SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is dated June 1, 2023 (the "Effective Date") by and between Broken Dirt LLC (hereinafter referred to as "Sublessor"), and Cotton Mouth Cannabis Co. (hereinafter referred to as "Sublessee") (each a "Party" and collectively the "Parties").

Sublessor leases the real property and improvements, the address of which is 1705 N Winding Brook Loop, Units #A1, #A2, and #A3, Palmer, AK 99645 ("Leased Premises"), under the terms and conditions of that certain Commercial Lease Agreement dated April 23, 2023 with Alaska Drywall Investments ("Master Lease").

Sublessor and Sublessee desire to enter into a sublease for a portion of the leased property subject to the terms and conditions of the Master Lease. The parties agree as follows:

1. **PREMISES.** Sublessor in consideration of the lease payments provided in this Sublease, and other good and valuable consideration, leases to Sublessee a portion of the Leased Premises identified as Units A2 and A3 (the "Subleased Premises").

2. **TERM.** The Sublease Term of this Agreement shall be up to ninety (90) days and will begin on the Effective Date and will terminate upon written confirmation that the Cotton Mouth Cannabis Co. State of Alaska Limited Marijuana Cultivation License # 15015(the "License") has transferred to Catalyst Cultivation LLC dba Cannabis Co. In the event that the License does not transfer within the Sublease Term, the Sublease Term shall be extended upon mutual agreement of the Parties.

3. **LEASE PAYMENTS.** Sublessee shall pay to Sublessor monthly installments of $3,133.33 payable on the first day of each month. Pursuant to that certain Cultivation Management Agreement of May 15, 2023 between Sublessee and Catalyst Cultivation LLC ("Management Agreement"), Catalyst Cultivation LLC shall be responsible for all lease payments required from Sublessee.

4. **SECURITY DEPOSIT**. Upon execution of this Agreement Sublessee shall pay a security deposit of $0.00 (the "Security Deposit"). Sublessor may, but shall not be obligated, to apply any part of the Security Deposit to cure Sublessee's default or breach of this Agreement, or to cover operational or maintenance expenses that Sublessee would otherwise be required to pay. Within fifteen (15) days after the termination or expiration of this Agreement, if Sublessee has timely vacated the Premises, then Sublessor shall return any remaining balance of the Security Deposit, minus any repair expenses, cleaning fees, and/or past due rental amounts or otherwise.

5. **POSSESSION**. Sublessee shall be entitled to possession on the first day of the term of this Sublease and shall yield possession to Sublessor on the last day of the term of this Sublease, unless otherwise agreed by both parties in writing.

6. **USE OF PREMISES**. Sublessee may use the Premises for the licensed commercial cultivation of marijuana. The Premises may be used for any other purpose only with the prior written consent of Sublessor, which shall not be unreasonably withheld. Sublessee shall notify

Sublessor of any anticipated extended absence from the Premises not later than the first day of the extended absence. For purposes of clarity, the term "extended absence" means that the Sublessee is not open for business for more than fourteen (14) consecutive days; provided, however, that nothing in this provision shall be read to require the Sublessee to be open for business prior to receiving all necessary approvals required to operate its business, including, without limitation, approval from the Alaska Alcohol & Marijuana Control Office ("AMCO"). Subtenant shall otherwise operate in compliance with all applicable terms and conditions of the Master Lease.

7. **LATE PAYMENTS.** For any payment that is not paid within fifteen (15) days after its due date, Sublessee shall pay a late fee of $250.00.

8. **UTILITIES:** Sublessee shall be responsible for its portion of utilities. Electricity, water, and sewer are all separately metered and Sublessee is responsible for the costs of its use of the aforementioned. Sublessee shall be responsible in full for any telephone and internet services it needs for its intended use. Sublessee shall be responsible for its own garbage disposal. Pursuant to the Management Agreement, Catalyst Cultivation LLC shall be responsible for all utilities payments required from Sublessee.

9. **PARKING.** Sublessor shall provide all parking necessary for the approved uses of the property and shall provide ADA-compliant accessible spaces if required to do so by law.

10. **HOLDOVER**. If Sublessee maintains possession of the Premises for any period after the termination of this Sublease ("Holdover Period"), Sublessee shall pay to Sublessor lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Sublease.

11. **CUMULATIVE RIGHTS.** The rights of the parties under this Sublease are cumulative and shall not be construed as exclusive unless otherwise required by law.

12. **REMODELING OR STRUCTURAL IMPROVEMENTS.** Subtenant may not make any changes, additions, alterations, or improvements to the Premises.

13. **ACCESS BY SUBLESSOR AND LESSOR TO PREMISES.** Subject to Sublessee's consent (which shall not be unreasonably withheld), Sublessor and/or Lessor shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Sublessor and/or Lessor does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Sublessor and/or Lessor may enter the Premises without Sublessee's consent. During any entry by Sublessor and/or Lessor or its agents on the premises, Sublessor and/or Lessor agents or employees shall be over the age of 21 and shall comply with Sublessee's visitor policy, show government issued ID, wear a visitor badge, remain in eyesight of a designated Sublessee agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Sublessor and/or Lessor have more than five (5) persons enter the premises.

14. **INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Sublessee agrees to indemnify, hold harmless, and defend Sublessor and/or Lessor from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Sublessor may suffer or incur in connection with Sublessee's possession, use or misuse of the Premises, except Sublessor and/or Lessor acts or negligence.

15. **COMPLIANCE WITH REGULATIONS.** Sublessee shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Sublessee shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

16. **MECHANIC'S LIENS.** Neither the Sublessee nor anyone claiming through the Sublessee shall have the right to file mechanic's liens or any other kind of lien on the Premises and the filing of this Sublease constitutes notice that such liens are invalid. Further, Sublessee agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Sublessee.

17. **THIRD PARTY LIENS.** Sublessee shall keep the Leased Premises free and clear from all third-party liens arising out of the Sublessee's occupancy of the Leased Premises or the conduct of the Sublessee's business operations. Sublessee shall promptly and without demand by Sublessor cause any such liens to be released by payment, bonding or otherwise without demand by Sublessor, and shall indemnify Sublessor against losses arising out of any such claim (including, without limitation, legal fees and court costs). Sublessor shall have the right at all times to post and keep posted on the Leased Premises any notices permitted or required by law, or which the Sublessor shall deem proper, for the protection of the Sublessor and the Leased Premises, and/or any other party having an interest therein, from mechanic's and materialman's liens. Sublessee shall give Sublessor at least ten (10) days written notice of the expected date of commencement of any Sublessor and Master Landlord's approved work relating to alterations and/or additions to the Leased Premises.

18. **SUBSTANTIAL TAKING.** If in the determination of Sublessor that part or a substantial part of the Leased Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and in the determination of Sublessor the taking would prevent or materially interfere with the use of the Leased Premises for the purpose for which it is then being used, this Lease shall, at the option of Sublessor, terminate and the rent shall be abated during the unexpired portion of this Lease effective on the date physical possession is taken by the condemning authority.

19. **ARBITRATION.** Any controversy or claim relating to this Sublease, including the construction or application of this Sublease, shall be resolved pursuant to the Dispute Resolution provisions of the Management Agreement.

20. **DEFAULT.** In the event of a default, Sublessor shall not take into its possession any marijuana

or marijuana product and shall contact the State of Alaska AMCO prior to any access to the license premises if Sublessee cannot be reached, abandons the property, or similar event.

21. **NOTICE.** Notices under this Sublease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

    SUBLESSOR: Broken Dirt LLC, 6967 Laser Drive, Anchorage, AK 99504

    SUBLESSEE: 9814 Gravina Cir., Eagle River, AK 99577

    Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

22. **GOVERNING LAW.** This Sublease shall be construed in accordance with the laws of the State of Alaska.

23. **ENTIRE AGREEMENT/AMENDMENT.** This Sublease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Sublease. This Sublease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

24. **SEVERABILITY.** If any portion of this Sublease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Sublease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

25. **WAIVER.** The failure of either party to enforce any provisions of this Sublease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Sublease.

26. **BINDING EFFECT.** The provisions of this Sublease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

Except to the extent that the terms and conditions of this Sublease Agreement are to the contrary, all other terms and conditions of the Master Lease and any amendments thereto remain in full force and effect.

SUBLESSOR:

Broken Dirt LLC

BY: William Schneider
_____
William Schneider, Manager

SUBLESSEE:

Cotton Mouth Cannabis Co.

BY: Judith A Cardoso (Jun 13, 2023 16:47 AKDT)
_____
Judith Cardoso, Personal Representative for the Estate of Nicholas Holbrook (Sole Member of Cotton Mouth Cannabis Co.)

Cotton Mouth-Broken Dirt Sublease

Final Audit Report 2023-06-17

Created:	2023-06-14
By:	Ashley Logan (alogan@bhb.com)
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Signer judithwhiteman2003@yahoo.com entered name at signing as Judith A Cardoso
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Document e-signed by Judith A Cardoso (judithwhiteman2003@yahoo.com)
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Email viewed by William schneid (will@catalystcannabisco.com)
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