interest of unpaid principal from the date of transfer. The rate of interest shall be the prime rate of interest in effect at Ketchikan, Alaska, as of the date of the Triggering Event. The first payment shall be due on one (1) month after the closing date. Any deferred payments shall be evidenced by a promissory note of the purchaser, which shall also provide for prepayment of principal at any time without penalty,

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and the right to acceleration by the holder upon default in any payment.

(d) **Closing.** The membership interest shall be transferred to the Company by the close of business on the day of the Triggering Event ("Transfer Date"). The member and the members' representatives, executors or successors in interest shall use their best efforts to cause the Transfer to occur.

At the closing, the purchasing member shall deliver to the selling member or his representatives a release of all personal liability of the selling member as a guarantor of any indebtedness for borrowed money or other contractual obligation of the company to any person or entity or, if any such release cannot be reasonably obtained, an agreement from a person or entity whose creditworthiness is reasonably acceptable to the selling member that fully indemnifies the selling member for such liabilities and obligations.

(e) **Company Actions.** The Company shall take all reasonable actions necessary to repurchase any membership interest that it is required to purchase from a Member.

(e) **Assignment of Interest.** Upon the transfer of the membership interest to the Company, the Member shall execute and deliver assignments legally sufficient to transfer title to the membership interest free and clear of all liens and encumbrances.

(f) **Additional Assurances.** Upon the transfer of any membership interest, the parties to the transfer shall execute, acknowledge and deliver any further documents and assurances reasonably requested by the other party and the Company consistent with reasonable and prudent business practices, the terms of the Agreement and the terms of any other agreements between the selling Member and the Company or any other Member of the Company.

(g) **Other Payments.** The purchase price to be paid for the membership interest shall be in addition to any other payments due to the Member under any other agreement to which the Company and the Member are parties.

10.3 Right of First Refusal. If any Member shall desire to effect any Transfer of his or her membership interest to any third party, which Transfer does not fall within the terms and conditions of **Section 10.1 and 10.2** above, then at least ninety (90) days prior to effecting the Transfer, the Member shall notify the Company of the proposed Transfer and offer his or her membership interests to the Company on the same terms and condition as the Member's proposed Transfer to such third party. The Company shall

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have until 11:59 p.m. on the ninetieth day after the date it is given notice of the offer to exercise its right of first refusal.

10.4 **Conditions to Transfer.** No sale of other Transfer of any membership interest subject hereto shall be valid until the proposed transferee shall have executed and become a party to this Agreement. The Company shall have the right to withhold the recording of the proposed Transfer of any membership interest on its records until the proposed transferee has become a party to this Agreement.

5. **Continuation of the Company.** The remaining members shall have the right to continue the Company business under its present name following the withdrawal or death of a Member provided that they elect to purchase the interest of the withdrawing or deceased member and to cause the Company to make the payments specified above.

6. **Winding up.** If the remaining members after withdrawal or death of a member do not elect to liquidate the interest of such Member, the company shall be wound up and all of its properties distributed in liquidation as provided in **Article XI.**

ARTICLE XI
DISSOLUTION AND WINDING UP

11.1 **Liquidating Events**. The Company shall dissolve and commence winding up and liquidating upon the first to occur of any of the following events ("liquidating event"):

(a) The sale of all or of substantially all of the Property;

(b) A unanimous vote to dissolve, wind up, and liquidate the Company;

(c) The happening of an event that makes it impossible or unlawful for the Company to carry on its business; or

(d) The death, withdrawal, or bankruptcy of a Member unless the remaining members unanimously agree to continue the Company.

11.2 **Winding Up.** Upon the happening of a liquidating event, the Company shall conduct no business nor engage in any activity that is not necessary or appropriate to winding up its business and liquidating, and shall proceed promptly to wind up its affairs in an orderly manner, to liquidate its assets, to satisfy the claims of its creditors and members, and to distribute its remaining assets to its members. The members shall by majority vote choose a liquidating member, and if they cannot agree on who shall

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serve in that role, they shall refer the dispute to mediation as provided in this Agreement. The liquidating member shall be responsible for supervising the winding up and liquidation and shall dispose of the Property as promptly as is consistent with obtaining its fair market value. The proceeds of the disposition of the Property and the other assets of the Company shall be applied in the following order of priority:

(a) First, to the payment, in order of priority, of all Company debts to creditors other than the members;
(b) Next, to the payment, in the order of priority, and thereafter pro rata, of the debts of the Company owed to members; and
(c) Any balance to the members pro rata in accordance with the balances in their capital accounts.

3. **Special Provisions**. Any and all distributions to members upon the liquidation of the Company shall be made in accordance with IRS Code Section 704(b) and the Regulations promulgated thereunder. Notwithstanding the foregoing, if a Member has a deficit balance in his capital account at any time, such member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other person or entity for any purpose whatsoever.

4. **Members' Rights**. Except as otherwise specifically provided in this Agreement, a Member has the right to look only to the assets of the Company for a return of his or her capital contribution, has no right to receive anything other than money in a distribution from the Company, and has no priority over any other Member with respect to distributions, allocations, or the return of capital contributions.

5. **Notice of Dissolution**. Within thirty (30) days of the happening of a liquidating event, the liquidating member shall give written notice thereof to each of the members, to all creditors of the Company, to the banks and other financial institutions with which the Company normally does business, and to all other parties with whom the Company regularly conducts businesses, and shall publish notice of dissolution in a newspaper of general circulation in each place in which the Company generally conducts business.

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ARTICLE XII
MISCELLANEOUS

1. **Notices.** All notices or other communications required or permitted hereunder shall be in writing and shall be deemed received by the party to whom addressed when delivered to such party, or when posted if sent by registered or certified mail with postage prepaid, or three business days after posting in the regular United States mail, in each case directed to the party for whom intended at the address of such party then on file with the Company.

2. **Amendment.** This agreement may be amended only by unanimous vote of the members.

3. **No Third Party Beneficiaries**. This Agreement shall be binding upon, and inure to the benefit of, the parties here to and their respective successors and permitted assigns, and no other party shall be entitled to rely on this Agreement as a third party beneficiary hereof.

4. **Headings.** Headings of Articles and sections in this Agreement are only for convenience or reference and do not define, limit, extend, or describe the scope or intent of this Agreement.

5. **Number and Gender.** Whenever required by the context, the singular number shall include the plural, any gender shall include all genders, and the word "person" shall include individuals, corporations, companies, and other entities.

6. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

7. **Dispute Resolution or Deadlock.** The parties shall endeavor in good faith to resolve any disputes which may arise regarding this Agreement. If they cannot resolve a dispute among themselves, they shall initially submit their dispute to mediation by a mutually acceptable third party who is familiar with business issues in the Sitka, Alaska community. If they cannot agree on such a person or, following such mediation remain in disagreement, then either party may submit all controversies, claims and disputes arising from this Agreement to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association then in force, or pursuant to such other rules or procedures to which the parties may agree. Each party shall bear its own costs and attorneys' fees associated with referenced mediation and any arbitration proceeding. Venue for any dispute shall be in Southeast, Alaska, unless the parties agree otherwise.

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Member: Mike D. Keiser Interest% 100

Signature

IN WITNESS WHEREOF, the members have signed this Agreement effective as of the day first above written.

Date: May 5, 2017 By: Michelle R. Jorgenson

Signature

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