OPERATING AGREEMENT

OF

COGNITION, LLC

a Colorado limited liability company

March 19th, 2018

OPERATING AGREEMENT

OF

COGNITION, LLC
a Colorado limited liability company

THIS OPERATING AGREEMENT (this "Agreement") is entered into effective as of March 19th, 2018 ("Effective Date") by and among the Members executing this Agreement, COGNITION, LLC, a Colorado limited liability company (the "Company"), and any other Persons who shall in the future become bound by the terms hereof.

ARTICLE I
DEFINITIONS

In addition to other terms specifically defined in this Agreement, the following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the Colorado Limited Liability Company Act at C.R.S. § 7-80- 101, *et seq.*, as amended.

"Additional Member" has the meaning set forth in Section 8.2(b).

"Additional Units" has the meaning set forth in Section 8.2(a).

"Affiliate" with respect to any Person, means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person; (ii) any officer, director, manager, general partner or employee of such Person; (iii) any Person who is an officer, director, manager or general partner of any Person described in clause (i) of this definition; and (iv) in the case of an individual, such individual's spouse, lineal descendants and ascendants, brothers and sisters by blood or adoption, and any trust for any such Person's benefit.

"Agreement" has the definition set forth in the introduction.

"Board of Managers" has the meaning set forth in Section 5.1(a).

"Capital Account," as of any given date, means a separate account established and maintained for each Member which shall be

increased by (A) the amount of money and the fair market value of any property contributed by such Member to the Company (determined by the Board of Managers as of the date of contribution) pursuant to the provisions of this Agreement (net of any liabilities secured by such property that the Company is considered to assume or hold such property for purposes of Code Section 752), (B) such Member's share of Net Profits (or items thereof), if any, allocated to its Capital Account pursuant to this Agreement; and (C) any other amounts required by Treasury Regulations Section 1.704-1(b), provided, in each such case, however, that the Board of Managers determines that such increase is consistent with the economic arrangement among the Members as expressed in this Agreement, and

decreased by (X) the amount of money and the fair market value of any property distributed to such Member by the Company (determined by the Managers as of the date of

distribution) pursuant to the provisions of this Agreement (net of any liabilities secured by such property that such Member is considered to assume or hold such property subject to for purposes of Code Section 752), (Y) such Member's share of Net Losses (or items thereof) allocated to its Capital Account pursuant to this Agreement and (Z) any other amounts required by Treasury Regulations Section 1.704-1(b), provided, in each such case, however, that the Board of Managers determines that such decrease is consistent with the economic arrangement among the Members as expressed in this Agreement.

"Capital Contribution" means any contribution to the capital of the Company in cash or Property by a Member whenever made.

"Class A Holder" means a Member holding Class A Units.

"Class A Percentage" with respect to each Class A Holder, means a ratio, as of the subject date of determination, expressed as a percentage, with the numerator being the total number of Class A Units held by such Class A Holder outstanding and the denominator being the total number of Class A Units then outstanding.

"Class A Units" means Units having those rights, privileges, preferences and limitations specified in Section 8.1.

"Class B Holder" means a Member holding Class B Units.

"Class B Units" means Units having those rights, privileges, preferences and limitations specified in Section 8.1.

"Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

"Company" has the definition set forth in the introduction.

"Covered Person" means a Member, Officer, Manager; any Affiliate of a Member, Officer or Manager; any officer, director, member, partner, manager, shareholder, employee, agent or representative of a Member or Manager or their respective Affiliates; and any employee of the Company or its Affiliates.

"Distributable Cash" means all cash, revenues and funds received by the Company from Company operations (including any proceeds from the financing, refinancing, sale, exchange or disposition of Property), less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments then due on indebtedness of the Company; (ii) all cash expenditures incurred incident to the operation of the Company's business, whether or not in the ordinary course of the Company's business; (iii) cash Reserves; and (iv) such amounts as may be required to satisfy conditions imposed by lenders or other creditors.

"Economic Interest" means a Member's share (as a result of such Person's ownership of one or more of the outstanding Units) of the Net Profits and Net Losses, capital, and distributions of the Company's assets pursuant to this Agreement and the Act, but shall not include any right to participate in the management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members.

"Fair Market Value of the Units" means the amount determined pursuant to Section 6.6.

"Fiscal Year" means the Company's annual period used for financial statements and tax reporting purposes, which shall be the calendar year.

"Incapacity" means, as to any Manager, the death or adjudication of incompetence or insanity of such Manager. The resignation of a Manager shall not affect the Manager's or any of the Manager's Affiliate's rights, if any, as a Member and shall not constitute a withdrawal of a Member.

"Initial Capital Contribution" means the initial capital contribution of a Member made to the Company pursuant to Section 9.1, as identified across from such Member's name on Exhibit A attached hereto.

"Majority Vote" means the affirmative vote or consent of Members holding more than fifty percent (50%) of all of the Class A Units.

"Manager" means each Person listed in Section 5.2 and any other Person that succeeds any such Person in that capacity.

"Marijuana Authority" means the State of Colorado Marijuana Enforcement Division.

"Marijuana Laws" means the Sections 14 and 16 of Article XVIII of the Colorado Constitution, Colorado Medical Marijuana Code (CRS § 12-43.3-101, et seq.), Colorado Retail Marijuana Code (C.R.S. § 12-43.4-101 et seq.), Colorado Medical Rules (1CCR212-1), Colorado Retail Rules (1CCR212-2), and all other state and local rules, regulations, and ordinances applicable to the Company as a licensed marijuana business establishment.

"Member" means each of the parties who executes a counterpart of this Agreement as a Member and each of the parties who may hereafter become an Additional Member or Substitute Member as provided herein. A Member shall have the rights of a "member" as set forth in the Act.

"Membership Interest" means a Member's share (as a result of such Person's ownership of one or more outstanding Units) of the Company's Net Profits and Net Losses, capital and distributions of the Company's assets pursuant to this Agreement and, subject to any provisions to the contrary in this Agreement, the right to participate in the management or affairs of the Company and the right to vote on, consent to or otherwise participate in any decision of the Members.

"Net Losses" means, for each Fiscal Year, the losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting selected by the Board of Managers, and as reported, separately or in the aggregate, as appropriate, on the Company's information tax return filed for federal income tax purposes, plus any expenditures described in Code § 705(a)(2)(B).

"Net Profits" means, for each Fiscal Year, the income and gains of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting selected by the Board of Managers, and as reported, separately or in the aggregate, as appropriate, on the Company's information tax return filed for federal income tax purposes, plus any income described in Code § 705(a)(1)(B).

"Officer" means any Person appointed as an officer of the Company by the Board of Managers pursuant to Section 5.7.

"Percentage Interest(s)" means a fraction expressed as a percentage, the numerator of which is the number of Units owned of record by the Member and the denominator of which is the total number of Units issued and outstanding at the time of the calculation.

"Person" means any individual, general partnership, limited liability partnership, limited partnership, limited liability limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or any other similar unincorporated or incorporated business association, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

"Property" means all real, personal and/or intangible property, including, without limitation all technologies, inventions, trade secrets and other intellectual property owned or subsequently acquired by the Company and all rights associated therewith.

"Qualified Appraiser" means an independent, reputable and duly licensed business appraiser having at least five (5) years of experience appraising companies in the United States and at least one (1) year of experience appraising marijuana businesses in Colorado.

"Reserves" means, with respect to any Fiscal Year, funds set aside or amounts allocated during such period to reserves in an amount of not less than Sixty Thousand Dollars ($60,000.00).

"Substitute Member" has the meaning set forth in Section 11.5.

"Transfer" means, with respect to any Unit, property, asset or other right or interest, (a) when used as a verb, to sell, assign, transfer, exchange, distribute, devise, gift, grant a lien on, encumber or otherwise dispose of such Unit, property, asset or other right or interest, in whole or in part, directly or indirectly, or (b) when used as a noun, the sale, assignment, transfer, exchange, distribution, devise, gift, granting of a lien, encumbrance or other disposition of such Unit, property, asset or other right or interest, in whole or in part, in either case whether pursuant to a sale, merger, combination, consolidation, reclassification or otherwise, and whether voluntarily or by operation of law.

"Treasury Regulations" ("Treas. Reg.") means the proposed, temporary and final regulations promulgated under the Code, and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

"Unanimous Vote" means the affirmative vote or consent of Members holding all of the Class A Units.

"Unit(s)" represent a Member's measurement of its Membership Interest and/or Economic Interest in the Company, which are divided into separate classes of Units with such rights as set forth in Section 8.1. All Units issued by the Company shall be uncertificated unless otherwise determined by the Board of Managers.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. Effective August 27, 2018, the Company was organized as a Colorado limited liability company under and pursuant to the Act.

2.2 Name. The name of the Company is COGNITION, LLC.

2.3 Principal Place of Business. The principal place of business of the Company shall be2. The Company may locate its places of business and registered office at any other place or places as the Board of Managers may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's registered office shall be at the office of its registered agent, located at. The name of its registered agent at such address shall be John Handcock, unless otherwise determined by the Board of Managers.

ARTICLE III
BUSINESS OF COMPANY

3.1 Business. The business of the Company shall be:

(a) ; and

(b) To engage in any lawful activity permitted under the Act.

ARTICLE IV
NAMES AND ADDRESSES OF MEMBERS

4.1 Names and Addresses. The names and addresses of the Members, together with the Members' ownership of Units, shall be maintained in the books and records of the Company and shall be updated by the Board of Managers from time to time without the consent of the Members to reflect Additional Members, Substitute Members and ownership Transfers and changes.

ARTICLE V
RIGHTS AND DUTIES OF THE MANAGERS

5.1 Management of Company by Managers.

(a) Exclusive Management by Managers. Subject to the provisions of this Agreement (including, without limitation, the limitations on the authority of the Managers), the business, Property and affairs of Company shall be managed, and all powers of the Company shall be exercised, by or under the direction of the Managers acting as part of a Board of Managers (the "Board of Managers"). Except as otherwise set forth herein, all decisions of the Board of Managers shall be made by the majority vote of the Board of Managers (or unanimous vote if the full Board of Managers is comprised only of one or two Managers).

(b) Agency Authority of Managers. Each Manager acting individually as a single Manager shall have authority to endorse checks, drafts and other evidences of indebtedness made payable to the order of Company or to sign checks, drafts and other instruments obligating the Company to pay money, or sign agreements or other documents

except as otherwise set forth herein. Subject to the provisions of Section 5.8, the Board of Managers may from time to time delegate any power of the Board of Managers to a single Officer pursuant to Section 5.7; provided, that any delegated powers will nevertheless remain subject to any Member approval required by the Act or by this Agreement.

5.2 Managers: Number, Term, Qualifications, Voting. The Board of Managers shall be comprised of not less than one (1) and not more than three (3) managers, each a Manager.[1] There shall initially be one (1) Manager; John Handcock**]**. The size of the Board of Managers may be changed by a Unanimous Vote. Each Manager shall hold office for a term commencing on the date of designation and expiring upon the earlier of (a) the date on which such Manager is removed; or (b) the date on which such Manager resigns. A Manager may be an individual or an entity but need not be a Member, provided, that all Managers shall be bound by the terms of this Agreement.

5.3 Resignation. Any Manager may resign at any time by giving written notice to the Members and the remaining Managers, if any, without prejudice to the rights of the Company or any Affiliate of the resigning Manager under any contract to which the Manager or any such Affiliate is a party. The resignation of any Manager shall take effect upon receipt of that notice by Company or at such later time as shall be specified in the notice; and, unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. A Manager who has an Incapacity shall be deemed to have resigned and such form of resignation shall not require the other Manager's resignation or approval.

5.4 Removal. A Manager may be removed as a Manager at any time, with or without cause, by a vote of not less than two-thirds (66%) of the Class A Units.

5.5 Vacancies. Any vacancy occurring on the Board of Managers as a result of the resignation or removal of a Manager shall be filled promptly by the vote of not less than two-thirds (66%) of the Class A Units.

5.6 Meetings of the Board of Managers.

(a) The Board of Managers shall meet not less than monthly. All meetings shall be held upon at least[2] hours' notice delivered personally, by email, telephone or facsimile; provided, to the extent a standing weekly, bi-weekly, monthly, quarterly or annual meeting of the Board of Managers is calendared and agreed by the Board of Managers, such meetings shall constitute meetings of the Board of Managers duly held without the need for separate notice for each such meeting, and, without limiting the foregoing, notice of a meeting need not be given to any Manager who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof (if any), whether before or after the meeting, or who attends and participates in the meeting for any other purpose than to protest the lack of notice to such Manager. A notice need not specify the purpose of any meeting except as required by law. Managers collectively holding a majority of the votes present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment shall be given prior to the time of the adjourned meeting to the Managers who are not present at the time of the adjournment. Meetings of the Managers may be held at any place

[1] NTD – rather than create a threshold where the Company transitions from Member Managed to a Board, we have created a board that is expandable. Further, in Colorado, when filing the Articles of Organization, each entity must declare whether it is manager managed or managed by a Board of Managers. Should the Company switch from member managed to being managed by a Board of Managers, it may need to amend its Articles of Organization.
[2] NTD – recommend more notice than 24 hours. Please confirm whether this is acceptable.

within or without the State of Colorado that has been designated in the notice of the meeting or at such place as may be approved by the Board of Managers. Managers may participate in a meeting through the use of telephone, conference telephone or similar communications equipment, so long as all Managers participating in such meeting are able to hear one another. Participation in a meeting in such manner constitutes presence in person at such meeting. A Manager entitled to vote at any meeting of the Board of Managers may authorize another Person in writing (which may consist of an email in which any other Manager is copied and confirmation of receipt is received), including another Manager, to act in his or her place by proxy if the Manager has a reasonable basis for not being available to vote himself.

(b) Except as otherwise provided herein, the presence of all Managers shall constitute a quorum of the Managers for the transaction of business. Every act or decision done or made with the approval of Managers collectively holding all of the votes present at a meeting duly held and in which a quorum is present shall be deemed to be the act of the Board of Managers within the meaning of this Agreement. Any action required or permitted to be taken by the Board of Managers may be taken by the Managers without a meeting, if such action is approved in writing by the number of Managers required to take such action. A proposed written consent shall be provided to all Managers not less than two (2) business days prior to the date of the proposed action, provided, however, this notice requirement may be waived by the Managers and shall be deemed waived if all Managers consent to such action. Any action taken without a meeting shall be effective when the required minimum number of votes has been received. Such action by written consent shall have the same force and effect as a determination of the Managers at a meeting. A Manager or an Officer shall notify all Managers of all actions taken by such consents, and all such consents shall be maintained in the books and records of Company.

5.7 Officers.

(a) Appointment of Officers. The Board of Managers may from time to time appoint individuals to act on behalf of Company as officers of Company to conduct the day-to-day management and operation of the Company with such general or specific authority as the Board of Managers may specify and are permitted or authorized in this Agreement. An Officer need not be a Member.

(b) Signing Authority of Officers. Subject to any restrictions imposed by the Board of Managers and this Agreement, any Officer, acting alone, is authorized to endorse checks, drafts and other evidences of indebtedness made payable to the order of Company.

(c) Removal. An Officer may be removed at any time, by a majority vote of the Board of Managers for: (i) cause; or (ii) failure to satisfy, in whole or in part, the obligations of the Officer.

(d) Resignation, and Filling of Vacancy of Officers. Beginning on the two (2) year anniversary of the Effective Date, any Officer may resign at any time by giving written notice to the Board of Managers; provided, however, that such resigning Officer must nominate a replacement Officer that is acceptable to the Board of Managers, in its sole discretion. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation or removal is without prejudice to the rights, if any, of the parties under any contract to which the Officer is

a party. A vacancy in any office because of death or resignation shall be filled, if at all, by the Board of Managers as set forth in Section 5.7(a).

5.8 Limitations on Authority. Notwithstanding the following, the Members by a Majority Vote may adopt a budget and/or a business plan in which event the expenditures and actions described in the budget or business plan shall not require a further Majority Vote. In addition to any other approval required under this Agreement, it shall require a [**Unanimous Vote**][3] to:

(a) incur indebtedness, trade debt, or financing in excess of [**$50,000**] in any calendar month outside the ordinary course of business

(b) approve any capital expenditure, capital addition or capital improvement in excess of [**$50,000**] in any calendar month;

(c) sell assets, the value of which exceed [**$50,000**] at any one time, or the aggregate value of which exceeds **[$150,000**] within a [**six (6)**] month period;

(d) create material liens, mortgages, encumbrances, or other charges of any kind on any asset of the Company or guarantees of payment by or of performance of the obligations of any third party;

(e) approve the annual operating budget and annual capital expenditure budget of the Company;

(f) conduct a Capital Call;

(g) issue Additional Units pursuant to Section 8.2;

(h) make distribution (or alternatively, withholding) of cash to Members in excess of any required distributions;

(i) amend the organizational documents of the Company, including but not limited to this Agreement;

(j) issue additional interests in the Company;

(k) approve any agreement or material transaction or loan between the Company and either a Member or any of its affiliates;

(l) adopt or change any major policy or business plan of the Company relating to operations, manufacture of products, sale of products, or change in product lines;

(m) initiate or settle litigation; or

(n) dissolve, liquidate, merge, consolidate, or approve any other business combination, or sale of substantially all of the assets of the Company.

5.9 Remuneration and Reimbursement of Officers and Managers. The Officers and Managers of the Company shall be entitled to reimbursement of reasonable out-of pocket business expenses all as determined by the Board of Managers or as set forth in an employment agreement with

such Officer or Manager or another agreement of Company with the Person entitled to such reimbursement.

5.10 Devotion of Time; Other Activities of Managers and Officers.[4] The Managers shall not be required to manage the Company as the Managers' sole and exclusive function and the Managers may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Managers or to the income or proceeds derived therefrom.

ARTICLE VI
RIGHTS, OBLIGATIONS AND MEETINGS OF MEMBERS

6.1 Limitation of Liability. Each Member's liability shall be limited as set forth in the Act and other applicable law.

6.2 Priority and Return of Capital. Except as expressly provided herein, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this Section 6.2 shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company with the consent of the Board of Managers.

6.3 Liability of a Member to the Company. A Member who receives any distribution is liable to the Company only to the extent provided by the Act.

6.4 Meetings and Voting of Class A Units Holders.

(a) If any vote or consent of the Class A Holders is required under this Agreement or the Act, then except as otherwise set forth in this Agreement, a Majority Vote will be required.

(b) Meetings of the Class A Holders will occur not less than monthly. All other meetings shall be held upon at least [**ten (10) calendar days' notice by mail or at least forty-eight (48) hours' notice delivered personally, by email, telephone or facsimile**][5]; provided, notice of a meeting need not be given to any Member who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof (if any), whether before or after the meeting, or who attends and participates in the meeting for any purpose other than to protest the lack of notice. A notice need not specify the purpose of any meeting except as required by law. Class A Holders collectively holding a majority of the votes present, whether or not representing a quorum, may adjourn any meeting to another time and place. Notice of any adjournment shall be given prior to the time of the adjourned meeting to the Class A Holders who are not present at the time of the adjournment. Meetings of the Class A Holders may be held at any place within or without the State of Colorado that has been designated in the notice of the meeting or at such place as may be approved by the Board of Managers. Class A Holders may participate in a meeting through the use of telephone, conference telephone or similar communications equipment, so long as all Class A Holders participating in such meeting are able to hear one another. Participation in a meeting in such manner constitutes presence in person at such meeting.

(c) Except as otherwise provided herein, the presence of all Class A Unit Holders entitled to vote (either in person or by proxy) at such meeting of the Class A Unit Holders shall constitute a quorum for the transaction of business.

(d) At all meetings of Class A Holders, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Board of Managers before or at the time of the meeting. No proxy shall be valid after three years from the date of its execution, unless otherwise provided in the proxy.

(e) Action required or permitted to be taken at a meeting of Class A Holders (or class thereof) may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by Class A Holders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of the Class A Holders (or class thereof), and delivered to the Board of Managers for inclusion in the minutes or for filing with the Company records; provided all Class A Holders shall have been given notice of such proposed action. Action taken under this Section 6.5(e) is effective when the Class A Holders (or class thereof) required for such action have signed the consent, unless the consent specifies a different effective date.

6.5 Redemption. The Company shall have the right to redeem any Member ("Redeemed Member") if such Member, or the shareholder(s), member(s), managers, or officer(s) of such Member, as applicable, has: (i) filed a voluntary petition in bankruptcy, been adjudged as bankrupt, or made or attempted to make an assignment for the benefit of creditors which has not been dismissed within one hundred twenty (120) days, (ii) in the opinion of Company's counsel or the Board of Managers, willfully and materially breached this Agreement in a manner that caused material substantial harm to the Company and failed to cure such breach (if such breach is reasonably capable of being cured) within thirty (30) days following written notice thereof, (iii) had any license required by the Marijuana Authority revoked, or (iv) had any license required by the Marijuana Authority expire beyond 90 days without reinstatement (the "Redemption Right"). The Company may exercise its Redemption Right upon the unanimous approval of the Board of Managers (excluding the Redeemed Member) by giving written notice to the Redeemed Member. The Company shall purchase all, and not less than all, of the Redeemed Member's Units for the Fair Market Value (as set forth in Section 6.6) of the Units and upon the payments terms set forth in Section 6.7.

6.6 Fair Market Value. The Fair Market Value of the Units to be Transferred pursuant to Sections 6.5, 11.2, 11.3, and 11.4 of this Agreement shall be determined as follows:

(a) The Company will retain a Qualified Appraiser to determine the fair market value of the Company ("Manager Value");

(b) The Member transferring its interest pursuant to one of Sections 6.6, 11.2, 11.3, and 11.4 (for the purpose of this Section 6.6 only, the "Transferring Member") shall have fifteen (15) business days from the receipt of the Manager Value within which to either accept such amount or reject such amount, in writing. If the Transferring Member either accepts the Manager Value or fails to reject the Manager Value within the fifteen (15) business day time frame, then the Manager Value shall become final and conclusive. If the Transferring Member rejects the Manager Value, then it may retain a Qualified Appraiser to conduct a business appraisal of the Company ("Seller's Appraiser"). The Seller's Appraiser shall prepare and deliver a good faith determination of the fair market value of the Company within fifteen (15) days of the end of said fifteen (15) day period. The Seller's Appraiser's

good faith determination of the fair market value of the Company, as the case may be, shall be deemed the "Seller's Value." If the Seller's Value and the Manager Value are within 10% of each other (measured from the higher value), then the average of the Seller's Value and the Manager's Value shall be the final and conclusive fair market value of the Company.

(c) If the Seller's Value and the Manager Value are not within 10% as aforesaid, then the two appraisers shall select one Qualified Appraiser ("Final Appraiser"). The Final Appraiser shall conduct its own valuation and appraisal of the Company, but will not prepare a formal report of its findings. Within fifteen (15) days of designation, the Final Appraiser, based on its review and evaluation of the Company, shall choose either the Seller's Value, the Manager Value, or the average of the Seller's Value and the Manager Value as the fair market value of the Company and may not select any other number.

(d) The Fair Market Value of the Units to be redeemed shall be determined by treating the Company as if it had been sold for its fair market value (as determined by subparagraphs (a)-(c) above) and the proceeds distributed in accordance with the provisions of this Agreement. The proceeds which would be distributed to the Transferring Member shall be the Fair Market Value of the Units formerly held by the Transferring Member.

(e) The Company shall provide access to all of the books, records, financial data, prior appraisals and access to management personnel of the Company, as reasonably requested by the Seller's Appraiser or the Final Appraiser.

(f) The Company and the Transferring Member shall each be solely responsible for the costs and fees associated with the Qualified Appraiser it selected. The Company and Transferring Member shall split equally the costs and fees associated with the Final Appraiser.

6.7 Terms of Payment. The closing for the Redeemed Member's Units shall take place within fifteen (15) business days of the date the Fair Market Value of the Units is determined ("Closing") and the Company shall pay the Redeemed Member as follows:

(a) The Company shall execute and deliver to the Redeemed Member at Closing the Down Payment Note and the Remainder Note each as described below (both Notes to be made upon commercially reasonable terms and further described below) payable to the Redeemed Member's order in the amounts described below (collectively, the "Notes").

(b) The "Down Payment Note" shall be equal to ten percent (10%) of the purchase price. The Down Payment Note shall provide that half of the principal balance is due three months from Closing and the remainder is due six months from Closing. The Remainder Note (described below) shall be in the amount of the remainder of the purchase price.

(c) The "Remainder Note" shall be for a term of five (5) years. The Remainder Note shall be paid in quarterly consecutive payments of principal and interest. The Notes shall bear interest at a rate of the prime rate as published in the "Money Rates" column of *The Wall Street Journal* on last business day before the Closing from the date of its execution. If the holder of the Notes is approved to hold a financial interest (as determined by Marijuana Authority regulations), then the Notes shall be secured by the assets of the Company to the fullest extent allowed by the Marijuana Authority, and if the holder cannot be so approved, then the Notes shall be personally guaranteed by the remaining Members.

(d) At Closing, the Redeemed Member shall deliver to the Company a duly executed assignment of the purchased Units, together with all instruments necessary to accomplish such Transfer including, but not limited to, powers of attorney or letters testamentary. Except as provided in this Agreement, Transfer of such Units shall be made free and clear of all liens, taxes, debts, claims or other encumbrances whatsoever other than those incurred for a Company purpose and approved by the Board of Managers.

6.8 Grant of Power of Attorney. Each Member hereby acknowledges and reaffirms that, by executing and delivering a signature page to this Agreement, the Board of Managers has been constituted and appointed, with full power of delegation and substitution, the attorney-in-fact for such Member, with full power and authority to act in his, her or its name, place and stead and for his, her or its benefit to execute, acknowledge, swear to, file and record: (i) this Agreement and all amendments hereto; (ii) all other certificates or instruments including any amendments thereto required to be filed by the Company under the Act, the Marijuana Laws, or the provisions of this Agreement; (iii) all certificates, transfer powers, and other instruments necessary to permit the Company to redeem a Member pursuant to Section 6.5 and remove such Member from the Company's marijuana licenses; (iv) all conveyances and other instruments necessary to effect the dissolution and liquidation of the Company; and (v) all other certificates, instruments and documents which the Board of Managers determines in its sole discretion are necessary or desirable to effectuate the provisions of this Agreement and the purposes of the Company. Each Member further acknowledges and reaffirms that such power of attorney is deemed to be coupled with an interest and is irrevocable; may be exercised by signing separately as attorney-in-fact for each Member, or by listing all of the Members executing any instrument with the signature of any Manager designated by the Board of Managers, as attorney-in-fact for it; and will survive the death, Incapacity or dissolution of the Member or the assignment of his, her or its interest in the Company; provided, however, such power of attorney will survive only to the extent necessary to enable the Board of Managers to effect such substitution. Each Member hereby waives any and all defenses, which may be available to contest, negate or disaffirm the action of the Board of Managers taken in good faith under such power of attorney.

ARTICLE VII
LIABILITY, EXCULPATION; INDEMNIFICATION AND OUTSIDE BUSINESS ACTIVITY

7.1 Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person.

7.2 Exculpation.

(a) No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted to be performed by such Covered Person in good faith on behalf of the Company, in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by or in accordance with the provisions of this Agreement or the Act, and in a manner reasonably believed to be in or not opposed to the best interests of the Company, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's fraud, deceit, gross negligence, willful or wanton misconduct or, as to a Manager, a breach of such Manager's fiduciary duty.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Net Profits, or Net Losses or any other facts pertinent to the business and affairs of the Company, including without limitation, the existence and amount of assets from which distributions to Members might properly be paid.

7.3 Fiduciary Duty.

(a) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting in accordance with the provisions of this Agreement shall not be liable to the Company or to any other Covered Person for his good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to govern and shall supersede such other duties and liabilities of such Covered Person.

(b) Unless otherwise expressly provided herein, (a) whenever a conflict of interest exists or arises between Covered Persons, or (b) whenever this Agreement or any other agreement contemplated herein or therein provides that a Covered Person shall act in a manner that is, or provides terms that are, fair and reasonable to the Company or any Member, the Covered Person shall resolve such conflict of interest, taking such action or providing such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Covered Person, the resolution, action or term so made, taken or provided by the Covered Person shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Covered Person at law, in equity or otherwise, including without limitation, a breach of fiduciary duty.

7.4 Indemnification. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold harmless a Covered Person for any loss, damage or claim (including legal fees) incurred by such Covered Person by reason of any act or omission performed or omitted to be performed by such Covered Person in good faith on behalf of the Company, in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by or in accordance with the provisions of this Agreement or the Act, and in a manner reasonably believed to be in or not opposed to the best interests of the Company; and provided that his conduct has not been found by a non-appealable court judgment, order, decree or decision to constitute fraud, deceit, gross negligence, willful or wanton misconduct or a breach of his fiduciary obligations to the Members or the Company; provided further, however, that any indemnification under this Section 7.4 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof. The termination of any action, suit or proceeding by judgment, order, or settlement shall not, of itself, create a presumption that any Covered Person did not act in good faith and in a manner which such Covered Person reasonably believed to be in or not opposed to the best interests of the Company and in accordance with such Covered Person's scope of authority in the provisions of this Agreement or the Act.

7.5 Outside Businesses; Conflicts of Interests.

(a) Subject to Section 5.10, the Members or any Affiliate thereof may engage in or possess an interest in other business ventures, independently or with others;

(b) The Company, the Members, Managers, Officers and Affiliates thereof shall have no rights by virtue of this Agreement (or otherwise) in and to such independent ventures or the income or profits derived therefrom and the pursuit of any such venture; and

(c) No Member or Affiliate thereof shall be obligated to present any particular investment or business opportunity to the Company and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment or business opportunity.

ARTICLE VIII
MATTERS RESPECTING CAPITAL

8.1 Capital Structure.

(a) The authorized capital of the Company shall consist of such number, series or classes of Units as may be issued from time to time by the Company as determined by the Board of Managers. Initially, as of the execution of this Agreement there shall be two classes of Units, Class B Units and Class A Units. Class B Units shall be "profits interests" within the meaning defined in Rev. Proc. 93-27, 1993-2 C.B. 343, as clarified by Rev. Proc. 2001-43, 2001-2 C.B. 191. The interests constituting profits interests shall be subject to the terms of this Agreement (and, to the extent applicable, to any terms and conditions of the grant of such profits interests imposed by the Company as may be set forth in such grant). The ownership of Units shall be maintained in the books and records of the Company, which may be modified from time to time by the Board of Managers to reflect the issuance of Additional Units or Transfers of Units.

(b) Each Class A Holder shall be entitled to one vote for each Class A Unit held of record on the Company's books as to all matters that come before the Class A Holders for a vote.

(c) Upon any liquidation, dissolution or winding up of the Company, any of the Company's net assets available for distribution shall be distributed as provided in Section 10.4(a).

(d) Notwithstanding anything to the contrary herein, each Member's initial allocation of Units shall be as listed opposite the name of such Member on Exhibit A attached hereto; provided, however, that the Company shall only allocate such Units to each Class A Holder upon such Class A Holder's payment to the Company of its full Initial Capital Contribution as listed on Exhibit A.

8.2 Additional Units.

(a) Upon a recommendation of the Board of Managers, and approval by a Unanimous Vote, the Company may issue additional units ("Additional Units") to any Person under the terms and conditions as approved by the Class A Holders, including setting the class, rights and preferences of any such Additional Units.

(b) Unless otherwise determined by the Board of Managers or specified in an agreement with the Company, each Person who subscribes for any of the Additional Units shall be admitted as an additional member of the Company ("Additional Member") at the time such Person executes this Agreement or a counterpart of this Agreement in the form of the Operating Agreement Post-Effective Execution Page set forth on and attached hereto as Exhibit B and such Person is approved by the Marijuana Authority as an owner under the applicable Marijuana Authority regulations.

8.3 Allocations to New Members. The Board of Managers may, at the time an Additional Member or Substitute Member is admitted or Units are transferred to an assignee, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to an Additional Member or Substitute Member for that portion of the Company's tax year in which an Additional Member or Substitute Member was admitted or becomes a holder of Units, in accordance with the provisions of Code § 706(d), and the Treasury Regulations promulgated thereunder.

ARTICLE IX
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

9.1 Initial Capital Contributions. Within fifteen (15) business days of the Effective Date, each Class A Holder shall make an Initial Capital Contributions to the Company in the amount as set forth on Exhibit A.[6]

9.2 Additional Capital Contributions.[7]

(a) The Class A Holders recognizes that the Company may require additional funds to pay the costs of conducting its business. Subject to Section 5.8, if the Board of Managers determines that additional capital funds are required to pay such costs, the additional funds shall be called by the Company (the "Capital Call") and shall be contributed by the Class A Holders in proportion to each Class A Holder's applicable Class A Percentage.

(b) In the event a Member is unable or unwilling to make any or all of the proportionate contribution upon a Capital Call pursuant to Section 9.2(a) above (each a "Defaulting Member"), upon notice to such Defaulting Member from the Company of such default and the lapse of thirty (30) days from the date of such notice without the Defaulting Member curing the default, then upon the election of the Defaulting Member, in its sole discretion:

(i) The non-defaulting Class A Holders (or any one of them) may advance to the Company the funds required of the Defaulting Member pursuant to the Capital Call as a personal loan by the non-defaulting Class A Holders to the Defaulting Member. Such loan shall bear interest at a rate equal to **ten percent (10%)** per annum and shall be evidenced by a promissory note in a form reasonably satisfactory to the non-defaulting Class A Holders. In such event, all Distributable Cash or other payments from the Company which would otherwise be distributed to the Defaulting Member shall be distributed first in order to reduce interest and then principal under such loan.

(ii) The non-defaulting Class A Holders may make a contribution in excess of their respective obligations with respect to such Capital Call, in which event the Class A Units of the Defaulting Member shall be reduced to that number which is equal to the number of issued and outstanding Class A Units just prior to the Capital Call multiplied by that portion which the Capital Account balance of the Defaulting Member, including any Capital Call paid by such Defaulting Member, bears to the aggregate of all Capital Account balances, including the Capital Call paid by non-defaulting Class A Holders to the Company solely for purposes of calculating a dilution pursuant to this Section 9.2(b)(ii).

(c) The rights of the non-defaulting Class A Holders in this Section shall be allocated as agreed upon between them, however, absent such agreement, those rights shall be allocated among the non-defaulting Class A Holders pro rata based on their respective ownership of Class A Units.

(d) Notwithstanding the foregoing, if the Board of Managers determines that the Company requires additional funds to pay the costs of conducting its operations, and the Board of Managers determines that it is in the best interest of the Company to solicit such funds as a loan from third party lenders or Members, then, subject to Section 5.8, the Company may borrow such funds without having to first make a Capital Call. The terms and conditions of such loans (including Member loans) shall be negotiated and entered into on behalf of the Company in the reasonable discretion of the Board of Managers.

9.3 Capital Accounts.

(a) There will be established and maintained on the books of the Company a separate Capital Account for each Member.

(b) In the event that Property is subject to Code § 704(c) or is revalued on the books of the Company in accordance with the preceding paragraph pursuant to § 1.704 1(b)(2)(iv)(f) of the Treasury Regulations, the Members' Capital Accounts shall be adjusted in accordance with § 1.704 1(b)(2)(iv)(g) of the Treasury Regulations for allocations to the Members of depreciation, amortization and gain or loss, as computed for book purposes (and not tax purposes) with respect to such Property.

(c) The manner in which Capital Accounts are to be maintained is intended to comply with the requirements of Code § 704(b), and the Treasury Regulations promulgated thereunder. If, in the opinion of the Company's accountants, the manner in which Capital Accounts are to be maintained should be modified in order to comply with Code § 704(b), and the Treasury Regulations promulgated thereunder, then notwithstanding anything to the contrary contained in this Agreement, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members.

(d) No Member or Economic Interest owner shall have any liability to restore all or any portion of a deficit balance in such Member's or Economic Interest owner's Capital Account.

9.4 Withdrawal or Reduction of Members' Capital Contributions; No Interest.

(a) A Class A Holder shall not receive out of Property any part of his Capital Contributions until all liabilities of the Company, except liabilities to Class A Holders on account of their Capital Contributions, have been paid or there remains Property of the Company sufficient to pay them.

(b) No Class A Holder shall be entitled to interest on or return of such Class A Holder's Capital Contribution, except as otherwise specifically provided for herein.

9.5 Loan. Any Member may make a loan to the Company in such amounts, at such times (including in lieu of a Capital Contribution under Section 9.2 above) and on such terms and conditions as may be approved by the Board of Managers. Loans by any Member to the Company shall not be considered as contributions to the capital of the Company.

ARTICLE X
COMPENSATION; ALLOCATIONS AND DISTRIBUTIONS

10.1 Allocations of Profits and Losses. After giving effect to the special allocations set forth in Exhibit C, Net Profits and Net Losses (and, if necessary, individual items of gross income or loss) shall be allocated annually (and at such other times in which it is necessary to allocate Net Profits and Net Losses) to the Members such that the applicable balance of each Member's Capital Account, immediately after giving effect to such allocations, shall equal, as nearly as possible, the amount that would be distributed to such Member if (i) the Company were to sell the Company's assets at book value (except that any asset which was the subject of a disposition in such accounting period shall be treated as if it were sold for cash equal to the sum of the amount received by the Company in any such disposition and the fair market value of any other property received by the Company in such disposition), (ii) all liabilities of the Company were satisfied (limited with respect to each nonrecourse liability to the book values of the assets securing such liability), (iii) the Company were to distribute the proceeds of sale to the Members in accordance with Section 10.4, and (iv) the Company were to dissolve pursuant to Section 10.4. For purposes of this Section 10.1, "book value" shall mean book value as set forth in Treasury Regulation Section 1.703-1(b)(2)(iv). The Board of Managers shall make such other assumptions as it deems necessary or appropriate in its good faith reasonable judgment in order to effectuate the intended beneficial entitlements of the Members.

10.2 Distributions of Distributable Cash.

(a) Except for liquidation distributions which shall be made in accordance with Section 10.4 or as otherwise provided in Section 10.3, distributions of Distributable Cash shall be made monthly and pursuant to Section 5.8. All distributions shall be subject to the provisions of the Act regarding distributions and shall be subject to the retention and establishment of such Reserves, including Reserves with respect to any contingent liabilities of the Company. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member pursuant to this Section 10.2.

(b) Except as otherwise provided in Sections 10.3 and 10.4, all distributions of Distributable Cash shall be made to the Members as follows:

(i) First, 25% to the Class B Holders in accordance with their respective Percentage Interests, and 75% to Class A Holder until Class A Holder has received 100% of his/her/its Capital Contribution; and[8]

(ii) Thereafter, 100% to the Members in accordance with their respective Percentage Interests.

10.3 Distributions to Pay Federal and State Income Taxes.

(a) To the extent funds of the Company may be legally available for distribution by the Company and to the extent Distributable Cash is available, the Board of Managers shall distribute to the Members, on or before 90 days after the close of each Fiscal Year, an amount necessary to pay each Member's federal and state income tax liability for the Company's Net Profits allocated to such Member for the immediately preceding Fiscal Year as determined by the accountants for the Company, less any and all unrecovered losses from prior years. The distribution made pursuant to this Section 10.3 shall be made before the distributions pursuant to Section 10.2(b) and shall be treated as an advancement of the distributions payable under Sections 10.2(b)(ii). For purposes of these computations, each Member shall be presumed to be subject to a combined federal and state income tax rate on his allocable share of the Net Profit for the year equal to the highest combined federal and state income tax rate imposed for individuals residing in Colorado (or such other state as determined by the Board of Managers). At the discretion of the Board of Managers, tax distributions under this Section 10.3(a) may be made on a quarterly basis in order to fund the Members' anticipated quarterly estimated tax obligations.

(b) Notwithstanding the foregoing, the Company will not make any distribution to a Member pursuant to this Section 10.3 with respect to a Fiscal Year in which such Member has received a cash distribution pursuant to Section 10.2 sufficient to pay the tax due on Net Profits allocated to the Member.

10.4 Distributions in Liquidation. Upon liquidation of the Company and subject to Section 12.3, liquidating distributions will be made to the Members as follows:

(a) First, to the Members in accordance with and to the extent of their respective unreturned Capital Contributions; and

(b) Thereafter, to the Members in accordance with their respective Percentage Interests.

10.5 Limitation Upon Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make or declare a distribution to any Member on account of his interest in the Company if such distribution would violate the Act or other applicable law.

10.6 Partnership Representative.

(a) The Company shall cause to be prepared and timely filed all Federal, state and local income tax returns or other returns or statements required by applicable Law. The Company shall claim all deductions and make such elections for federal or state income

tax purposes that the Board of Managers reasonably believe will produce the most favorable tax results for the Members.

(b) The Members hereby appoint John Handcock as the partnership representative, as provided in Code Section 6223(a), as amended by the Budget Act for any one or more of the Company's taxable years (the "Partnership Representative").

(c) By a Majority Vote, the Members shall have the power to name or remove the designated individual under Reg. § 301.6223-1(b)(3)(i) for each of the Company's taxable years. The Partnership Representative is authorized and required to represent the Company (at the Company's expense) in all disputes, controversies, or proceedings with tax authorities, to make any available election with respect to the BBA Rules, to take any action it deems necessary or appropriate to comply with the requirements of the Code and to conduct the Company's affairs with respect to the BBA Rules, and to expend Company funds for professional services and costs associated therewith. The Company shall indemnify and reimburse the Partnership Representative for all losses, claims, liabilities, damages, and expenses, including legal and accounting fees, incurred as a Partnership Representative pursuant to this Agreement, including in connection with any examination or proceeding.

(d) Each Person who holds or has held Units will promptly provide such cooperation and assistance, including executing and filing forms or other statements and providing information about such Person, as is reasonably requested by the Partnership Representative in connection with a Company audit or to enable the Company to satisfy any applicable tax reporting or compliance requirements, to evaluate or make any tax election available to the Company under the BBA Rules, to qualify for an exception from or reduced rate of tax or other benefit, or be relieved of liability for any tax regardless of whether such requirement, tax benefit, or tax liability existed on the date such Person was admitted to the Company. Such information shall include, but not be limited to, if such Person is an entity, providing the Partnership Representative with the type of entity, its federal income tax classification, the names of its direct and indirect owners and, if such direct or indirect owners are entities, with the types of entities and their respective federal income tax classifications.

(e) The Partnership Representative may, in its sole discretion, cause the Company to (A) elect out of the BBA Rules under Code Section 6221(b), (B) push out the final partnership adjustments to Members under Code Section 6226(a), or (C) pay the liability at the Company level.

(f) To the extent the Partnership Representative elects to have the liability paid at the Company level, the Company shall make any payments of imputed underpayment, and penalties and interest thereon, that it may be required to make under the BBA Rules (the "Tax Payment Amount"), and the Tax Payment Amount shall be allocated by the Partnership Representative among the Persons who held Units for the reviewed year in a manner that reflects such Persons' respective interests in the Company for the reviewed year, adjusted by taking into account any attributes or actions taken by such Persons (including without limitation their tax-exempt status) that resulted in a reduction in the imputed underpayment, including but not limited to under Section 6225(c)(3) of the Code and the Regulations and administrative guidance thereunder. In making the allocation of imputed underpayment hereunder, it is the intention of the Members that such allocation be made in the manner that would result in each Person being allocated a share of the imputed underpayment that is, as closely as possible, equal to the tax liability such Person would have with respect to the adjustment giving rise to the imputed underpayment if the BBA Rules were not in effect. For

the avoidance of doubt, if any Person (whether a current or former owner of a Unit) provides information to the Partnership Representative regarding its tax attributes or its amended U.S. federal income tax return for the reviewed year that directly results in a reduction in the imputed underpayment, such Person shall receive credit for such reduction in determining its share, if any, of the Tax Payment Amount.

(g) Each Person holding Units agrees to indemnify and hold harmless the Partnership Representative and the Company from and against any liability with respect to such Person's proportionate share of any Tax Payment Amount imposed at the Company level in connection with a Company-level tax audit of a taxable period during which such Person owned Units, regardless of whether such Person owns Units in the year in which such tax is actually imposed on the Company or becomes payable by the Company as a result of such audit. The Company may offset a Person's share of any such Tax Payment Amount against any distribution from the Company. If not offset against a distribution, the Partnership Representative may deliver a written demand for payment to such Person to pay the Company in immediately available funds the amount that the Partnership Representative determines is needed by the Company to discharge those obligations and to otherwise pay and reimburse, indemnify, and hold the Company harmless with respect to such Person's share of any such Tax Payment Amount. If such a Person fails to timely pay the full amount of the required payment to the Company as directed by the Partnership Representative, such Person shall pay the Company interest at the default rate, on the amount under this Section 10.6(g) that such Person fails to timely pay. Any amount paid by (or any distribution retained from) a Person under this Section 10.6(g) will not be treated as a Capital Contribution or otherwise added to the Person's Capital Account, except to the extent (if at all) the Partnership Representative determines that such characterization or treatment is necessary or appropriate.

(h) The obligations under this Section 10.6 of a Person holding Units will survive the liquidation, termination, or other transfer of all or any portion of the Person's Units and the dissolution, liquidation, winding up, and termination of the Company (which will be deemed to continue in existence for such purpose). The Company, the Partnership Representative and the Members who satisfied their obligations under this Section 10.6 may pursue and enforce all rights and remedies that they may have against a Person who holds or formerly held Units under this Agreement, including instituting a proceeding to collect any payments they or the Company are owed under this Section 10.6, and exercising any other remedies they may have under this Agreement or applicable Law. If the Company has terminated, this section shall be applied as if the Company continued to exist to the extent possible under applicable Law.

10.7 Financial Reports.

(a) Within seventy five (75) days after the end of each calendar quarter, the Company shall cause to be prepared by an independent accountant and delivered to each Member:

(i) financial statements for the quarter then ended, including but not limited to a profit and loss statement and a balance sheet; and

(ii) other pertinent information regarding the Company.

(b) Within seventy five (75) days after the end of each Fiscal Year, there shall be prepared and delivered to each Member all information with respect to the Company necessary for the preparation of the Members' Federal and state income tax returns.

ARTICLE XI
TRANSFERABILITY

11.1 General Restrictions on Transfer.

(a) Other than as provided in Sections 6.5, 11.2, 11.3 and 11.4, no Member shall have the right to Transfer, either directly or indirectly, all or any part of or any interest in its Units. Any Transfer in contravention of this Agreement shall be null and void and the Company shall not be obligated to record such Transfer on its books and records or treat any purported transferee of such Units as a Member for any purpose.

(b) Without limiting subsection (a) above, no Member may Transfer any part of any interest in its Units without first complying with the following:

(i) the Member shall deliver to the Company, upon its request, an opinion of counsel addressed to the Company reasonably acceptable in form and substance to the Company that registration under the Securities Act of 1933, as amended, is not required in connection with such Transfer and that such Transfer is exempt from all applicable state securities laws;

(ii) every Person (including such Person's spouse, if any) or entity (other than the Company) to whom such Units are transferred in compliance with this Article XI shall be required to execute and deliver to the Company a counterpart of this Agreement in the form of the Operating Agreement Post-Effective Execution Page set forth on and attached hereto as Exhibit B; and

(c) every Person who will have a beneficial interest in the Units to be transferred shall have received written approval from the Marijuana Authority to hold a Membership Interest in the Company.

11.2 Right of First Refusal.

(a) Not less than sixty (60) days prior to making any sale or gift of any portion of a Member's Units (the "ROFR Election Period"), such Member desiring to transfer Units (the "Transferring Member") shall deliver a written notice (the "Transfer Notice") to the Company and each non-transferring Member (the "Non-Transferring Members"), as follows:

(i) If the proposed transfer is a sale, the Transfer Notice shall (1) disclose in reasonable detail the proposed terms and conditions of the sale, including, but not limited to, the identity of the proposed transferee, the consideration to be paid and the method of payment for the Units and (2) be accompanied by a written bona fide offer from the proposed transferee.

(ii) If the proposed transfer is a gift, the Transfer Notice shall disclose in reasonable detail the identity of the proposed transferee and the proposed terms and conditions of the gift.

(b) Within fifteen (15) days after the delivery of the Transfer Notice (the "Company's Option Period"), the Company may elect to purchase all or any portion of the Transferring Member's Units specified in the Transfer Notice by delivering a written notice of an election to purchase such Units (an "Election Notice") to all of the Members.

(c) If the Company has not elected to purchase all of the Transferring Member's Units specified in the Transfer Notice within the Company's Option Period, each Class A Holder may then elect to purchase (each such electing Class A Holder, an "Electing Class A Holder") all or any portion of such Units specified in the Transfer Notice which the Company has not elected to purchase by delivering an Election Notice to all of the Members as soon as practical, but in any event prior to the expiration of an additional fifteen (15) day period (the "Class A Holder Option Period", and together with the Company's Option Period, the "Option Period"). If the Electing Class A Holders have in the aggregate (or together with the Company) elected to purchase more than the amount of Units available for purchase, (1) such Units of the Transferring Member shall be allocated first to the Company and then among the Electing Class A Holders pro rata in accordance with a ratio equal to the number of Units held by such Electing Class A Holder over the number of Units held by all Electing Class A Holders and (2) each Class A Holder's Election Notice shall be deemed amended to reflect the change in the amount of Units elected to be purchased.

(d) If the Company and the Class A Holders together have not elected to purchase all of the Transferring Member's Units specified in the Transfer Notice within the Option Period, each Class B Holder may then elect to purchase (each such electing Class B Holder, an "Electing Class B Holder") all or any portion of such Units specified in the Transfer Notice which the Company and the Class A Holder have not elected to purchase by delivering an Election Notice to the Transferring Member as soon as practical, but in any event prior to the expiration of a further fifteen (15) day period. If the Electing Class B Holders have in the aggregate elected to purchase more than the amount of Units available for purchase (following any Election Notice provided by the Company and/or the Electing Class A Holders), (1) such Units of the Transferring Member shall be allocated first to the Company, then to the Electing Class A Holders and finally among the Electing Class B Holders pro rata in accordance with a ratio equal to the number of Units held by such Electing Class B Holder over the number of Units held by all Electing Class B Holders and (2) each Class B Holder's Election Notice shall be deemed amended to reflect the change in the amount of Units elected to be purchased.

(e) Subject to subsection 11.2(f) below, if the Company and/or any Non-Transferring Members (individually, an "Electing Party") in the aggregate elect to purchase all of the Transferring Member's Units specified in the Transfer Notice: (1) each Electing Party shall purchase that portion of the Units covered by such Electing Party's Election Notice at the price, and on the terms specified in the applicable Transfer Notice; however, if the Fair Market Value (as defined in Section 6.6 above) of the Units as of the date of the Transfer Notice relating to such Units is less than the price specified in the Transfer Notice, such Fair Market Value shall be utilized as the price of such Units and the financial terms contained in the Transfer Notice shall be modified to account for any differences between such alternate prices on a pro-rata basis (e.g., adjustment of any down payment specified in the Transfer Notice), and (2) the transfer of the Units shall be consummated as soon as practical after delivery of Election Notices which in the aggregate account for all of the Units specified in the Transfer Notice, but in any event within thirty (30) days after the expiration of the ROFR Election Period.

(f) If upon the expiration of the ROFR Election Period the Electing Parties have not in the aggregate elected to purchase all of the Units which the Transferring Member proposes to sell or gift, the Electing Parties will be deemed to have waived their election rights and the Transferring Member may, subject to Section 11.1(b), sell or gift all (but not less than all) of the Units specified in the Transfer Notice within ninety (90) days after expiration of the ROFR Election Period, on the terms specified in the Transfer Notice. If a sale or gift of all of such Units is not consummated within ninety (90) days after expiration of the ROFR Election Period, such Units shall again be subject to the provisions of this Section 11.2.

11.3 Drag Along. The Board of Managers, upon a unanimous vote, may consent to the sale by the Company of all or substantially all of the assets of the Company or sale of all or substantially all of the Units then issued and outstanding, and upon written demand from the Board of Managers to the Members (provided in the sole discretion of the Board of Managers), all remaining Members will be obligated to vote in favor of the transaction (if a vote is required), and consummate the transaction by selling their Units at a price determined on the basis of the same terms and conditions as negotiated by the Board of Managers.

11.4 Tag Along. If Members representing a majority of the Class A Holders ("Majority Sellers") desires to sell all of their Class A Units to a third Person purchaser ("Control Transfer"), the remaining Class A Unit Holders ("Minority") shall have the right to sell all, but not less than all, of their Class A Units to the third Person purchaser for the same price and on the same terms and conditions as those received by the Majority Sellers. The Minority may exercise their option under this section by written notice to the Majority Sellers within thirty (30) days of notification by the Majority Sellers of the Control Transfer. The Majority Sellers (a) shall not accept any offer from a third Person regarding a Control Transfer that does not comply with the terms of this section, and (b) shall give written notice (the "Control Transfer Notice") to the Minority of their desire to make a Control Transfer at least thirty (30) days prior to the closing of the sale to the third Person purchaser. Such Control Transfer Notice shall contain the terms and conditions of the sale and the identity of the third Person purchaser.

11.5 Substitute Members. If any Transfer of Units is permitted pursuant to this Article XI, the transferee of such Units shall become a Member of the Company (a "Substitute Member") only upon compliance with the requirements of Section 11.1(b).

ARTICLE XII
DISSOLUTION AND TERMINATION

12.1 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) the unanimous vote of the Board of Managers and a Unanimous Vote to dissolve the Company;

(ii) the determination of the Board of Managers to dissolve after the sale or other disposition of all or substantially all of the assets of the Company;

(iii) any consolidation or merger of the Company with or into any Person following which the Company is not the resulting or surviving entity; or

(iv) as otherwise provided in the Act.

(b) As soon as possible following the occurrence of any of the events specified in this Section 12.1 effecting the dissolution of the Company, the appropriate representative of the Company shall execute and file such documents as required by the Act in connection with dissolution of the Company.

12.2 Effect of Filing of Statement of Dissolution. Upon the filing with the Colorado Secretary of State of a certificate of dissolution, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until completion of the dissolution.

12.3 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountant of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Board of Managers shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Board of Managers shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Board of Managers may determine to distribute any assets to the Members in kind).

(ii) Allocate any Net Profit or Net Loss resulting from such sales (and to the extent necessary individual items of income gain, loss and deduction) in accordance with the terms of this Agreement.

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such Reserves as may be reasonably necessary to provide for contingent liabilities of the Company.

(iv) Distribute the remaining assets, either in cash or in kind, as determined by the Board of Managers (with any assets distributed in kind being valued for this purpose at their fair market value as determined below), to the holders of Units in accordance with Section 10.4 hereof. If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by the Board of Managers. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Agreement to reflect such deemed sale.

(c) Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if any Member has a negative Capital Account balance (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be

considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Board of Managers shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

(f) The winding up of the affairs of the Company and the distribution of its assets shall be conducted exclusively by the Board of Managers, who are hereby authorized to take all actions necessary to accomplish such distribution, including without limitation, selling any Company assets the Board of Managers deems necessary or appropriate to sell.

12.4 Return of Contribution Nonrecourse to Other Members. Except as provided by law, upon dissolution, each Class A Holder shall look solely to the assets of the Company for the return of his Capital Contribution. If the Property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the Capital Contribution of each Class A Holder, such Member shall have no recourse against any other Class A Holder.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.1 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed, or, if sent by overnight carrier, registered or certified mail, postage and charges prepaid, addressed to the Board of Managers, the Members, and/or the Company's address as it appears in the Company's records, as appropriate. Except as otherwise provided herein, any such notice shall be deemed to be given on the date personally delivered, the next business day if sent via a national overnight courier, or three business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

13.2 Application of Colorado Law. This Agreement, and the application or interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Colorado, and specifically the Act.

13.3 Amendments. Any amendment to this Agreement shall require approval by a Unanimous Vote.

13.4 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

13.5 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa.

13.6 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

13.7 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

13.8 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights and parties may have by law, statute, ordinance or otherwise.

13.9 Severability. If any provision of this Agreement, or the application thereof to any Person or circumstance, shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

13.10 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

13.11 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

13.12 Counterparts. This Agreement may be executed in counterparts, and by facsimile signature, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

13.13 Confidentiality. Each Member acknowledges that (a) each Member will have access to proprietary information and trade secrets of, and confidential information concerning, the Company and its business; and (b) the agreements and covenants contained in this Section 13.13 are essential to protect the Company's business, goodwill, trade secrets, confidential and proprietary information. Accordingly, each Member agrees as follows:

(a) Each Member recognizes and acknowledges that the trade secrets, intellectual property, proprietary processes, business plans, strategies, and financial data (collectively, the "Confidential Information") of the Company are valuable, special, and unique assets of the Company's business. Each Member shall, and shall cause its managers, officers, partners, employees, agents, advisors or contractors to sign a non-disclosure agreement obligating them to keep secret and confidential all Confidential Information which is (i) not available to the general public or (ii) not generally known outside of the Company through no breach of any agreement of confidentiality. In the event a disclosure of Confidential Information is required by law, interrogatories, requests for information or documents, subpoena, civil investigative demand, or other legal process, the Member making such disclosure shall promptly notify the Company in writing prior to making any such disclosure in order to facilitate the Company seeking a protective order or other appropriate remedy from the proper authority. Each Member agrees to cooperate with the Company in seeking such order or other remedy and, if the Company is not successful in precluding the requesting legal body from requiring the disclosure of the Confidential Information, the

disclosing Member shall furnish only that portion of the Confidential Information which is legally required and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the remaining Confidential Information; provided that, such Member shall be entitled to rely on the advice of counsel. The foregoing shall not preclude a Member from sharing Confidential Information with its own legal counsel and other advisors or with employees of the Company, provided that such parties sign non-disclosure agreements obligating them to keep such information confidential as described above.

(b) The Members hereto agree that their rights under this Section 13.13 are special and unique and that any violation thereof would not be adequately compensated by money damages, and the Company shall have the right to specifically enforce (including injunctive relief where appropriate) the terms of this Section 13.13 as a remedy for any breach or anticipated breach thereof. Any such relief shall be in addition to, and not in lieu of, any appropriate relief in the way of monetary damages. No Member shall be liable for damages as a result of an inadvertent or unintentional release of Confidential Information.

(c) The foregoing provisions of this Section 13.13 shall not be interpreted to preclude or limit the ability of any Member to use the technical know-how, industry knowledge and market information it has previously acquired or acquired during the time of its affiliation with the Company, including policies, practices, and market approaches, once such Member is no longer a Member hereunder.

13.14 Entire Agreement. This Agreement and any Exhibits hereto constitute the sole and only agreement of the parties relating to the matters covered hereby. Any prior or contemporaneous agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force or effect. This Agreement supersedes any and all existing contracts and agreements by the parties with respect to the subject matter covered herein.

13.15 Jurisdiction and Venue. Each party hereto hereby submits to exclusive personal jurisdiction in the State of Colorado for the enforcement of the provisions of this Agreement and irrevocably waives any and all rights to object to such jurisdiction for the purposes of litigation to enforce or interpret any provision of this Agreement. Each party hereto hereby consents to and agrees that any action, suit or proceeding involving or initiated by any party to enforce or interpret this Agreement shall be brought exclusively in a state court located in Denver, Colorado. Each party hereto hereby irrevocably waives any objection which it may have to the laying of the exclusive jurisdiction and venue of any such action, suit or proceeding in any such court and hereby further irrevocably waives any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. EACH MEMBER HEREBY WAIVES ANY RIGHT TO JURY TRIAL OF ANY CLAIM, CROSS-CLAIM OR COUNTERCLAIM RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

****

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first set forth above.

MEMBERS:

EXHIBIT B

COGNITION, LLC

OPERATING AGREEMENT
POST-EFFECTIVE EXECUTION PAGE

By his, her or its signature below, the undersigned hereby consents to and agrees to be bound by the terms and provisions of that certain Amended and Restated Operating Agreement dated effective as of March 19th, 2018 among COGNITION, LLC, a Colorado limited liability company (the "Company"), and its Members (as amended from time to time, the "Operating Agreement"), a copy of which has been obtained by the undersigned from the Company. The Company, by accepting this Post-Effective Execution Page represents and warrants to the undersigned that the Operating Agreement supplied to the undersigned is current, correct and complete. The undersigned hereby acknowledges that the undersigned has received and reviewed the Operating Agreement. The undersigned hereby further acknowledges and agrees that the undersigned shall have all of the rights and obligations under the Operating Agreement as a "Member" as defined and used therein. The undersigned's execution of this Operating Agreement Post-Effective Execution Page constitutes the undersigned's execution of the Operating Agreement, and this Operating Agreement Post-Effective Execution Page shall constitute an executed counterpart to the Operating Agreement.

IN WITNESS WHEREOF, this Operating Agreement Post-Effective Execution Page has been executed by the undersigned as of the ___ day of _____, 20___.

_____
Signature

_____
Name (please print)

Address: _____
_____
_____

EXHIBIT C

SPECIAL ALLOCATIONS

(i) Notwithstanding any provision in this Agreement, if any Member unexpectedly receives any adjustments, allocations, or distributions described in Treas. Reg. Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), which reduce such Member's adjusted Capital Account balance to below zero, gross income will be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the adjusted Deficit Capital Account of such Member as quickly as possible. For purposes of this paragraph i. and paragraph ii. below, a Member's adjusted Capital Account balance will be the same as the Member's Capital Account balance increased by the sum of (1) amount, if any, which the Member is unconditionally obligated to contribute to the Company and (2) the amount, if any, which the Member is deemed to be obligated to contribute to the Company under Treasury Regulations under Code Section 704(b).

(ii) "Minimum gain chargeback," and "partner nonrecourse debt minimum gain chargeback" provisions, as defined in Treasury Regulations under Code Section 704(b), will be incorporated herein by reference and given effect notwithstanding other provisions to the contrary in this Exhibit C. Deductions attributable to partner nonrecourse liabilities (within the meaning of Treas. Reg. Section 1.704-2(i)(2)) will be allocable to the Member or Members who bear the risk of loss with respect to the nonrecourse liability.

(iii) If any Member would be allocated an item of deduction or loss which would reduce its adjusted capital account balance to below zero, the Member will be allocated only the amount of such item which would reduce its adjusted capital account balance to zero, and any remaining amount of such item will be allocated to the other Members.

(iv) Any allocations made pursuant to paragraphs (i), (ii), and (iii) above will be taken into account in determining allocations among the Members in subsequent periods, so that the net amount reflected in each Member's Capital Account will be the same as if such paragraphs were not taken into account. The Managers will have the discretion to administer this Exhibit C. in any reasonable manner which eliminates, to the extent reasonably feasible, any character discrepancy between the amounts allocated under paragraphs (i), (ii), and (iii), and the corresponding amounts allocated under this paragraph (iv).

(v) The following allocations among the Members shall be made for federal and state income tax purposes in accordance with the principles of Code § 704(c):

(1) In accordance with Code § 704(c) and the Treasury Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial fair market value using the traditional method pursuant to the Treasury Regulations promulgated under Code § 704(c), or under such other method pursuant to such Treasury Regulations as the Managers may determine.

(2) Allocations pursuant to this Exhibit C are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Profits, Net Losses, other items, or distributions pursuant to any provision of this Agreement.