

## COMMERCIAL LEASE



THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT, INCLUDING THE  
SPECIFIC AND GENERAL TERMS DESCRIBED BELOW. IF NOT UNDERSTOOD,  
LANDLORD(S) AND TENANT(S) ARE ADVISED TO SEEK THE ADVICE OF  
COMPETENT LEGAL COUNSEL

## SPECIFIC TERMS

**PARTIES:** The parties to this Commercial Lease are Cruiser Lane, LLC  
hereinafter known as "Landlord" and Bacterin International Holdings, Inc.  
hereinafter known as "Tenant".

**LEASED PROPERTY:** The Leased Property is described as follows:  
732 Cruiser Lane, Bozeman, 59714

The Tenant hereby agrees to lease the Leased Property pursuant to the Specific Terms and  
General Terms as set out in this Commercial Lease.

**TERM:** This Commercial Lease shall begin on February 1st, 2012, at which time  
Tenant shall be entitled to possession of the Leased Property and shall terminate on  
January 31st, 2019, unless renewed as otherwise provided in this Commercial  
Lease.

**RENT:** The Tenant agrees to pay Landlord, as rent, the amounts set out as follows:

|                               |  |
|-------------------------------|--|
| <b>Monthly Rent</b>           | \$ <u>9450</u> , on the <u>1<sup>st</sup></u> day of each month, commencing <u>February 15<sup>th</sup>, 2012</u>                    |
| First Month's Rent            | \$ <u>4725 (prorated)</u> , upon entry into this Commercial Lease.   |
| Last Month's Rent             | \$ <u>10939.56</u> , upon entry into this Commercial Lease.  |
| Performance Deposit           | \$ <u>9450</u> , upon entry into this Commercial Lease.  |
| Common Area Maintenance "CAM" | <input type="checkbox"/> yes, equal to _____ % of the total CAM charges.   |
| Taxes                         | <input checked="" type="checkbox"/> yes; <input type="checkbox"/> no; <input type="checkbox"/> included in CAM                       |
| Hazard Insurance              | <input checked="" type="checkbox"/> yes; <input type="checkbox"/> no; <input type="checkbox"/> included in CAM                       |
| Late Charge                   | \$ _____ or <u>10</u> % of the Monthly Rent, if the Monthly Rent is not paid in full by the <u>7<sup>th</sup></u> day of each month. |

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**Instant forms**

33 Returned Check Fee \$ 250 for any returned check.  
34 Other Describe: \_\_\_\_\_

36 **RENEWAL:** Provided that Tenant is not in default in the performance of the terms, conditions and/or  
37 covenants of this Commercial Lease, Tenant shall have the option to extend the term of this Commercial  
38 Lease for ☐ one additional term of \_\_\_\_\_ years or ☒ 2 additional terms of 5 years,  
39 by giving written notice to Landlord not later than 120 days prior to the expiration of the term  
40 or renewal term, as provided above.

41 **COST OF LIVING INCREASES:** The monthly rent, as set out above, shall be increased in the manner and  
42 at the times indicated as follows:

44 ☐ No Increase ☐ per the Costs of Living Increase  
Paragraph in the General Terms, to be  
increase every \_\_\_\_\_ years  
45 ☒ Other (describe manner and timing of increases) ADDENDUM To COMMERCIAL LEASE BETWEEN  
46 CRUISER LANE, LLC AND BACTERIN INTERNATIONAL HOLDINGS, INC DATED 1/31/2012.

49 **UTILITIES:** The utilities provided to the Leased Property and checked below are the obligation of the  
50 Tenant. Tenant shall contract with and pay the utility provider directly for the indicated utilities.

52 ☒ Sewer / Septic ☒ Public Water ☒ Private Water ☒ Telephone  
53 ☒ Gas ☒ Electric ☒ Internet Access ☒ Cable  
54 ☒ Other/Exclusions Tenant is responsible for all utility charges.

58 Landlord shall contract with and pay the utility provider directly for any utilities provided to the Leased  
59 Premises and not checked above and not included in the CAM.

61 **MAINTENANCE:** The maintenance items checked below are the obligation of the Tenant. Tenant shall  
62 either accomplish these maintenance items or contract with and pay the service provider directly  
63 for the indicated maintenance item.

64 ☒ Interior Maintenance ☒ Exterior Maintenance ☒ Janitorial ☒ Glass Repair  
65 and Maintenance

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67 ☒ Parking Area Maintenance                      ☒ Snow Removal                      ☒ Landscaping                      ☒ Heating, Air Conditioning and Ventilation  
69 ☐ Other/Exclusions Tenant is responsible for all utility charges.

72 Landlord shall provide any maintenance to the Leased Premises that is not checked above and not  
73 included in the CAM.

75 **PARKING:** Tenant is entitled to ALL parking spaces at the monthly cost of  
76 \$ -----.

78 **USE OF LEASED PROPERTY:** Tenant shall occupy and use the Leased Property for the purpose of  
SEE ADDENDUM TO COMMERCIAL LEASE BETWEEN CRUISER LANE, LLC AND  
BACTERIN INTERNATIONAL HOLDINGS, INC DATED 1/31/2012.

82 **LIABILITY INSURANCE.** The minimum amount of liability insurance coverage to be carried by the  
83 Tenant, at the Tenant's expense, is \$ 2,000,000, and such liability insurance shall name  
84 Landlord as additional insured.

86 **DEFAULT:** The time periods for notices of default, the terms of which are more specifically  
87 described in the General Terms, are as follows:

89 Failure to pay rent or monies payable by tenant to landlord when due 15 days  
90 Any other term, condition or covenant to be kept or performed by the tenant (other than the payment  
of rent or monies) 15 days

92 **MOLD DISCLOSURE:** There are many types of mold. Inhabitable properties are not, and cannot be,  
93 constructed to exclude mold. Moisture is one of the most significant factors contributing to mold growth.  
94 Information about controlling mold growth may be available from your county extension agent or health  
95 department. Certain strains of mold may cause damage to property and may adversely affect the health of  
96 susceptible persons, including allergic reactions that may include skin, eye, nose, and throat irritation.  
97 Certain strains of mold may cause infections, particularly in individuals with suppressed immune systems.  
98 Some experts contend that certain strains of mold may cause serious and even life-threatening diseases.  
99 However, experts do not agree about the nature and extent of the health problems caused by mold or  
100 about the level of mold exposure that may cause health problems. The Centers for Disease Control and  
101 Prevention is studying the link between mold and serious health conditions. The seller, landlord, seller's  
102 agent, buyer's agent, or property manager cannot and does not represent or warrant the absence of mold.  
103 It is the buyer's or tenant's obligation to determine whether a mold problem is present. To do so, the buyer  
104 or tenant should hire a qualified inspector and make any contract to purchase, rent, or lease contingent  
105 upon the results of that inspection. A seller, landlord, seller's agent, buyer's agent, or property manager  
106 who provides this mold disclosure statement, provides for the disclosure of any prior testing and any  
107 subsequent mitigation or treatment for mold, and discloses any knowledge of mold is not liable in any  
108 action based on the presence of or propensity for mold in a building that is subject to any contract to  
109 purchase, rent, or lease.  
110 The Owner, Landlord, and/or Property Manager disclose that they have knowledge that the building or  
111 buildings on the property have mold present in them. This disclosure is made in recognition that all  
112 inhabitable properties contain mold, as defined by the Montana Mold Disclosure Act (any mold, fungus,  
113 mildew or spores). The Owner, Landlord, and/or Property Manager are not representing that a significant  
114 mold problem exists or does not exist on the property, as such a determination may only be made by a  
115 qualified inspector.

116 If Owner/Landlord knows a building located on the property has been tested for mold, Owner/Landlord has  
117 previously provided or with this Disclosure provides the Tenant a copy of the results of that test {if available}  
118 and evidence of any subsequent mitigation or treatment.

120 The undersigned Tenant acknowledges receipt of this Disclosure, the test results {if available} and evidence  
121 of subsequent mitigation or treatment. The undersigned Tenant agrees that it is their responsibility to hire a  
122 qualified inspector to determine if a significant mold problem exists or does not exist on the property. They  
123 further, acknowledge that the Owner, Landlord, and/or Property Manager, who have provided this Disclosure,  
124 are not liable for any action based on the presence of or propensity for mold in the property.  
125 The parties hereto, all agree that the transaction contemplated by this document may be conducted by  
126 electronic means in accordance with the Montana Uniform Electronic Act.  
128 ☐ Attached is a Methamphetamine Disclosure Notice  
130 **NOTICE:** The mailing address of both parties to this Commercial Lease, for payment of rents and all  
131 notice purposes are as follows:

|     |                          |  |
|-----|--------------------------|--|
| 133 | Landlord                 | Tenant                                       |
| 134 | <u>Cruiser Lane, LLC</u> | <u>Bacterin International Holdings, Inc.</u> |

138 **SPECIAL PROVISIONS:**

139 SEE ADDENDUM TO COMMERCIAL LEASE BETWEEN CRUISER LANE, LLC AND BACTERIN  
INTERNATIONAL HOLDINGS, INC. DATED 1/31/2012

143 licensees identified hereafter have been involved in this transaction in the capacities indicated below and the  
144 parties have previously received the required statutory disclosures setting forth the licensees duties and the  
145 limits of their obligations to each party. The parties further agree that the term "seller's agent" is synonymous  
146 with the term "landlord's agent" and the term "buyer's agent" is synonymous with the term "tenant's agent".  
147 "buyer's agent" is synonymous with the term "tenant's agent".

|     |  |    |   |
|-----|--|----|---|
| 149 | <u>Ryan Springer</u>   | of | <u>NAI Landmark Commercial</u>  |
| 150 | (name of licensee)   |    | (name of brokerage company)   |
| 151 | is acting as <input checked="" type="checkbox"/> seller's agent <input type="checkbox"/> Buyer's agent |    | <input type="checkbox"/> dual agent <input type="checkbox"/> statutory broker |
| 152 | <u></u>  | of | <u></u>   |
| 153 | (name of licensee)   |    | (name of brokerage company)   |
| 154 | is acting as <input type="checkbox"/> seller's agent <input type="checkbox"/> Buyer's agent            |    | <input type="checkbox"/> dual agent <input type="checkbox"/> statutory broker |

156 **CONCLUSION:** The parties to this Commercial Lease hereby agree to the Specific Terms, as set forth  
157 above, and further understand and agree that the General Terms contained on the following pages and  
158 in any addendums here to are an Integral part of this Commercial Lease.

|     |                        |                 |                               |                 |
|-----|------------------------|-----------------|-------------------------------|-----------------|
| 160 | <u>/s/ Guy S. Cook</u> | <u>12-13-12</u> | <u>/s/ Ronald R. Pierzina</u> | <u>12/15/12</u> |
| 161 | Tenant Signature       | Date            | Tenant Signature              | Date            |
| 162 |                        |                 | Cruiser Lane, LLC             |                 |
| 163 | <u></u>                | <u></u>         | <u></u>                       | <u></u>         |
| 164 | Tenant Signature       | Date            | Tenant Signature              | Date            |

166 **IT IS UNDERSTOOD THAT THE GENERAL TERMS CONTAINED IN THE PAGES THAT**  
167 **FOLLOW THIS PAGE ARE AN INTEGRAL PART OF THIS COMMERCIAL LEASE.**

**NOTE:** Unless otherwise expressly stated the term "Days" means calendar days and not business days. Business days except Sundays are defined as all days as and holidays. Any performance which is required to be completed on a Saturday, Sunday or a holiday can be performed on the next business day.

168 **GENERAL TERMS**

170 **RENT:** Rent is payable in advance or on or before 5:00 p.m. on the day indicated on for  
171 each calendar month to Landlord at the address indicated in the Specific Terms of this  
172 Commercial Lease, or at such other place as may be designated by Landlord from time  
173 to time. Acceptance of rent does not constitute a waiver of prior Tenant default. All  
174 payments made by Tenant shall apply first to the oldest sums due and owing under the  
175 'terms of this Commercial Lease. All sums due under the terms of this lease shall be  
176 deemed additional rent and paid and collected as such.

178 **RENEWALS:** Any renewal of this Commercial Lease permitted under the Specific Terms  
179 shall be on the same terms and conditions as are provided this Commercial Lease and at  
180 the same rent as was last being paid by Landlord, prior to renewal, being further subject  
181 to all Cost of Living Adjustments as provided for herein.

183 **COST OF LIVING INCREASES:** If the Cost of Living Increases is selected in the Specific  
184 Terms, at the times as set out in the Specific Terms of this Commercial Lease the Monthly  
185 Rent shall be increased to reflect any increase in the cost of living based upon the increase  
186 in the U.S. Consumer Price Index for All Urban Consumers, as published by the Bureau  
187 of Labor Statistics for the metropolitan area closest in proximity to the Leased Property (the  
188 "CPI"). The increase shall be calculated as follows:

190 The Initial Monthly Rent called for in this Commercial Lease, multiplied by the  
191 CPI for most current month before 1110 adjustment is to take effect, divided  
192 by the CPI for the month that this Commercial Lease commenced shall equal  
193 the increased Monthly Rent.

195 In no event shall the Monthly Rent be decreased under the terms of this section.

197 **LATE CHARGE:** In the event rent is not paid by the date set out in the Specific Terms of  
198 this Commercial Lease, a late charge in the amount set forth in the Specific Terms shall  
199 arise. The late charge period is not a grace period and Landlord is entitled to pursue the  
200 remedies provided herein if rent is not paid when due. All late fees shall be deemed  
201 additional rent for the rental month and shall be paid and collected as such.

203 **RETURNED CHECKS:** In the event any payment, made by check, to the Landlord by  
204 Tenant is returned unpaid, whether because of lack of funds, closed account, stop  
205 payment or otherwise, the Tenant's payment shall not be considered made until such funds  
206 are made good. In addition Tenant shall pay the Returned Check Fee set out in the  
207 Specific Terms of this Commercial Lease and from that time forward all payments must be  
208 in the form of a cashier's check or money order.

210 **PERFORMANCE DEPOSIT:** To insure that Tenant will fully and faithfully perform all duties  
211 and obligations required of the Tenant as set forth in this Commercial Lease, during its  
212 term, Tenant shall tender to Landlord concurrent with the execution of this Commercial  
213 Lease, a performance deposit in the amount as set out in the Specific Terms. Tenant  
214 agrees that Landlord shall hold such funds in Landlord's own account and utilize such

215 funds for satisfying Tenant's performance obligations under the term of this Commercial  
216 Lease. Tenant specifically authorizes Landlord to apply such portion of the performance  
217 deposit as Landlord deems necessary and at such time as Landlord may deem appropriate  
218 to offset any delinquent rents, satisfy any liens or attachments levied against the Leased  
219 Property as a result of judgments, liens or encumbrances incurred by Tenant, or to satisfy  
220 any other performance required of Tenant. In the event Landlord elects to apply from the  
221 performance deposit sums to cure any existing or potential default of Tenant, the default  
222 shall not be deemed cured or satisfied by the application of funds from the performance  
223 deposit and will not be deemed cured or satisfied until the amount of the performance  
224 deposit has been restored to its original balance.

226 **COMMERCIAL LEASE:** The parties agree and acknowledge that this Commercial Lease  
227 is a commercial lease and as such the rights and obligations of the parties are as set forth  
228 herein, and neither the provisions of the Montana Residential Landlord and Tenant Act of  
229 1977 as amended, nor the Residential Tenants Security Deposits Act are applicable to the  
230 parties' rights and obligations as set forth under this Commercial Lease.

232 **USE:** Tenant shall occupy and use the Leased Property for the purposes as described in  
233 the Specific Terms. Tenant shall not use nor permit the Leased Property to be used for  
234 any purpose other than that set forth in the Specific Terms. To the extent that Tenant's  
235 use of the Leased Property causes an increase in the premiums for hazard insurance  
236 maintained by the Landlord on the Leased Property, the Tenant shall pay for such  
237 increased cost. Tenant further covenants and agrees to observe and comply promptly and  
238 completely with all statutes, ordinances, rules, orders, regulations, and requirements of  
239 Federal, State, County and City governments regulating the use by the Tenant of the  
240 Leased Property. The restrictions set forth in this paragraph shall extend to all agents and  
241 employees of Tenant. Further, Tenant shall not use or occupy the Leased Property in any  
242 manner which interferes with or disturbs the lawful use and occupancy of the adjacent  
243 premises or tenants.

245 **MAINTENANCE:** In the Specific Terms, where it refers to Exterior Maintenance, it  
246 specifically includes maintenance of the exterior walls of the building in which the Leased  
247 Property is located, its roof, foundation and sidewalks, but does not include repair and  
248 maintenance to glass, maintenance of parking areas and snow removal, which are  
249 separately addressed. In the Specific Terms, where it refers to Interior Maintenance, it  
250 specifically includes maintenance of interior walls, ceilings, and flooring of the Leased  
251 Property, plumbing, and electrical systems serving the Leased Property, fixtures located  
252 in the Leased Property, but does not include repair and maintenance to glass,  
253 maintenance of parking areas and snow removal, which are separately addressed.  
254 Regardless of which party is required to maintain a specific item, if damage occurs to such  
255 item so as to ordinarily require repair or maintenance by one party, but such damage is  
256 caused by the negligence or fault of the other party, the other party shall repair the same  
257 in a good, satisfactory and workmanlike manner at his sole expense.

259 **ANIMALS / PETS:** Unless otherwise provided herein, no animals will be brought on the  
260 Leased Property by Tenant or guest at any time other than guide dogs assisting a  
261 handicapped person.

263 **RULES AND REGULATIONS:** Landlord may adopt such reasonable written rules and  
264 regulations as it deems appropriate for the use and occupancy of the Leased Property.  
265 Landlord shall provide copies of such rules and regulations to the Tenant upon entry into  
266 this Commercial Lease and shall further provide the Tenant with copies of any  
267 amendments to such rules and regulations. Tenant shall comply with all reasonable written  
268 rules and regulations adopted by the Landlord.  
270 **ORDINANCES AND STATUTES:** Tenant shall comply with all applicable statutes,  
271 ordinances, and requirements of all municipal, county, state, and federal authorities and  
272 with any applicable private restrictive covenants regarding the use of the Leased Property.  
274 **HAZARDOUS MATERIALS:** Tenant shall not cause or permit any Hazardous Substance  
275 to be used, stored, generated or disposed of on or in the Leased Property by Tenant,  
276 Tenant's agents, employees, contractors or invitees, other than such materials typically  
277 used, stored, generated or disposed of in the normal course of operation of a business or  
278 operation as described in the "use" paragraphs of this Commercial Lease, provided such  
279 use, storage, generation and disposal is in compliance with all applicable federal, state and  
280 local statutes, laws, regulations and ordinances. If Hazardous Substances are used,  
281 stored, generated or disposed of on or in the Leased Property except as permitted above,  
282 or if the Leased Property becomes contaminated at any time after the possession date in  
283 any manner for which Tenant is legally liable, Tenant shall indemnify and hold harmless  
284 the Landlord from any and all claims, damages, fines, judgments, penalties, costs,  
285 liabilities or losses (including, without limitation, a decrease in value of the Leased  
286 Property, damages due to loss or restriction of rentable or usable space, or any damages  
287 due to adverse impact on marketing of the space, and any and all sums paid for settlement  
288 of claims, attorneys' fees, consultant and expert fees) arising during or after the term of this  
289 Commercial Lease and arising as a result of such contamination by Tenant. This  
290 indemnification includes, without limitation, any and all costs incurred due to any  
291 investigation of the site or any cleanup, removal or restoration mandated by a federal, state  
292 or local agency or political subdivision. Without limitation of the foregoing, if Tenant causes  
293 or permits the presence of any hazardous substance on the Leased Property and such  
294 results in contamination, Tenant shall promptly, at Tenant's sole expense, take any and  
295 all necessary action to return the Leased Property to the condition existing prior to the  
296 presence of any such hazardous substance on the Leased Property. Tenant shall first  
297 obtain Landlord's approval for any such remedial action. As used herein, "Hazardous  
298 Substance" means any substance which is toxic, ignitable, reactive, or corrosive, and which  
299 is regulated by any local government, the State of Montana, or the United States  
300 Government. "Hazardous Substance" includes any and all materials or substances which  
301 are defined as "hazardous waste," "extremely hazardous waste," or "hazardous  
302 substance," pursuant to state, federal or local governmental law. "Hazardous Substance"  
303 includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCBs") and petroleum.  
305 **PARKING:** Tenant is entitled to the number of parking spaces for the cost, as indicated in




306 the Specific Terms. The cost of parking, if any, shall be considered a part of and paid  
307 along with the Monthly Rent. Such parking shall be used for parking of licensed, operating  
308 motor vehicles only. No parking is permitted for trailers, boats, campers, buses or trucks  
309 larger than one-ton. Landlord may assign parking spaces, and upon doing so the Tenant,  
310 Tenant's employees, guests and invitee's shall limit their parking to such assigned spaces.  
311 Vehicles leaking fluids shall not be parked in the parking spaces and no mechanical work  
312 (other than emergency repairs) or storage of unlicensed or inoperable vehicles is  
313 permitted.  
314 **ASSIGNMENT AND SUBLETTING:** Tenant will not assign their interest in this  
315 Commercial Lease or sublet any portion of the Leased Property without prior written  
316 consent of the Landlord. If Tenant is a corporation, partnership, limited liability company  
317 or some other business or legal entity, Tenant shall not change in the ownership of the  
318 Tenant so as to add or remove one or more of Tenant's owners as of the date of this  
319 Commercial Lease, without the prior written consent of Landlord.  
320 **ALTERATIONS:** Tenant acknowledges that no representations as to the condition or  
321 repair of the Leased Property, nor as to Landlord's intentions with respect to any  
322 improvements, alteration, decoration or repair of the Leased Property, have been made  
323 to Tenant, unless provided in this Commercial Lease. Tenant shall not make any  
324 alterations on or additions to the Leased Property nor make any contract therefor without  
325 prior written consent of the Landlord. Further, Tenant will not place or cause to be placed  
326 or maintained on any interior or exterior door, wall or window of the Leased Property any  
327 sign, awning, canopy, advertising matter or other thing of any kind, and will not place or  
328 maintain any decoration, lettering or advertising matter on the glass, window or door of the  
329 Leased Property without prior written consent of the Landlord. All alterations, additions,  
330 and improvements made by Tenant to or upon the Leased Property (except signs, cases,  
331 counters, or trade fixtures which shall remain the property of Tenant and be removed by  
332 Tenant upon termination of this Lease) shall at once, when made or installed, be deemed  
333 to have attached to the Leased Property and to have become the property of the Landlord.  
334 However, if prior to termination of this Lease, Landlord so directs, by written notice to  
335 Tenant, Tenant shall, prior to termination, remove all such alterations, additions and  
336 improvements which were placed in the Leased Property by the Tenant and which became  
337 the property of the Landlord pursuant to this provision and which are designated in said  
338 notice; and further, Tenant shall repair any damage occasioned by such removal, and in  
339 default thereof, Landlord may effect said removals and repairs at Tenant's expense.  
340 **INSPECTIONS:** Except in emergencies, Landlord shall give Tenant a twenty-four (24)  
341 hour notice of intent to enter the Leased Property at a reasonable time for the purpose  
342 including but not limited to, inspections, to make repairs or alterations, to supply services  
343 or exhibit the Leased Property to potential tenants, purchasers, mortgagees, owners or  
344 workmen. Tenant shall not deny Landlord or Landlord's inspectors access to the Leased  
345 Property. Nor shall Tenant cause the Leased Property to be re-keyed without the prior  
346 written consent of the Landlord and without providing Landlord copies of any new keys.  
347 **LIABILITY INSURANCE:** Landlord shall not be liable to Tenant, nor insure Tenant, for any  
348  
349  
350  
351



352 personal injury or property damage caused by the act or omission of any other Tenant or  
353 third party, or by any criminal act or activity, war, riot, insurrection, fire or act of God.  
354 Further, Tenant shall hold Landlord free and harmless from all claims, damages, suits, or  
355 causes of action resulting from injuries to persons or property and arising in connection  
356 with Tenant's operations on the Leased Property or common areas adjacent thereto.  
357 Tenant shall carry, maintain and deposit proof with the Landlord of public liability insurance  
358 in such form and with such companies as shall be satisfactory to Landlord, insuring  
359 Landlord as his/her interest may appear against liability in the minimum amount as stated  
360 in the Specific Terms of this Commercial Lease.  
362 **HAZARD INSURANCE:** Landlord will obtain and maintain insurance on the structure  
363 housing the Leased Property for purposes of hazards, fire or other casualty in such  
364 amounts, with such insurers as Landlord deems appropriate. In the event the Specific  
365 Terms call for the Tenant to pay for such hazard insurance (other than as part of the CAM),  
366 the Tenant shall pay to the Landlord the amount of the hazard insurance premium on or  
367 before 15 days before it is due. The hazard insurance to be obtained by the Landlord does  
368 not provide any protection to Tenant either for interruption of business, loss of the  
369 structure, or loss of any tenant improvements, trade fixtures, merchandise or other  
370 personal property. To the extent that Tenant wishes to be protected from loss due to  
371 interruption of business, loss of the structure, or loss of any tenant improvements, trade  
372 fixtures, merchandise or other personal property, Tenant shall obtain and maintain at  
373 Tenant's sole expense such additional insurance coverage as Tenant may desire.  
375 **ABSENCES:** Tenant shall notify Landlord of any anticipated absence of greater than  
376 seven (7) days or such absence will be considered abandonment of the Leased Property  
377 and Landlord may reenter and re-rent the Leased Property.  
379 **DEFAULT:** Tenant agrees that each of the terms of this Commercial Lease and of the  
380 Landlord's Rules and Regulations, if any, constitutes an independent condition of Tenant's  
381 right to possession of the Leased Property. If the rent or monies payable by Tenant to  
382 Landlord due under the terms of this Commercial Lease, or any part thereof, shall remain  
383 unpaid for the period of time as set out in the Specific Terms after written notice is given  
384 by Landlord to Tenant, or if any other term, condition or covenant of this Commercial Lease  
385 to be kept or performed by the Tenant (other than the payment of rent or monies) shall be  
386 violated or neglected and shall remain so for the period of time as set out in the Specific  
387 Terms after written notice thereof to the Tenant by Landlord, then the Tenant does hereby  
388 authorize and fully empower the Landlord to re-enter and take possession of the Leased  
389 Property immediately without any previous notice of intention to re-enter and remove all  
390 persons and their property therefrom and to use such force and assistance in effecting and  
391 perfecting such removal as the Landlord may deem advisable to recover at once full and  
392 exclusive possession of all of the Leased Property, whether the Leased Property be in  
393 possession of the Tenant or of third persons, or whether the Leased Property be vacant.  
394 The Landlord may, however, at his option, at any time after such default or violation of  
395 condition or covenant, re-enter and take possession of the Leased Property without such  
396 re-entering working a forfeiture of the rents to be paid and the covenants to be kept and  
397 performed by such Tenant for the full term of this Lease. In such case, the Landlord may

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399 re-let the Leased Property for Tenant's account and may make such repairs, alterations  
400 and additions in or to the Leased Property as Tenant was obligated to make but had failed  
401 to make during Tenant's occupancy, and Tenant shall, upon demand, pay the cost thereof  
402 together with Landlord's expense of the re-letting. If the consideration collected by  
403 Landlord upon any such re-letting for Tenant's account is not sufficient to pay monthly the  
404 full amount of the rent reserved in this Commercial Lease together with costs of such  
405 repairs, alterations, and additions permitted under this paragraph and Landlord's expenses,  
406 Tenant shall pay to the Landlord the amount of each monthly deficiency on demand, and  
407 if the consideration so collected from such re-letting is more than sufficient to pay the full  
408 amount of the rent reserved herein, Landlord may retain the same and Landlord, at the end  
409 of the stated term of the Lease, shall account for the surplus to Tenant.  
411 **ABANDONED PERSONAL PROPERTY:** Upon termination of tenancy, if the Tenant fails  
412 to remove personal property from the Leased Property, Landlord agrees to give Tenant  
413 fifteen (15) days notice, at Tenant's last known address, of the date Landlord intends to  
414 dispose of said property either by sale or destruction, if property is not removed by Tenant.  
416 **VACATING PRIOR TO TERMINATION:** Tenant's obligations under the terms of this  
417 Commercial Lease shall not cease upon surrender of Leased Property. Such obligations  
418 shall continue until this Commercial Lease expires.  
420 **TERMINATION OF TENANCY:** Upon termination of tenancy, Tenant shall return Leased  
421 Property to Landlord in as good condition and repair as when received, ordinary wear  
422 and tear excepted, and free of all Tenant's personal property, Tenant's fixtures, trash and  
423 debris.

425 **KEYS:** Tenant is responsible for the cost of re-keying, if all keys are not returned upon  
426 vacating. Tenant acknowledges that locks may not have been changed prior to taking  
427 occupancy. Tenant has the option of requesting that the Landlord re-key the Leased  
428 Property at Tenant expense.  
430 **DAMAGE/DESTRUCTION:** In the event the Leased Property shall be damaged by any  
431 casualty, Landlord shall repair such damage and put the Leased Property in good condition  
432 as soon as reasonably possible. Tenant shall be entitled to an equitable abatement of the  
433 Monthly Rent during the reconstruction period. Notwithstanding any other provisions of this  
434 paragraph to the contrary, if more than 75% of the value of the Leased Property is at any  
435 time destroyed or the Leased Property is condemned, then Landlord may at his election  
436 and upon notice to Tenant within 30 days after such damage, terminate this Commercial  
437 Lease as of the date of such damage.  
439 **HOLDOVER:** Should the Landlord permit the Tenant to holdover the Leased Property or  
440 any part thereof after the expiration of the term of this Commercial Lease, unless renewed  
441 as provided for herein, then, and unless otherwise agreed in writing, such holding over  
442 shall constitute a tenancy from month-to-month only and shall in no event be construed as  
443 a renewal of this Commercial Lease and all provisions of this Commercial Lease, not  
444 inconsistent with a tenancy from month-to-month, shall remain in full force and effect.

445 During the month-to-month tenancy, Tenant agrees to give to Landlord thirty (30) days  
446 prior written notice of Tenant's intent to vacate. Tenant agrees to vacate upon thirty (30)  
447 days written notice from the Landlord.  
449 **ESTOPPEL:** Tenant shall execute and return to Landlord any estoppel certificates  
450 delivered to Tenant by Landlord or Landlord's agent, within 3 days after its receipt. The  
451 estoppel certificate shall acknowledge that this Commercial Lease is unmodified and in  
452 full force, or in full force as modified, and state the modifications. Failure to comply with  
453 this requirement: (i) shall be deemed Tenant's acknowledgment that the tenancy statement  
454 is true and correct, and may be relied upon by a prospective lender or purchaser; and (ii)  
455 may be treated by Landlord as a material breach of this Commercial Lease. Tenant shall  
456 also prepare, execute, and deliver to Landlord any financial statement (which will be held  
457 in confidence) reasonably requested by a prospective lender or buyer.  
459 **LANDLORD'S TRANSFER:** Tenant agrees that the transferee of Landlord's interest in the  
460 Leased Property shall be substituted as Landlord under this Commercial Lease. Landlord  
461 will be released of any further obligation to Tenant regarding any deposits transferred to  
462 the transferee. For all other obligations under this Commercial Lease, Landlord is released  
463 of any further liability to Tenant, upon Landlord's transfer.  
465 **SUBORDINATION:** This Commercial Lease shall be subordinate to all existing liens and  
466 at Landlord's option, the lien of any first deed of trust or first mortgage subsequently placed  
467 upon the real property of which the Premises are a part, and to any advances made on the  
468 security of the Premises, and to all renewals, modifications, consolidations, replacements,  
469 and extensions. However, as to the lien of any deed of trust or mortgage entered into after  
470 execution of this Commercial Lease, Tenant's right to quiet possession of the Leased  
471 Property shall not be disturbed if Tenant is not in default and so long as Tenant pays the  
472 Rent and observes and performs all of the provisions of this Commercial Lease, unless the  
473 Commercial Lease is otherwise terminated pursuant to its terms. If any mortgagee,  
474 trustee, or ground Landlord elects to have this Commercial Lease placed in a security  
475 position prior to the lien of a mortgage, deed of trust, or ground lease, and gives written  
476 notice to Tenant, this Commercial Lease shall be deemed prior to that mortgage, deed of  
477 trust, or ground lease, or the date of recording.  
479 **COMMON AREA MAINTENANCE (CAM):** If so indicated in the Specific Terms, Tenant  
480 agrees to pay a proportionate share of the Landlord's estimated monthly common area  
481 maintenance costs (CAM), including but not limited to costs for maintenance of common  
482 areas, utility and service costs, janitorial costs, snow removal, insurance, real estate taxes,  
483 and any other cost or expense related to maintenance or operation of the common areas.  
484 Tenant's share of the CAM shall equal the percentage as stated in the Specific Terms.  
485 The Tenant's share of the CAM shall be paid at the same time and with the Monthly Rent  
486 otherwise due from the Tenant. On an annual basis the Landlord shall reconcile the actual  
487 cost of the CAM for the preceding year, and to extent the CAM paid by the Tenant  
488 exceeded the actual cost of the CAM the Tenant's CAM for the following twelve months  
489 shall be reduced, and to the extent the CAM paid by the Tenant was less than the actual  
490 cost of the CAM, the Tenant's CAM for the following twelve months shall be increased to  
491 adjust for the discrepancy.

492 **DISCLAIMER:** The parties agree that the real estate licensees identified in the Specific  
493 Terms do not guarantee the condition or permitted uses of the Leased Property, the ability  
494 of either party to perform under the terms of this Commercial Lease, nor any  
495 representations made by either party or any third party. The parties are further aware that  
496 the real estate licensees identified in the Specific Terms have not conducted an expert  
497 inspection or analysis of the Leased Property or its condition and make no representations  
498 to the Tenant as to its condition, do not assure that the Leased Property will be satisfactory  
499 to the Tenant in all respects, that all equipment will operate properly or that the Property  
500 and/m improvements or intended uses comply with current building and zoning codes.  
501 These real estate licensees ARE NOT building inspectors, building contractors, structural  
502 engineers, electricians, plumbers, sanitarians, septic or cesspool experts, well drillers or  
503 well experts, land surveyors, civil engineers, flood plain or water drainage experts, roofing  
504 contractors or roofing experts, accountants, attorneys, or title examiners, or experts in  
505 identifying hazardous waste and/or toxic materials.  
507 **WAIVER OF DEFAULT:** Landlord's failure to require strict compliance with the conditions  
509 of this Commercial Lease or to exercise any right provided for herein, shall not be deemed  
510 a waiver of such default, nor limit Landlord's rights with respect to that, or any subsequent  
511 default.  
513 **SEVERABILITY:** If a part of this Commercial Lease is invalid, all valid parts that are  
514 severable from the invalid part shall remain in effect. If part of this Commercial Lease is  
515 invalid in one or more of its applications, the part remains in effect in all valid applications  
516 that are severable from the invalid applications.  
518 **NOTICES:** Unless otherwise provided, any notice required to give pursuant to the terms  
519 of this Commercial Lease, may be given personally or by mailing the same, postage  
520 prepaid, certified to the party to receive the notice at the address stated in the Specific  
521 Terms of this Commercial Lease or at such other places as may be designated in writing  
522 by the parties from time to time. Notice will be deemed effective three (3) days after  
523 mailing or upon personal delivery.  
524  
525 **TIME:** Time is of the essence to the terms of this Commercial Lease.  
526  
527 **ATTORNEY'S FEES:** In any action brought by the Tenant or Landlord to enforce any of  
528 the terms of this Commercial Lease, the prevailing party in such action shall be entitled to  
529 such reasonable attorney fees and costs as the court or arbitrator shall determine just.  
530  
531 **ENTIRE AGREEMENT:** The foregoing, Specific Terms and General Terms constitute the  
532 entire agreement between the parties and supersedes any oral or written representation  
533 or agreements that may have been made by either party. Further, Tenant has relied  
534 solely on their own judgment, experience and expertise in entering into this Commercial  
535 Lease.

**ADDENDUM TO COMMERCIAL LEASE  
BETWEEN CRUISER LANE, LLC  
AND  
BACTERIN INTERNATIONAL HOLDINGS, INC.  
DATED 02/14/2012**

**SPECIFIC TERMS.** The portion of the Lease entitled "Specific Terms" is hereby amended as follows:

1. The section entitled "Leased Properly" is hereby revised to provide that the Leased Property is depicted on Exhibit A, attached hereto and made a part hereof.
2. Tenant hereby acknowledges and agrees:
  - (a) Tenant is familiar with the premises. Tenant's taking of possession of the premises shall be conclusive evidence that the premises were in fair but serviceable condition, are in all respects satisfactory and acceptable to Tenant, and are in the condition in which Landlord represented the premises to be.
  - (b) Tenant will keep the premises in a clean and sanitary condition during the term of this Lease. Landlord shall have no obligation to make any alterations or improvements of any kind in or about the premises other than as set forth in this Lease. Tenant shall repair or replace promptly all damages to the premises due to acts of Tenant, its agents, employees, invitees, or subtenants, reasonable wear and tear excepted.
  - (c) Tenant also shall not cause any waste to be committed in or about the premises; Tenant will keep the premises free and clear of any and all refuse and debris; and Tenant agrees to observe all rules and regulations of the County of Gallatin and State of Montana in any way relating to maintenance, use and occupancy of the premises.
  - (d) Tenant agrees, with respect to all alterations or improvements to the premises or any part thereof, which Tenant undertakes with written consent of Landlord, that Tenant shall in all instances save Landlord and the premises forever harmless and free from all damages, loss and liability of every kind and character which may be claimed, asserted or charged, including liability to adjacent owners or tenants, based upon the acts or negligence of Tenant or its agents, contractors or employees, for any negligence, or for the failure of any of them to observe and comply with the requirements of the law, including the regulations and the authorities in the City of Belgrade, and Tenant will preserve and hold Landlord and the premises free and clear from all liens or encumbrances for labor and materials furnished. Any and all alterations, additions, and improvements made by Tenant to or upon the premises (with the exception of furnishings, equipment, removable trade fixtures, and HVAC units and ductwork installed in the warehouse portions of the premises installed by Tenant) shall, upon installation, be deemed attached and part of the premises, provided however, that if prior to termination of this Lease, or within fifteen (15) days thereafter, Landlord so directs by written notice to Tenant, promptly following said termination of this Lease, Tenant shall remove such of the said additions, improvements, fixtures, and installations placed upon the demised premises by Tenant as shall be designated in said notice from Landlord, and Tenant shall repair any damages occasioned by such removal. Further, in this regard, Tenant hereby agrees that it will, during the continuance of this Lease, keep the premises and interior of the premises in good condition and repair, reasonable wear and tear excepted.

(e) Tenant agrees that Landlord shall not be liable for any damage or injury to persons or property or for the loss of property sustained by Tenant or by any other person or persons on the premises due to any act of negligence of Tenant.

3. The section entitled "Use of Leased Property" is hereby amended in its entirety to read as follows:

The Leased Property may be used and occupied by Tenant for office or general light industrial purposes, or for any other purpose permitted under applicable laws and ordinances, and for no other purpose without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

4. Utilities, Taxes Etc.

(a) Tenant shall pay for all telephone, water/sewer, electricity, natural gas, fire system monitoring, security systems, and janitorial services used in the operation of the premises. Tenant agrees to pay for replacement of light bulbs. Tenant shall pay for all real property taxes and assessments levied and assessed against the premises and for snow removal and lawn maintenance. Tenant shall maintain the landscaping (to include sprinkler system) and parking area consistent with the professional maintenance level of the landscaping and parking. Tenant shall pay at its own expense, all repairs, maintenance, and alterations of Tenant installed fixtures or improvements and utilities.

(b) Additionally, Tenant covenants and agrees to pay promptly when due all personal property and other taxes, the nonpayment of which might give rise to a lien on the Leased Premises or Tenant's interest therein, and to furnish, if requested by Landlord, evidence of such payments.

5. Term. The Section entitled "Rent" is hereby deleted in its entirety and replaced by the following text:

The Term of the within Lease shall be for a period of seven (7) years from Lease execution and delivery to all parties.

6. Rent. The section entitled "Rent" is hereby revised to clarify that all costs and expenses of Tenant's occupancy, including but not limited to common area maintenance, taxes and insurance costs, are not included in the monthly rent. However it is the obligation of the Tenant to pay for such costs and expenses as set forth in paragraph 4 of this addendum.

The following rental rates shall apply for the initial term:

|        | Annual<br>Increase | Annual Lease  | Monthly Lease |
|--------|--------------------|---------------|---------------|
| Year 1 |                    | \$ 113,400.00 | \$ 9,450.00   |
| Year 2 | 0.00%              | \$ 113,400.00 | \$ 9,450.00   |
| Year 3 | 0.00%              | \$ 113,400.00 | \$ 9,450.00   |
| Year 4 | 0.00%              | \$ 113,400.00 | \$ 9,450.00   |
| Year 5 | 5.00%              | \$ 119,070.00 | \$ 9,922.50   |
| Year 6 | 5.00%              | \$ 125,023.50 | \$ 10,418.63  |
| Year 7 | 5.00%              | \$ 131,274.68 | \$ 10,939.56  |

Provided, however, that notwithstanding the foregoing, Rent shall commence upon Lease Commencement.

The Section entitled "Renewal" is hereby revised to clarify that so long as Tenant is not in default, Tenant is granted an option to renew this lease for two five (5) year periods (the "Renewal Term"); provided, however, that the rental rate for the Renewal Term(s) shall be renegotiated prior to renewal.

**GENERAL TERMS.** The portion of the Lease entitled "General Terms" is hereby amended as follows:

7. The section entitled "Cost of Living Increases" is hereby deleted in its entirety, Refer to paragraph 6 above for annual rent increases.
8. The section entitled "Assignment and Subletting" is hereby amended to delete the first sentence of the section (lines 315 -317) and to replace same with the following:

Tenant may sublet a portion of the Leased Property to existing tenants and to new tenants from time to time. Landlord shall have the right to approve any new tenants, but such approval shall not be unreasonably withheld. Tenant: shall be entitled to receive all rents and other monies paid or payable to Landlord by such existing or new tenants during the term of this Commercial Lease.

9. The section entitled "Hazard Insurance" is hereby amended to delete the first two sentences of the section (lines 362-367) and to replace same with the following text:

Tenant shall maintain in the Landlord's name with respect to the building and the property on which it is located at all times during the term of this Lease: (i) standard all-risk property insurance, covering the building and the building systems in amounts equal to the full replacement cost of the building at the time in question; (ii) commercial general liability insurance (including contractual liability) with minimum limits of \$2,000,000.00 for bodily or personal injury, and property damage for any one occurrence; and (iii) such other insurance coverage as then customarily carried by landlords of comparable buildings in the vicinity of the property. All insurance required to be obtained and maintained by Landlord pursuant to this section shall be with well-rated insurance companies qualified to do business in the State of Montana.

10. The section entitled "Subordination" is hereby amended to add the following text at the end of the section:

Notwithstanding anything in this section to the contrary, this Lease shall not be subordinate to any future mortgages, security interests, ground leases, deeds of trust or other such instruments unless Landlord delivers to Tenant from any future mortgagee, trustee, fee owner, prime landlord or any person having an interest in the Leased Property superior to this Lease a written subordination and non-disturbance agreement in recordable form providing that so long as Tenant performs all of the terms of this Lease, Tenant's rights under this Lease shall not be disturbed and shall remain in full force and effect for the term, and Tenant shall not be joined by the holder of any mortgage or deed of trust in any action or proceeding to foreclose thereunder. Landlord also agrees that it shall use best efforts to obtain and deliver a subordination and non-disturbance agreement as described above from any present mortgagee, trustee, fee owner, prime landlord or any person having an interest in the Leased Property superior to this Lease.



11. The section entitled "Waiver of Default" is hereby amended in its entirety to read as follows:

The failure of Landlord or Tenant to require strict compliance with the conditions of this Commercial Lease or to exercise any right provided for herein shall not be deemed a waiver of such default, nor limit the rights of Landlord or Tenant with respect to that, or any subsequent, default.

12. The section entitled "Notices" is hereby amended in its entirety to read as follows:

Any notice, request, demand, consent, approval, or other communication required or permitted under this lease must be in writing and will be deemed to have been given one day after mailing via reputable overnight delivery service or three days after being deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to the party for whom it is intended at its business address as set forth in the Notice section appearing in the Specific Terms Section of this Lease, or at such other address as Tenant may from time to time designate in writing to Landlord.

13. The section entitled "Entire Agreement" shall be deleted and replaced in its entirety with the following:

This Commercial Lease constitutes the entire agreement between the parties and supersedes that certain Commercial Lease dated 5/20/2011 by and between the parties, as well as any oral or written representation or agreement that may have been made by either party. Further, Tenant has relied solely on its own judgment, experience and expertise in entering into this Commercial Lease.

14. The Lease is hereby amended to add the following additional provisions:

- (a) Tenant will have access to the existing telecommunications system in the building, if any, and shall have the right to select its own telecommunications vendor. Tenant at its expense shall have the right to make such installations as are necessary for the operation of its intended use.
- (b) For avoidance of doubt, the parties specifically agree that the existing Right of First Refusal between the parties to this Commercial Lease concerning the Leased Property shall continue and remain in full force and effect for so long as Tenant is a lease of the Leased Property.
- (c) To the extent that any conflict exists between the terms and conditions of the Commercial Lease printed form and the terms and conditions of this Addendum, the terms and conditions of this Addendum shall control.

AGREED:

LANDLORD:

Cruiser Lane, LLC

By: /s/ Ronald R. Pierzina

Name: Ronald R. Pierzina

Title: Mgr Partner

TENANT:

Bacterin International Holdings, Inc.

By: /s/ Guy S. Cook

Name: Guy S. Cook

Title: CEO