

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 000-55323

Mentor Capital, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0395098

(I.R.S. Employer Identification
No.)

511 Fourteenth Street, Suite A-2, A-4, A-6, Ramona, CA 92065

(Address of principal executive offices) (Zip Code)

(760) 788-4700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At May 4, 2018, there were 23,076,676 shares of Mentor Capital, Inc.'s common stock outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements,” as defined in the United States Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “seek,” “look,” “hope,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, as we begin to increase our investments in the cannabis-related industry we may be subject to heightened scrutiny and our portfolio companies may be subject to additional and changing laws, rules, regulations, and statutes. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Registration Statement may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

All references in this Form 10-Q to the “Company,” “Mentor,” “we,” “us,” or “our” are to Mentor Capital, Inc.

MENTOR CAPITAL, INC.

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PART I. FINANCIAL INFORMATION

Financial Statements

Mentor Capital, Inc.

Condensed Consolidated Balance Sheets

	March 31, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,655,082	\$ 834,190
Cash in attorney trust account	-	314,536
Receivable – Bhang Corporation, current	-	1,987,099
Investment in securities, at fair value	238,610	188,635
Deposits on equipment	588,455	-
Accounts receivable, net	440,307	444,798
Investment in accounts receivable, current portion, net of discount	52,796	117,000
Notes receivable, current portion	36,860	35,445
Convertible notes receivable, current portion	44,388	43,628
Net finance leases receivable, current portion	15,725	-
Prepaid expenses and other current assets	51,888	44,112
Employee advances and other receivable	28,540	13,683
	<hr/>	<hr/>
Total current assets	4,152,651	4,023,126
Property and equipment		
Property and equipment	200,747	203,292
Accumulated depreciation and amortization	(161,919)	(162,563)
	<hr/>	<hr/>
Property and equipment, net	38,828	40,729
Other assets		
Investment in account receivable, net of discount and current portion	418,518	456,362
Convertible notes receivable, net of current portion	94,402	98,668
Net finance leases receivable, net of current portion	129,169	-
Notes receivable, net of current portion	938,886	845,576
Contractual interest in legal recovery	600,002	600,002
Deposits	9,575	9,575
Long term investments	107,772	163,714
Goodwill	1,426,182	1,426,182
	<hr/>	<hr/>
Total other assets	3,724,506	3,600,079
Total assets	\$ 7,915,985	\$ 7,663,934

See accompanying Notes to Financial Statements

Mentor Capital, Inc.
Condensed Consolidated Balance Sheets (Continued)

	March 31, 2018 <u>(Unaudited)</u>	December 31, 2017 <u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 58,315	\$ 60,260
Accrued expenses	222,577	224,921
Deferred revenue	16,460	-
Current portion of long term debt	<u>34,790</u>	<u>33,854</u>
Total current liabilities	<u>332,142</u>	<u>319,035</u>
Long-term liabilities		
Accrued salary, retirement and incentive fee - related party	977,578	969,481
Long term debt, net of current portion	<u>20,080</u>	<u>28,805</u>
Total long-term liabilities	<u>997,658</u>	<u>998,286</u>
Total liabilities	<u>1,329,800</u>	<u>1,317,321</u>
Commitments and Contingencies	-	-
Shareholders' equity		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 23,076,676 and 22,814,283 shares issued and outstanding at March 31, 2018 and December 31, 2017	2,308	2,281
Additional paid in capital	12,948,501	12,560,619
Accumulated deficit	(6,180,859)	(6,063,977)
Accumulated other comprehensive income (loss), net of tax	-	34,822
Non-controlling interest	<u>(183,765)</u>	<u>(187,132)</u>
Total shareholders' equity	<u>6,586,185</u>	<u>6,346,613</u>
Total liabilities and shareholders' equity	<u>\$ 7,915,985</u>	<u>\$ 7,663,934</u>

See accompanying Notes to Financial Statements

Mentor Capital, Inc.
Condensed Consolidated Income Statements (Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Revenue		
Service fees	\$ 855,671	\$ 738,144
Lease equipment sales	152,404	-
Finance lease revenue	1,124	-
Consulting revenue	7,000	-
Total revenue	1,016,199	738,144
Cost of sales	670,492	474,248
Gross profit	345,707	263,896
Selling, general and administrative expenses	565,778	648,290
Operating income (loss)	(220,071)	(384,394)
Other income and (expense)		
Interest income	39,067	28,294
Interest expense	(4,128)	(4,050)
Gain (loss) on investments	51,591	(81,566)
Other income (expense)	-	500
Total other income and (expense)	86,530	(56,822)
Income (loss) before provision for income taxes	(133,541)	(441,216)
Provision for income taxes	12,050	7,400
Net income (loss)	(145,591)	(448,616)
Gain (loss) attributable to non-controlling interest	6,113	11,560
Net income (loss) attributable to Mentor Capital	\$ (151,704)	\$ (460,176)
Basic and diluted net income (loss) per common share:		
Basic and diluted	\$ (0.007)	\$ (0.021)
Weighted average number of shares of common stock outstanding:		
Basic and diluted	23,011,078	21,538,779

*The company recorded operating loss and so the diluted EPS will not be calculated for the diluted EPS effect is anti-dilutive.

See accompanying Notes to Financial Statements

Mentor Capital, Inc.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Net loss	\$ (145,591)	\$ (448,616)
Other comprehensive income (loss):		
Reclassification of unrealized gains on investments in equity securities to retained deficit	34,822	-
Comprehensive income	<u>\$ (110,769)</u>	<u>\$ (448,616)</u>

See accompanying Notes to Financial Statements

Mentor Capital, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (145,591)	\$ (448,616)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation and amortization	4,300	3,948
Bad debt expense	26,969	2,899
Amortization of discount on investment in account receivable	(14,952)	(23,601)
Gain on sale of investment in BDH	(53,058)	-
Increase in accrued of investment interest income	(634)	(1,934)
Loss on investment in securities, at fair value	1,466	81,566
Decrease (increase) in operating assets		
Cash in attorney trust account	314,536	-
Accounts receivable - trade	(22,478)	28,040
Prepaid expenses and other current assets	(7,776)	(9,962)
Employee advances	(14,856)	700
Deposits on equipment	(588,455)	-
Increase (decrease) in operating liabilities		
Accounts payable	(1,945)	4,728
Accrued expenses	(2,344)	(3,195)
Deferred revenue	16,460	-
Accrued salary, retirement and benefits - related party	8,097	251,487
	<u>(480,261)</u>	<u>(113,940)</u>
Net cash provided by (used by) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from receivable – Bhang Corporation	1,987,099	-
Purchase of investment securities	(51,441)	(1,049,086)
Proceeds from convertible notes receivable	4,140	-
Cash advanced on notes receivable	(100,000)	(500,000)
Proceeds from notes receivable	5,274	-
Investment in finance leases receivable	(153,197)	-
Payments received on finance leases receivable	8,303	-
Purchases of property and equipment	(2,399)	-
Proceeds from sale of investment in BDH	109,000	-
Proceeds from investment in receivable	117,000	-
	<u>1,923,779</u>	<u>(1,549,086)</u>
Net cash provided by (used by) investing activities		

See accompanying Notes to Financial Statements

Mentor Capital, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited, Continued)

	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES:		
Warrants converted to common stock, net of costs	\$ 387,909	\$ 2,104,748
Payments on long-term debt	(7,789)	(9,865)
Non-controlling interest distribution	(2,746)	(982)
Net cash provided by (used by) financing activities	377,374	2,093,901
Net change in cash	1,820,892	430,875
Beginning cash	834,190	1,311,338
Ending cash	<u>\$ 2,655,082</u>	<u>\$ 1,742,213</u>
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	<u>\$ 3,449</u>	<u>\$ 4,113</u>
Cash paid for income taxes	<u>\$ 4,670</u>	<u>\$ 8,800</u>
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Shareholder assumption of warrant liability resulting in increased liability to shareholder	<u>\$ -</u>	<u>\$ (75,490)</u>
Contractual interest in legal recovery purchased through issuance of 222,223 shares of restricted common stock in a private offerings	<u>\$ -</u>	<u>\$ 500,002</u>
Investment in Green Vision Systems, Corp common stock received from consulting services	<u>\$ -</u>	<u>\$ 50,000</u>

See accompanying Notes to Financial Statements

Note 1 - Nature of operations

Mentor Capital, Inc. (“Mentor” or “the Company”), reincorporated under the laws of the State of Delaware in September 2015. The entity was originally founded as an investment partnership in Silicon Valley, California by the current CEO in 1985 and subsequently incorporated under the laws of the State of California on July 29, 1994. On September 12, 1996, the Company’s offering statement was qualified pursuant to Regulation A of the Securities Act, and the Company began to trade its shares publicly. On August 21, 1998, the Company filed for voluntary reorganization and, on January 11, 2000, the Company emerged from Chapter 11. The Company relocated to San Diego, California and contracted to provide financial assistance and investment into small businesses. On May 22, 2015, a corporation, named Mentor Capital, Inc. (“Mentor Delaware”) was incorporated under the laws of the State of Delaware. A shareholder approved merger between Mentor and Mentor Delaware was approved by the California and Delaware Secretaries of State, and became effective September 24, 2015, thereby establishing Mentor as a Delaware corporation.

Since September 2008, after the name change back to Mentor Capital, Inc., the Company’s common stock has traded publicly under the trading symbol OTCQB: MNTR.

In 2009, the Company began focusing its investing activities in leading edge cancer companies. In 2012, in response to government limitations on reimbursement for certain highly technical and expensive cancer treatments and a resulting business decline in the cancer immunotherapy sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company decided to divest of its cancer assets and focus future investments in the cannabis and medical marijuana sector.

Mentor has a 51% interest in Waste Consolidators, Inc. (“WCI”). WCI was incorporated in Colorado in 1999 and operates in Arizona and Texas. It is a legacy investment which was acquired prior to the Company’s current focus on the cannabis sector and is included in the condensed consolidated financial statements presented.

On February 28, 2014, the Company entered into an agreement to purchase 60% of the outstanding shares of Bhang Corporation, formerly known as Bhang Chocolate Company, Inc. (collectively referred to as “Bhang”), which was ultimately rescinded. Following arbitration, on December 29, 2016, Mentor obtained a judgment against Bhang in the United States District Court for the Northern District of California. The judgment was comprised of \$1,500,000 invested by Mentor into Bhang plus pre-judgment interest in the amount of \$421,535. The judgment accrued post-judgment interest at the rate of 10% from December 29, 2016 through November 20, 2017, when the parties agreed to stipulated payment terms. The receivable from Bhang at December 31, 2017 includes \$1,500,000 of principal plus accrued interest of \$540,521 and reimbursed costs of \$5,147, less \$58,569 interest due to two Bhang shareholders for shares of Mentor Common Stock which were returned to the Company in January 2018 per the stipulated agreement. The judgment was paid in full in January 2018, see Notes 5.

On April 18, 2016, the Company formed Mentor IP, LLC (“MCIP”), a South Dakota limited liability company and wholly owned subsidiary of Mentor. MCIP was formed to invest in intellectual property and specifically to hold the investment in patent interests obtained on April 4, 2016 when Mentor Capital, Inc. entered into an agreement with R. Larson and Larson Capital (“Larson”) to seek and secure the benefits of mutual effort directed toward the capture of license fees from domestic and foreign THC and CBD cannabis vape patents. See Note 21.

On April 13, 2017 Mentor entered into an agreement to provide \$40,000 of funding to offset costs of the application of cannabis oil in a glaucoma study conducted by and otherwise paid for by Dr. Robert M. Mandelkorn, MD. Mentor, doing business as GlauCanna, will hold an 80% interest in any commercial opportunities that result from the study. Dr. Mandelkorn will hold the remaining 20%.

On June 30, 2017, the Company converted its original \$100,000 convertible promissory note to Electrum Capital Partners, LLC (“Electrum”) plus accrued and unpaid interest of \$7,772 into an equity interest in Electrum, at a conversion price of \$19 per interest, for 5,672 membership interests, representing approximately 4.51% interest in Electrum at December 31, 2017. The investment in Electrum is reported in the consolidated balance sheets as a minority investment at cost of \$107,772 at March 31, 2018 and December 31, 2017, see Note 14.

Note 1 - Nature of operations (continued)

On April 28, 2017 the Company invested a second \$100,000 in Electrum (Note II) as a convertible note with interest at 10% compounded monthly, with monthly payments of principal and interest of \$2,290 beginning June 12, 2017 and maturing May 12, 2022 or until the Company requests that the principal and unpaid interest be converted into an equity investment in Electrum, based upon a fixed equity conversion rate of \$164 per interest. The outstanding balance on Note II at March 31, 2018 and December 31, 2017 was \$86,591 and \$94,806, respectively, see Note 8.

On September 19, 2017, the Company formed Mentor Partner I, LLC ("Partner I"), a California limited liability company as a wholly owned subsidiary of Mentor for the purpose of cannabis-focused investing. For the period of inception to December 31, 2017 there were no operations. In January and February 2018, Mentor contributed \$800,000 of capital to Partner I to facilitate the purchase of manufacturing equipment to be leased from Partner I by G FarmaLabs Limited ("G Farma") under a Master Equipment Lease Agreement dated January 16, 2018.

On February 1, 2018, the Company formed Mentor Partner II, LLC ("Partner II"), a California limited liability company as a wholly owned subsidiary of Mentor for the purpose of cannabis-focused investing. On February 8, 2018, Mentor contributed \$400,000 to Partner II to facilitate the purchase of manufacturing equipment to be leased from Partner II by Pueblo West Organics, LLC ("Pueblo West") under a Master Equipment Lease Agreement dated February 11, 2018.

Condensed consolidated financial statements

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The results of operations for the periods ended March 31, 2018 and 2017 are not necessarily indicative of the operating results for the full years.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying condensed consolidated financial statements and related notes include the activity of majority owned subsidiaries of 51% or more. The condensed consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All material intercompany balances and transactions have been eliminated in consolidation.

Recent Accounting Standards

From time to time, the FASB or other standards setting bodies issue new accounting pronouncements. Updates to the FASB ASCs are communicated through issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our consolidated financial statements upon adoption.

Financial Instruments - As of January 1, 2018, we adopted ASU No. 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities" (ASU 2016-01), which requires us to prospectively record changes in the fair value of our equity investments, except for those accounted for under the equity method, in net income instead of in accumulated other comprehensive income. As of January 1, 2018, we recognized a decrease of \$34,822 in retained deficit for the cumulative effect of the adoption of ASU 2016-01, with an offset to accumulated other comprehensive income (AOCI).

Revenue Recognition – As of January 1, 2018, we adopted ASU No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09). Under the new guidance, an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Leasing revenue recognition is specifically excluded and therefore the new standard is only applicable to service fee and consulting revenue. A five-step model has been introduced for an entity to apply when recognizing revenue. The new guidance also includes enhanced disclosure requirements. The guidance was effective January 1, 2018 and was applied on a modified retrospective basis. The adoption did not have an impact on our financial statements.

Note 2 - Summary of significant accounting policies (continued)

Recent Accounting Standards (continued)

Lease Accounting - In February 2016, the FASB issued ASU No. 2016-2, "Leases" (ASU 2016-02) which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new guidance also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The new guidance will be effective for us at the beginning of fiscal year 2019. Early adoption is permitted. We are in the process of evaluating the impact the adoption of this guidance will have on our consolidated financial statements and related disclosures.

We also adopted the following standards during 2018, none of which had a material impact on our financial statements or financial statement disclosures

Standard		Effective date
2017-08	Nonrefundable Fees and Other costs – Premium Amortization on Purchased Callable Debt Securities	January 1, 2018
2016-18	Statement of Cash Flows – Restricted Cash	January 1, 2018
2016-16	Income Taxes – Intra Entity Transfers of Assets Other Than Inventory	January 1, 2018
2016-15	Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments	January 1, 2018

Segment reporting

The Company has determined that there are two reportable segments: 1) the cannabis and medical marijuana segment, including leasing activities relating to manufacturing equipment, and 2) the Company's legacy investment in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their facility related operating costs.

Use of estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates, assumptions, and judgements that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amount of revenues and expenses during the reporting period.

Significant estimates relied upon in preparing these consolidated financial statements include revenue recognition, accounts and notes receivable reserves, expected future cash flows used to evaluate the recoverability of long-lived assets, estimated fair values of long-lived assets used to record impairment charges related to goodwill, amortization periods, accrued expenses, and recoverability of the Company's net deferred tax assets and any related valuation allowance.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if past experience or other assumptions do not turn out to be substantially accurate.

Concentrations of cash

The Company maintains its cash and cash equivalents in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts nor does the Company believe it is exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company had no short-term debt securities as of March 31, 2018 and December 31, 2017.

Note 2 - Summary of significant accounting policies (continued)

Cash in attorney trust account

The Company had \$0 and \$314,536 in two attorney trust accounts at March 31, 2018 and December 31, 2017, respectively. The balances could be withdrawn at the option of the Company and did not bear interest.

Accounts receivable

Accounts receivable consist of trade accounts arising in the normal course of business and are classified as current assets and carried at original invoice amounts less an estimate for doubtful receivables based on a review of outstanding balances on a monthly basis. The estimate of allowance for doubtful accounts is based on the Company's bad debt experience, market conditions, and aging of accounts receivable, among other factors. If the financial condition of the Company's customers deteriorates resulting in the customer's inability to pay the Company's receivables as they come due, additional allowances for doubtful accounts will be required. At March 31, 2018 and December 31, 2017, the Company has recorded an allowance for doubtful accounts in the amount of \$22,584 and \$73,105, respectively.

Investments in securities, at fair value

Investment in securities consist of debt and equity securities reported at fair value. The Company adopted ASU 2016-1 effective January 1, 2018 which requires that any change in fair value is reported in net income. The adoption of the guidance resulted in the recognition of \$34,822 of net after-tax unrealized gains on equity investments as a cumulative effect adjustment that decreased our retained deficit as of January 1, 2018 and decreased AOCI by the same amount. The Company elected to report changes in the fair value of equity investment in realized investment gains (losses), net.

The Company's investments in entities where it is a minority owner and does not have the ability to exercise significant influence are recorded at fair value if readily determinable. If the fair market value is not readily determinable, the investment is recorded under the cost-method. Under this method, the Company's share of the earnings or losses of such investee company is not included in the Company's financial statements. The Company reviews the carrying value of its long term investments for impairment each reporting period.

Convertible notes receivable

The Company has a convertible note receivable from Electrum Partners, LLC ("Electrum") under an Addendum to Convertible Note and Purchase Option Agreement ("Addendum") dated April 28, 2017. Under the Addendum, the Company invested \$100,000 in Electrum by purchase of a second promissory note in principal face amount of \$100,000 ("Note II") from Electrum, with interest at 10% per annum compounded monthly. Note II requires monthly principal and interest payments of \$2,290 to the Company from June 12, 2017, until fully repaid on May 12, 2022 or until the Company requests that the residual principal and unpaid interest be converted into an equity investment in Electrum, based upon a fixed equity conversion rate of \$164 per interest. The note is collateralized by cannabis equity securities owned by Electrum.

The Company has two convertible notes receivable from NeuCourt, Inc. that are recorded at the aggregate principal face amount of \$50,000 plus accrued interest of \$2,199 and \$1,565 at March 31, 2018 and December 31, 2017, respectively. The notes bear 5% interest with one \$25,000 principal face amount note maturing on November 8, 2018 and a second \$25,000 principal face amount note maturing on October 25, 2019. No payments are required prior to maturity. Principal and unpaid interest may be converted into a blend of shares of a to-be-created series of Preferred Stock, and Common Stock, of NeuCourt (defined as "Conversion Shares") (i) on closing of a future financing round of at least \$750,000, (ii) on the election of NeuCourt on maturity of the Note, or (iii) an election of Mentor following NeuCourt's election to prepay the Note. The Conversion Price for the Note is the lower of (i) 75% of the price paid in the Next Equity Financing, or the price obtained by dividing a \$3,000,000 valuation cap by the fully diluted number of shares. The number of Conversion Shares issued on conversion shall be the quotient obtained by dividing the outstanding principal and unpaid accrued interest on a Note to be converted on the date of conversion by the Conversion Price (the "Total Number of Shares"), The Total Number of Shares shall consist of Preferred Stock and Common Stock as follows: (i) That number of shares of Preferred Stock

Note 2 - Summary of significant accounting policies (continued)

Convertible notes receivable (continued)

obtained by dividing (a) the principal amount of each Note and all accrued and unpaid interest thereunder by (b) the price per share paid by other purchasers of Preferred Stock in the Next Equity Financing (such number of shares, the "Number of Preferred Stock") and (ii) that number of shares of Common Stock equal to the Total Number of Shares minus the Number of Preferred Stock. Using the valuation cap of \$3,000,000, the Notes would convert into 242,666 Conversion Shares at March 31, 2013 and December 31, 2017. In the event of a Corporate Transaction prior to repayment or conversion of the Note, the Company shall receive back two times its investment, plus all accrued unpaid interest. NeuCourt is a Delaware corporation that is developing a technology that is expected to be useful in the cannabis space.

Investment in account receivable, net of discount

On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in account receivable with installment payments of \$117,000 per year for 11 years. The investment is stated at face value, net of unamortized purchase discount. The discount is amortized to interest income over the term of the exchange agreement.

Finance leases receivable

The Company, through its subsidiaries, is the lessor of manufacturing equipment subject to leases under a master leasing agreement. The leases contain an element of dealer profit and lessee bargain purchase options at prices substantially below the subject assets' estimated residual values at the exercise date for the options. Consequently, the Company classified the leases as sales-type leases (the "finance leases") for financial accounting purposes. For such finance leases, the Company reports the discounted present value of (i) future minimum lease payments (including the bargain purchase option, if any) and (ii) any residual value not subject to a bargain purchase option as a finance lease receivable on its balance sheet and accrues interest on the balance of the finance lease receivable based on the interest rate inherent in the applicable lease over the term of the lease. For each finance lease, the Company recognized revenue in an amount equal to the net investment in the lease and cost of sales equal to the net book value of the equipment at inception of the applicable lease.

A finance receivable is considered impaired, based on current information and events, if it is probable that we will be unable to collect all amounts due according to contractual terms. Impaired finance receivables include finance receivables that have been restructured and are considered to be troubled debt restructures. There were no impaired finance receivables as of March 31, 2018. There were no finance leases receivable at December 31, 2017.

Credit quality of notes receivable and finance leases receivable and credit loss reserve

As our notes receivable and finance leases receivable are limited in number, our management is able to analyze estimated credit loss reserves based on a detailed analysis of each receivable as opposed to using portfolio-based metrics. Our management does not use a system of assigning internal risk ratings to each of our receivables. Rather, each note receivable and finance lease receivable is analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments and compliance with financial covenants.

A note receivable or finance lease receivable will be categorized as non-performing only when a borrower experiences financial difficulties and has failed to make scheduled payments. As part of the monitoring process we may physically inspect the collateral or a borrower's facility and meet with a borrower's management to better understand such borrower's financial performance and its future plans on an as-needed basis.

Property and equipment

Property, equipment and machinery are recorded at cost. Depreciation is computed on the straight-line and declining balance methods over the estimated useful lives of various classes of property ranging from 3 to 7 years.

Expenditures for renewals and betterments are capitalized and maintenance and repairs are charged to expense. Upon retirement or sale, the cost of assets disposed, and the accumulated depreciation is removed from the accounts. The resulting gain or loss is credited or charged to income.

Note 2 - Summary of significant accounting policies (continued)

Long-lived assets impairment assessment

In accordance with the FASB Accounting Standards Codification (“ASC”) 350, we regularly review the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that suggest impairment. The carrying value and ultimate realization of these assets is dependent upon our estimates of future earnings and benefits that we expect to generate from their use. If our expectations of future results and cash flows are significantly diminished, intangible assets and other long-lived assets may be impaired and the resulting charge to operations may be material. When we determine that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, we use the projected undiscounted cash flow method to determine whether an impairment exists, and then measure the impairment using discounted cash flows.

Goodwill

Goodwill of \$1,324,142 was derived from consolidating WCI effective January 1, 2014, and \$102,040 of goodwill related to the 1999 acquisition of a 50% interest in WCI. The Company accounts for its Goodwill in accordance with FASB Accounting Standards Codification 350, Intangibles – Goodwill and Other, which requires the Company to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, rather than amortize. Goodwill impairment tests consist of a comparison of each reporting unit’s fair value with its carrying value. Impairment exists when the carrying amount of goodwill exceeds the implied fair value for each reporting unit. To estimate the fair value, management used valuation techniques which included the discounted value of estimated future cash flows. The evaluation of impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and are subject to change as future events and circumstances change. Actual results may differ from assumed and estimated amounts. Management determined that no impairment write-downs were required as of March 31, 2018 and December 31, 2017.

Revenue recognition

The Company recognizes revenue in accordance with ASC 606 “*Revenue Recognition*” and FASB ASC Topic 840, *Leases*. Revenue is reported net of any related sales tax.

Service fees generated by WCI are for monthly services performed to reduce customer’s operating costs. Service fees are invoiced and recognized as revenue in the month services are performed.

For each finance lease, the Company recognized as a gain or loss the amount equal to (i) the net investment in the finance lease less (ii) the net book value of the equipment at inception of the applicable lease. At lease inception we capitalize the total minimum finance lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, if any, and the initial direct costs related to the lease, less unearned income. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

Revenue from consulting agreements is recognized at the time the related services are provided as specified in the consulting agreements.

Basic and diluted income (loss) per common share

We compute net loss per share in accordance with ASC 260, Earnings per Share. Under the provisions of ASC 260, basic net loss per share includes no dilution and is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of Common Stock outstanding during the period. Diluted net loss per share takes into consideration shares of Common Stock outstanding (computed under basic net loss per share) and potentially dilutive securities that are not anti-dilutive.

Note 2 - Summary of significant accounting policies (continued)

Outstanding warrants that had no effect on the computation of dilutive weighted average number of shares outstanding as their effect would be antidilutive were approximately 7,100,000 and 7,400,000 as of March 31, 2018 and December 31, 2017, respectively. There were 87,456 and 4,500 potentially dilutive shares outstanding at March 31, 2018 and December 31, 2017, respectively.

Income taxes

The Company accounts for income taxes in accordance with accounting guidance now codified as FASB ASC 740, "Income Taxes," which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit (expense) results from the change in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all deferred tax assets will not be realized.

The Company applies the provisions of ASC 740, "Accounting for Uncertainty in Income Taxes". The ASC prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies). The first step evaluates the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that we will sustain the position on audit, including resolution of related appeals or litigation processes. The second step measures the tax benefit as the largest amount more than 50% likely of being realized upon ultimate settlement. The Company did not identify any material uncertain tax positions on returns that have been filed or that will be filed. The Company did not recognize any interest or penalties for unrecognized tax benefits during the three months ended March 31, 2018 and 2017, nor were any interest or penalties accrued as of March 31, 2018 and December 31, 2017. To the extent the Company may accrue interest and penalties, it elects to recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Advertising and promotion

The Company expenses advertising and promotion costs as incurred. Advertising and promotion costs for the three months ended March 31, 2018 and 2017 were \$1,158 and \$1,847, respectively.

Fair value measurements

The Company adopted ASC 820 which defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Fair Value Measurements and Disclosure Topic establish a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows: Market approach (Level 1) – which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources. Cost approach (Level 2) – which is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and the Income approach (Level 3) – which uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The carrying amounts of cash, cash in attorney trust account, accounts receivable, prepaid expenses and other current assets, accounts payable, customer deposits and other accrued liabilities approximate their fair value due to the short-term nature of these instruments.

Note 2 - Summary of significant accounting policies (continued)

The fair value of investment securities is based on quoted market prices in active markets.

The fair value of the investment in account receivable is based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar investments.

Fair value measurements (continued)

The fair value of notes receivable and finance leases receivable is based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar notes and leases.

The fair value of long-term notes payable is based on the net present value of calculated interest and principle payments. The carrying value of long-term debt approximates fair value due to the fact that the interest rate on the debt is based on market rates.

Note 3 - Cash in attorney trust account

At March 31, 2018 and December 31, 2017, the Company had \$0 and \$314,536 held in two attorney trust accounts. The accounts did not bear interest and the Company could withdraw funds any time at its discretion.

Note 4 - Prepaid expenses and other assets

Prepaid expenses and other assets consist of the following:

	March 31, 2018	December 31, 2017
Prepaid health insurance	\$ 5,005	\$ 5,005
Prepaid legal	3,500	12,000
Other prepaid costs	43,383	27,107
	<u>\$ 51,888</u>	<u>\$ 44,112</u>

Note 5 - Bhang Corporation (formerly known as Bhang Chocolate Company, Inc.) and Judgment

The Company entered into an agreement with Bhang Chocolate Company, Inc., the predecessor in interest to Bhang Corporation (together "Bhang"), effective February 28, 2014. As part of that agreement, which was ultimately rescinded, Mentor delivered \$1,500,000 to Bhang which Bhang refused to return following rescission of the agreement. Following arbitration of the dispute, on December 29, 2016, Mentor obtained a judgment in the amount of \$1,921,534 against Bhang Corporation and its predecessor in interest, Bhang Chocolate Company, Inc., in the United States District Court for the Northern District of California. The judgment accrued interest at the rate of 10% from December 29, 2016 until November 20, 2017, when the parties stipulated to payment terms.

On January 23, 2018, the Company received a net payment of \$1,758,949 in satisfaction of the judgment and 117,000 shares of Mentor common stock, originally sold to two Bhang shareholders, were returned to Mentor in exchange for a payment of \$286,719 to the two Bhang shareholders, which was offset from the judgment of \$2,045,668. Receipt of Common Stock returned by the Bhang shareholders was accounted for as a reduction of outstanding Common Stock and reduction to the Receivable from Bhang Chocolate Company by the original purchase price of \$228,150 upon their receipt by Mentor in January 2018.

Note 5 - Bhang Corporation (formerly known as Bhang Chocolate Company, Inc.) and Judgment (continued)

The receivable and accrued interest consisted of the following:

	March 31, 2018	December 31, 2017
Receivable from Bhang Chocolate Company	\$ -	\$ 1,500,000
Accrued interest	-	540,521
Reimbursed costs	-	5,147
Sub-total	-	2,045,668
Reserve pending collection efforts	-	-
Interest payable to Bhang owners	-	(58,569)
Receivable from Bhang Chocolate Company	-	1,987,099
Current portion	-	(1,987,099)
Long term portion	\$ -	\$ -

Note 6 - Investment in account receivable

On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in an account receivable with installment payments of \$117,000 per year for 11 years totaling \$1,287,000 in exchange for 757,059 shares of Mentor Common Stock obtained through exercise of Series D warrants at \$1.60 per share.

The Company valued the transaction based on the market value of Company common shares exchanged in the transaction, resulting in a 17.87% discount from the face value of the account receivable. The discount is being amortized monthly to interest over the 11 year term of the agreement. The April 10, 2015 investment in account receivable is supported by an exchange agreement and consisted of the following:

	March 31, 2018	December 31, 2017
Face value	\$ 936,000	\$ 1,053,000
Unamortized discount	(464,686)	(479,638)
Net balance	471,314	573,362
Current portion	(52,796)	(117,000)
Long term portion	\$ 418,518	\$ 456,362

For the three months ended March 31, 2018 and 2017, \$14,952 and \$23,601 of discount amortization is included in interest income, respectively.

Note 7 - Property and equipment

Property and equipment is comprised of the following:

	March 31, 2017	December 31, 2016
Computers	\$ 27,413	\$ 29,958
Furniture and fixtures	24,406	24,406
Machinery and vehicles	148,928	148,928
	200,747	203,292
Accumulated depreciation and amortization	(161,919)	(162,563)
Net Property and equipment	\$ 38,828	\$ 40,729

Depreciation and amortization expense was \$4,300 and \$3,948 for the three months ended March 31, 2018 and 2017, respectively.

Note 8 - Convertible notes receivable

Convertible notes receivable consists of the following:

	March 31, 2018	December 31, 2017
April 28, 2017 Electrum convertible note receivable bearing interest at 10% and maturing May 12, 2022, with monthly principal and interest payments of \$2,290 beginning June 12, 2017. The Company may request that any residual principal and unpaid interest be converted into an equity investment in Electrum based upon a fixed equity conversion rate of \$164 per interest. The note is collateralized by cannabis equity securities owned by Electrum.	\$ 86,591	\$ 90,731
NeuCourt, Inc. convertible note receivable including accrued interest of \$1,757 and \$1,430 at March 31, 2018 and December 31, 2017. The note bears interest at 5% per annum and matures November 8, 2018. Principal and accrued interest are due at maturity. Principal and unpaid interest may be converted into a blend of shares of a to-be-created series of Preferred Stock and Common Stock of NeuCourt (i) on closing of a future financing round of at least \$750,000, (ii) on the election of NeuCourt on maturity of the Note, or (iii) on election of Mentor following NeuCourt's election to prepay the Note. *	26,757	26,430
NeuCourt, Inc. convertible note receivable including accrued interest of \$442 and \$135 at March 31, 2018 and December 31, 2017. The note bears interest at 5% per annum and matures October 25, 2019. Principal and accrued interest are due at maturity. Principal and unpaid interest may be converted into a blend of shares of a to-be-created series of Preferred Stock and Common Stock of NeuCourt (i) on closing of a future financing round of at least \$750,000, (ii) on the election of NeuCourt on maturity of the Note, or (iii) on election of Mentor following NeuCourt's election to prepay the Note. *	25,442	25,135
Total convertible notes receivable	138,790	142,296
Less current portion	(44,388)	(43,628)
Long term portion	\$ 94,402	\$ 98,668

* The Conversion Price for the Note is the lower of (i) 75% of the price paid in the Next Equity Financing, or the price obtained by dividing a \$3,000,000 valuation cap by the fully diluted number of shares. The number of Conversion Shares issued on conversion shall be the quotient obtained by dividing the outstanding principal and unpaid accrued interest on a Note to be converted on the date of conversion by the Conversion Price (the "Total Number of Shares"). The Total Number of Shares shall consist of Preferred Stock and Common Stock as follows: (i) That number of shares of Preferred Stock obtained by dividing (a) the principal amount of each Note and all accrued and unpaid interest thereunder by (b) the price per share paid by other purchasers of Preferred Stock in the Next Equity Financing (such number of shares, the "Number of Preferred Stock") and (ii) that number of shares of Common Stock equal to the Total Number of Shares minus the Number of Preferred Stock. Using the valuation cap of \$3,000,000, the Note would today convert into 126,752 Conversion Shares. In the event of a Corporate Transaction prior to repayment or conversion of the Note, the Company shall receive back two times its investment, plus all accrued unpaid interest.

Note 9 - Note purchase agreement and consulting agreement with G FarmaLabs Limited

On March 17, 2017, the Company entered into a Notes Purchase Agreement with G FarmaLabs Limited (“G Farma”), a Nevada corporation. Under the Agreement the Company purchased two secured promissory notes from G Farma in an aggregate principal amount of \$500,000, both of which bear interest at 7.42% per annum, with monthly payments beginning on April 15, 2017, and mature on April 15, 2022. The first promissory note in the amount of \$120,000 is for the purchase of real estate, which is to be secured by a deed of trust on real property and requires monthly payments of \$1,107 beginning April 15, 2017 with a balloon payment of approximately \$94,164 at maturity. Should no property be selected to secure the real estate loan it will be converted to a working capital loan. The second promissory note in the amount of \$380,000 was to be used for working capital and requires monthly payments of \$3,505 with a balloon payment of approximately \$298,185 at maturity. The two G Farma notes are secured by all property, real and personal, tangible or intangible of G Farma and are guaranteed by two majority shareholders of G Farma. The Company and G Farma have executed five addenda subsequent to the original agreement.

Addendum II (the “Addendum II”) on April 28, 2017, in which Mentor invested an additional \$100,000 in G Farma by increasing the aggregate principal face amount of the working capital note to \$480,000 and increasing the monthly payments on the working capital note to \$4,427 per month. The maturity date remained the same resulting in a total balloon payment of approximately \$377,095 at maturity.

Addendum III (the “Addendum III”) on June 4, 2017, in which Mentor invested an additional \$100,000 in G Farma by increasing the aggregate principal face amount of the working capital note to \$580,000 and increasing the monthly payments on the working capital note to \$5,350 per month. The maturity date remained the same resulting in a total balloon payment of approximately \$456,877 at maturity.

Addendum IV (the “Addendum IV”) on September 26, 2017, in which Mentor invested an additional \$100,000 in G Farma by increasing the aggregate principal face amount of the of the working capital note to \$680,000, resulting in payments of \$6,272 per month beginning November 15, 2017. The maturity date remained the same resulting in a total balloon payment of approximately \$538,372 at maturity.

Addendum V (the “Addendum V”) on December 6, 2017, in which Mentor invested an additional \$100,000 in G Farma by increasing the aggregate principal face amount of the of the working capital note to \$780,000, resulting in payments of \$8,301 per month beginning January 15, 2018. The maturity date remained the same resulting in a total balloon payment of approximately \$620,708 at maturity.

Addendum VI (the “Addendum VI”) on January 17, 2018, in which Mentor invested an additional \$100,000 in G Farma by increasing the aggregate principal face amount of the working capital note to \$880,000, resulting in payments of \$9,223 per month beginning February 15, 2018. The maturity date remained the same resulting in a total balloon payment of approximately \$703,874 at maturity.

The G Farma notes are secured by all property, real and personal, tangible or intangible of G Farma and are guaranteed by a majority owner of G Farma.

Associated with the Notes Purchase Agreement, on March 17, 2017, the Company and G Farma entered into a Rights Agreement which provides that G Farma will not register its stock in a public offering unless it either (i) obtains the written consent of the Company, or (ii) without the Company’s written consent if G Farma issues to the Company shares of each class or series of G Farma stock then outstanding equal to 1.5% of each such number of shares, calculated on a full dilution full conversion basis. Each addendum has increased item (ii) resulting in a rate of 3.0% as of March 31, 2018.

In addition, on March 17, 2017, the Company entered into a Consulting Agreement with G Farma whereby the Company will receive a monthly consulting fee in arrears of \$1,400 per month beginning April 15, 2017 and continuing until the later of (i) 12 months, and (ii) the date on which G Farma has paid in full all obligations under the Notes Purchase Agreement. This monthly consulting fee increased to \$1,680 by Addendum II beginning with the May 15, 2017 payment, was not changed by Addendum III, increased to \$1,960 by Addendum IV beginning with the November 15, 2017 payment, increased to \$2,240 by Addendum V beginning with the January 15, 2018 payment, and increased to \$2,520 by Addendum VI beginning on March 15, 2018. For the three months ended March 31, 2018 and 2017, \$7,000 and \$0 of consulting fees from G Farma is included in revenue, respectively.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
March 31, 2018 and 2017**Note 9 - Note purchase agreement and consulting agreement with G FarmaLabs Limited (continued)**

Notes receivable from G Farma consists of the following:

	March 31, 2018	December 31, 2017
Real estate note	\$ 115,469	\$ 116,632
Working capital note	857,224	764,389
Accrued interest	3,054	-
	<u>975,747</u>	<u>881,021</u>
Less current portion	<u>(39,860)</u>	<u>(35,445)</u>
Long term portion of notes receivable	<u>\$ 935,887</u>	<u>\$ 845,576</u>

Note 10 - Finance leases receivable

On January 16, 2018, Partner I entered into a Master Equipment Lease Agreement with G FarmaLabs Limited and GFarma Brands, Inc. (the "GFarma Entities") dated January 16, 2018. Partner I acquired and delivered manufacturing equipment as determined by GFarma Entities under sales-type finance leases. The Company recorded equipment sales revenue of \$152,404 for the three months ended March 31, 2018. At March 31, 2018, all leased equipment under the finance leases receivable is located in California.

The net investment included in finance leases at March 31, 2018 are as follows:

	March 31, 2018
Gross minimum lease payments receivable	\$ 207,994
Less: unearned interest	<u>(63,100)</u>
Finance leases receivable	144,894
Less current portion	<u>(15,725)</u>
Long term portion	<u>\$ 129,169</u>

There were no finance leases receivable at December 31, 2017.

At March 31, 2018, minimum future payments receivable under finance leases were as follows:

12 months ending	
March 31,	
<u>2019</u>	<u>\$ 15,725</u>
2020	17,215
2021	19,139
2022	21,279
2023	23,659
Thereafter	<u>47,877</u>
	<u>\$ 144,894</u>

We review the finance leases receivables by individual account to determine expected collectability. The allowance for credit losses is an estimate of the losses inherent in our finance receivables taking into consideration past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral and current economic conditions. No allowance is recorded at March 31, 2018.

The Company records prepayments on leases as a liability under deferred revenue.

[Discussion of MP II lease to Pueblo West?]

Note 11 - Deposits on manufacturing equipment purchases

At March 31, 2018 and December 31, 2017, Partner I had deposits with manufacturing equipment suppliers in the amount of \$412,055 and \$0, respectively, for equipment that will be leased by the G Farma Entities in California once the equipment is delivered. Subsequent to March 31, 2018, an additional \$204,001 was deposited with suppliers for manufacturing equipment, see Note 25.

At March 31, 2018 and December 31, 2017, Partner II has deposits for manufacturing equipment with one supplier in the amount of \$176,400 and \$0, respectively, for equipment that will be leased by Pueblo West in Colorado.

Note 12 - Contractual interest in legal recovery

On March 22, 2017, G Farma purchased 222,223 restricted shares of the Company's Common Stock in a private placement at a price of \$2.25 per share, for an aggregate purchase price of \$500,002. Pursuant to Addendum II entered into on April 28, 2017, G Farma purchased an additional 66,667 shares of the Company's Common Stock at \$1.50 per share for a purchase price of \$100,000. The combined total purchase of \$600,002 is to be paid as follows: (i) Assignment to the Company of an interest, equal to the amount of the purchase price, in any and all civil forfeiture or similar recoveries received by, or due to, G Farma including a \$10 million claim filed March 29, 2017 against the County of Calaveras, or (ii) at any time before payment of the full purchase price from recovery, the Company may elect to have G Farma pay all or some of the purchase price on the date of the maturity of the promissory notes, described above under the Notes Purchase Agreement, or (iii) The Company may elect to have G Farma pay all or some of the purchase price by issuance to the Company of G Farma securities in aggregate amount equal to the purchase price as are offered to any other person (other than stock options offered to employees).

Note 13 - Concentration of credit risk

The Company has a significant portion of its assets invested in G Farma Entities. These investments include the notes receivable described in Note 9, the finance leases receivable described in Note 10, and the contractual interest in legal recovery described in Note 12. At March 31, 2018 and December 31, 2017, these assets represent 22% and 19% of the consolidated total assets of the Company, respectively.

The Company closely monitors each investment quarterly based on known and inherent risks in our investments which include financial results, satisfying scheduled payments and compliance with financial covenants, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral and current economic conditions. No impairments or reserves are recorded at March 31, 2018 or December 31, 2017 for these investments.

Note 14 - Investments and fair value

We account for our financial assets in accordance with ASC 820, *Fair Value Measurement*. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value measurement disclosures are grouped into three levels based on valuation factors: Level 1 represents assets valued at quoted prices in active markets using identical assets; Level 2 represents assets valued using significant other observable inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs; and, Level 3 represents assets valued using significant unobservable inputs.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
March 31, 2018 and 2017**Note 14 - Investments and fair value (continued)**

The hierarchy of Level 1, Level 2 and Level 3 Assets are listed as following:

	Fair Value Measurement Using			
	Unadjusted Quoted Market Prices (Level 1)	Quoted Prices for Identical or Similar Assets in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
	Investment in Securities	Other investment	Equity Options	Other Equity Investments
Balance at December 31, 2016	\$ -	\$ -	\$ -	55,943
Total gains or losses				
Included in earnings (or changes in net assets)	(128,623)	-	-	-
Purchases, issuances, sales, and settlements				
Purchases	1,071,902	-	-	107,771
Issuances	-	-	-	-
Sales	(754,644)	-	-	-
Settlements	-	-	-	-
Balance at December 31, 2017	<u>188,635</u>	<u>-</u>	<u>-</u>	<u>163,714</u>
Total gains or losses				
Included in earnings (or changes in net assets)	(1,466)	-	-	53,057
Purchases, issuances, sales, and settlements				
Purchases	51,441	-	-	-
Issuances	-	-	-	-
Sales	-	-	-	(108,999)
Settlements	-	-	-	-
Balance at March 31, 2018	<u>\$ 238,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,772</u>

The Company's investment securities are presented in available-for-sale investment securities. The amortized costs, gross unrealized holding gains and losses, and fair values of the Company's investment securities classified as equity securities, at fair value, at March 31, 2018 consists of the following:

Type	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
NASDAQ listed company stock	\$ 130,997	\$ -	\$ (18,327)	\$ 112,670
OTCQB listed company stock	74,257	51,683	-	125,940
	<u>\$ 205,254</u>	<u>\$ 51,683</u>	<u>\$ (18,327)</u>	<u>\$ 238,610</u>

See accompanying Notes to Financial Statements

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Note 14 - Investments and fair value (continued)

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

	Three Months Ended March 31,	
	2017	2016
Net gains and losses recognized during the period on equity securities	\$ (1,466)	\$ (81,566)
Less: Net gains (losses) recognized during the period on equity securities sold during the period	-	-
Unrealized gains and losses recognized during the reporting period on equity securities still held at the reporting date	\$ <u>(1,466)</u>	\$ <u>(81,566)</u>

Note 15 - Common stock warrants

The Company's Plan of Reorganization, which was approved by the United States Bankruptcy Court for the Northern District of California on January 11, 2000, provided for the creditors and claimants to receive new warrants in settlement of their claims. The warrants expire May 11, 2038.

All Series A, B, C and D warrants have been called and all Series A, and C warrants have been exercised. All Series B warrants were exercised at December 31, 2017 however, on January 23, 2018, 117,000 shares of Mentor's Common Stock purchased in 2014 through warrant exercises by two Bhang shareholders under an agreement that was ultimately rescinded, were returned to the Company (see Note 5) and the associated exercise of warrants was reversed with 87,456 Series B warrants and 29,544 Series D warrants reinstated. The warrant holders have a minimum of 30 calendar days during which to exercise their warrants once they are called. However, the Company intends to allow warrant holders or Company designees, in place of original holders, additional time as needed to exercise the remaining series D warrants. The Company may lower the exercise price of all or part of a warrant series at any time. Similarly, the Company could, but does not anticipate, reverse splitting the stock to raise the stock price above the warrant exercise price. The warrants are specifically not affected and do not split with the shares in the event of a reverse split. If the called warrants are not exercised, the Company has the right to designate the warrants to a new holder in return for a \$0.10 per share redemption fee payable to the original warrant holders as discussed further in Note 16. All such changes in the exercise price of warrants were provided for by the court in the Plan of Reorganization in order to provide a mechanism for all debtors to receive value even if they could not or did not exercise their warrant. Therefore, Management believes that the act of lowering the exercise price is not a change from the original warrant grants and the Company did not record an accounting impact as the result of such change in exercise prices.

Note 15 - Common stock warrants (continued)

All Series A and Series C warrants were exercised by December 31, 2014. Exercise prices in effect at January 1, 2015 through March 31, 2018 for Series B warrants were \$0.11 and Series D warrants were \$1.60. In March 2014, as part of a since rescinded transaction, 87,456 Series B warrants were exercised. In April 2017, the remaining 4,500 Series B warrants were exercised. In January 2018, following return of the shares purchased under the rescinded transaction, 87,456 of the Series B warrants were reinstated. As of March 31, 2018, 87,456 Series B warrants remain outstanding.

In 2009, the Company entered into an Investment Banking agreement with Network One Securities, LLC and a related Strategic Advisory Agreement with Lenox Hill Partners, LP with regard to a potential merger with a cancer development company. In conjunction with those related agreements, the Company issued 689,159 Series H (\$7) Warrants, with a 30 year life. The warrants are subject to cashless exercise based upon the ten day trailing closing bid price preceding the exercise as interpreted by the Company.

As of March 31, 2018, and December 31, 2017 the weighted average contractual life for all Mentor warrants was 20.3 years and 20.5 years, respectively, and the weighted average outstanding warrant exercise price was \$2.11 and \$2.11 per share, respectively.

During the three months ended March 31, 2018 and 2017, a total of 379,436 and 1,359,218 warrants were exercised, respectively. There were no warrants issued during the periods ended March 31, 2018 and 2017. In the period ended March 31, 2018, the 2014 exercise of 87,456 Series B warrants and 29,544 Series D warrants by two Bhang shareholders under an agreement that was ultimately rescinded, were reversed and reinstated, see Note 5. The intrinsic value of outstanding warrants at March 31, 2018 and December 31, 2017 was \$79,585 and \$0, respectively.

The following table summarizes Series B and Series D common stock warrants as of each period:

	<u>Series B</u>	<u>Series D</u>	<u>B and D Total</u>
Outstanding at December 31, 2016	4,500	8,206,390	8,210,890
Issued	-	-	-
Exercised	<u>(4,500)</u>	<u>(1,540,383)</u>	<u>(1,544,883)</u>
Outstanding at December 31, 2017	-	6,666,007	6,666,007
Reinstated (see Note 5)	87,456	29,544	117,000
Issued	-	-	-
Exercised	-	<u>(379,436)</u>	<u>(379,436)</u>
Outstanding at March 31, 2018	<u>87,456</u>	<u>6,316,115</u>	<u>6,403,571</u>

Series E, F, G and H warrants were issued for investment banking and advisory services during 2009. Series E, F and G warrants were exercised in 2014. The following table summarizes Series H (\$7) warrants as of each period:

	<u>Series H \$7.00 exercise price</u>
Outstanding at December 31, 2016	689,159
Issued	-
Exercised	-
Outstanding at December 31, 2017	689,159
Issued	-
Exercised	-
Outstanding at March 31, 2018	<u>689,159</u>

Note 15 - Common stock warrants (continued)

On February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and the Company's Plan of Reorganization, the Company announced a minimum 30 day partial redemption of up to 1% (approximately 90,000) of the already outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days paid 10 cents per warrant to redeem the warrant and then exercised the Series D warrant to purchase a share at the court specified formula of not more than one-half of the closing bid price on the day preceding the 30 day exercise period. In the Company's October 7, 2016 press release, Mentor stated that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and be priced on a random date schedule after the prior 1% redemption is completed to prevent potential third party manipulation of share prices at month-end. The periodic partial redemptions will continue to be periodically recalculated and repeated until such unexercised warrants are exhausted or the partial redemption is otherwise temporarily suspended or truncated by the Company. Redemptions for the three months ended March 31, 2018 were for Series D Warrants at their full redemption price of \$1.60. On February 10, 2017, there was one partial redemption request accepted to exercise 100,000 outstanding Series D warrants for an exercise price of \$90,000 plus warrant redemption fees of \$10,000. For the remainder of 2017 there were 1,540,382 Series D warrants exercised at the regular redemption price of \$1.60 for Series D warrants for \$2,394,611 plus warrant redemption fees of \$92,054. Also, in 2017, 4,500 outstanding Series B warrants were exercised at an exercise price of \$495. The regular and 1% partial redemption authorization, which was recalculated and repeated according to the court formula, resulted in a combined average exercise price of \$1.55 for the year ended December 31, 2017.

Note 16 - Warrant redemption liability

The Plan of Reorganization provides the right for the Company to call, and the Company or its designee to redeem warrants that are not exercised timely, as specified in the Plan, by transferring a \$0.10 redemption fee to the former holders. Certain individuals desiring to become a Company designee to redeem warrants have deposited redemption fees with the Company that, when warrants are redeemed, will be forwarded to the former warrant holders at their last known address 30 days after the last warrant of a class is exercised, or earlier at the discretion of the Company. The Company has arranged for a service to process the redemption fees in offset to an equal amount of liability.

In prior years the Series A and Series C redemption fees have been distributed through DTCC into holder's brokerage accounts or directly to the holders and are no longer outstanding. On April 14, 2017, the remaining Series B warrants were exercised for 4,500 shares of common stock. The Company announced on April 17, 2017 that warrant holders to whom approximately 3,000,000 Series B Warrants were originally issued will receive the \$0.10 per warrant redemption payment per the Plan. Payment of the Series B redemption fee was made by the Company's redemption service and funded personally by Chet Billingsley who has assumed liability for paying the warrant redemptions. For warrant holders who had deposited their Series B warrants with a broker their redemption payments were processed electronically on April 20, 2017 through the DTCC participant system. Payment to other Series B warrant holders who had presented their Series B warrants to the Company were mailed directly to the warrant holder by April 20, 2017.

Once the D warrants have been fully redeemed and exercised the fees for the D warrant series will likewise be distributed. The President and CEO, Chet Billingsley has agreed to assume liability for paying the redemption fees and therefore warrant redemption fees received are retained by the Company for operating costs. Should Mr. Billingsley be incapacitated or otherwise become unable to pay the warrant redemption fees, the Company will remit the warrant redemption fees to former holders from amounts due Mr. Billingsley from the Company which are sufficient to cover the redemption fee at March 31, 2018 and December 31, 2017.

Note 17 - Stockholders' equity

Common Stock

The Company was incorporated in California in 1994 and was redomiciled as a Delaware corporation, effective September 24, 2015. There are 75,000,000 authorized shares of Common Stock at \$0.0001 par value. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders.

Note 17 - Stockholders' equity (continued)

On August 8, 2014, the Company announced that it was initiating the repurchase of approximately 2% of the Company's common shares outstanding at that time. As of March 31, 2018, and December 31, 2017, 44,748 and 44,748 shares have been repurchased and retired, respectively.

Preferred Stock

Mentor has 5,000,000, \$0.0001 par value, preferred shares authorized. No preferred shares are issued or outstanding.

On July 13, 2017, the Company filed a Certificate of Designation of Rights, Preferences, Privileges and Restrictions of Series Q Preferred Stock ("Certificate of Designation") with the Delaware Secretary of State to designate 200,000 preferred shares as Series Q Preferred Stock, such series having a par value of \$0.0001 per share. Series Q Preferred Stock are convertible into Common Stock, at the option of the holder, at any time after the date of issuance of such share and prior to notice of redemption of such share of Series Q Preferred Stock by the Company, into such number of fully paid and nonassessable shares of Common Stock as determined by dividing the Series Q Conversion Value by the conversion price at the time in effect for such share.

The per share "Series Q Conversion Value", as defined in the Certificate of Designation, shall be calculated by the Company at least each calendar quarter as follows: The per share Series Q Conversion Value shall be equal the quotient of the "Core Q Holdings Asset Value" divided by the number of issued and outstanding shares of Series Q Preferred Stock. Defined terms used in the Series Q Conversion Value shall bear the following meanings: 1) The "Core Q Holdings Asset Value" shall equal the value, as calculated and published by the Company, of all assets that constitute Core Q Holdings which shall include such considerations as the Company designates and need not accord with any established or commonly employed valuation method or considerations; and 2) "Core Q Holdings" shall consist of all proceeds received by the Company on sale of shares of Series Q Preferred Stock and all securities, acquisitions, and business acquired therewith by the Company which shall periodically, but at least once each calendar quarter, identify, update, account for and value, the assets that comprise the Core Q Holdings.

The "Conversion Price" of the Series Q Preferred Stock shall be the product of 105% and the closing price of the Company's Common Stock on a date designated and published by the Company. The Series Q Preferred Stock is intended to allow for a pure play investment in cannabis companies that have the potential to go public. The Series Q Preferred Stock will be available only to accredited, institutional or qualified investors.

Note 18 - Lease commitments

Operating Leases

Mentor currently rents approximately 2,000 square feet of office space under a one year lease in Ramona, California in San Diego County, expiring in July 2018. Rent expense for the three months ended March 31, 2018 and 2017 was \$7,770 and \$7,350, respectively.

WCI manages its Arizona and Texas business from its Tempe, Arizona location where it leases approximately 3,000 square feet of office and warehouse space under an operating lease expiring in January 2020. Rent expense for the three months ended March 31, 2018 and 2017 was \$6,660 and \$4,422, respectively.

WCI leases vehicles under a master fleet management agreement with initial terms of 4 years expiring through July 2020. Vehicle lease expense of \$50,307 and \$43,381 is included in cost of sales in the condensed consolidated income statement for the three months ended March 31, 2018 and 2017, respectively.

WCI has two small operating leases on office equipment entered into in 2015 with terms of 5 years expiring in 2020.

Note 18 - Lease commitments (continued)

The approximate remaining annual minimum lease payments under the non-cancelable operating leases existing as of March 31, 2018 with original or remaining terms over one year were as follows:

12 months ending March 31,	Rental expense
2019	\$ 208,132
2020	151,005
2021	114,616
2022	47,645
	<u>\$ 521,398</u>

Note 19 - Long term debt

Long term debt

Long term debt consists of the following:

	March 31, 2018	December 31, 2017
Commercial credit agreement with Bond Street Servicing, LLC at 11.6% interest per annum, semi-monthly payments of \$1,648, maturing October 16, 2019. Net of \$2,057 and \$2,390 unamortized loan service fee, respectively.	\$ 54,870	\$ 62,659
Total notes payable	54,870	62,659
Less: Current maturities	(34,790)	(33,854)
	<u>\$ 20,080</u>	<u>\$ 28,805</u>

Commercial credit agreement with Bond Street Servicing, LLC

WCI entered into a commercial credit agreement with Bond Street Servicing, LLC which required a \$4,000 loan service fee that is being amortized as additional interest over the life of the loan on a straight line basis.

Note 20 - Accrued salary, accrued retirement and incentive fee - related party

The Company had an outstanding liability to Mr. Billingsley, its Chief Executive Officer ("CEO"), as follows:

	March 31, 2018	December 31, 2017
Accrued salaries and benefits	\$ 786,598	\$ 780,666
Accrued retirement and other benefits	467,909	465,744
Offset by shareholder advance	(276,929)	(276,929)
	<u>\$ 977,578</u>	<u>\$ 969,481</u>

Note 20 - Accrued salary, accrued retirement and incentive fee - related party (continued)

In January 2014, the Company agreed to advance the CEO \$944,000 against the accrued liabilities due him to exercise additional warrants into shares to be used as collateral for a potential loan to the Company. The warrant exercise was a cashless transaction made solely for the benefit of the Company in its efforts to obtain financing. After the warrants were exercised, the CEO put 100% of his shares owned, 5,000,486 shares, in an escrow which was to guarantee the potential loan.

The potential loan was mutually rescinded in conjunction with the lender on June 12, 2014, and the shares remained in escrow until March 28, 2016, at which time the CEO's shares were removed from escrow.

In January 2014, the CEO, for the benefit of the Company, allowed two Bhang shareholders to act in his stead as designees and exercise 87,456 of his Series B warrants under the agreement described in Note 5 that was ultimately rescinded. In exchange for allowing the Bhang shareholders to exercise his lower priced Series B warrants, Mr. Billingsley was named as designee of 87,456 of the higher priced Series D warrants. In January 2018, the shares of Common Stock held by the Bhang shareholders were returned to and cancelled by Mentor and the warrants from which the shares arose were reinstated, see Notes 5 and 15. On March 17, 2018, the Board approved reallocation of the reinstated 87,456 Series B warrants back to Mr. Billingsley and his holdings of warrants were concurrently decreased by 87,456 Series D warrants (although Mr. Billingsley may be designated as a Series D warrant designee at any time).

As provided by Board of Director resolution in 1998, the CEO will be paid an incentive fee and a bonus which are payable in installments at the CEO's option. The incentive fee is 1% of the increase in market capitalization based on the bid price of the Company's stock beyond the book value at confirmation of the bankruptcy, which was approximately \$260,000. The bonus is 0.5% of the increase in market capitalization for each \$1.00 increase in stock price up to a maximum of \$8 per share (4%) based on the bid price of the stock beyond the book value at confirmation of the bankruptcy. The incentive fee expense was \$0 and \$175,997 for the three months ended March 31, 2018 and 2017, respectively.

Note 21 - Patent and License Fee Facility with Larson

Effective April 4, 2016 Mentor Capital, Inc. entered into a certain "Larson - Mentor Capital, Inc. Patent and License Fee Facility with Agreement Provisions for an -- 80% / 20% Domestic Economic Interest -- 50% / 50% Foreign Economic Interest" agreement with R. L. Larson and Larson Capital, LLC ("Larson"). Under this agreement, Mentor's subsidiary Mentor Capital IP, LLC ("MCIP") obtained rights in an international patent application for foreign THC and CBD cannabis vape pens under the provisions of the Patent Cooperation Treaty of 1970, as amended. If and upon approval of the United States patent application, MCIP intends to seek exclusive licensing rights in the United States for THC and CBD cannabis vape pens for various THC and CBD percentage ranges and concentrations. Per the agreement Mentor paid \$25,000 in exchange for 15.7% of the domestic licensing rights and 41.4% of international licensing rights for the vape pens.

Note 22 - Commitments and contingencies

On December 29, 2016, Mentor obtained a judgment in the amount of \$1,921,535 against Bhang Corporation and its predecessor in interest, Bhang Chocolate Company, Inc., in the United States District Court for the Northern District of California related to an action filed by Mentor on August 11, 2014 seeking rescission of the February 28, 2014 co-operative funding agreement with Bhang Corporation ("Bhang Agreement") and return of the \$1,500,000 paid by the Company to Bhang. The judgment accrued interest at the rate of 10% from December 29, 2016 until November 20, 2017, when the parties agreed to stipulated payment terms.

Mentor Capital, Inc.

Notes to Condensed Consolidated Financial Statements
 March 31, 2018 and 2017

Note 22 - Commitments and contingencies (continued)

On January 23, 2018, the Company received a net payment of \$1,758,949 in satisfaction of the judgement and 117,000 shares of Mentor common stock, originally sold to two Bhang founders, were returned to Mentor in exchange for a payment of \$286,719, which was offset from the accrued judgment amount of \$2,045,668, see Note 5.

In July 2015, Mentor was served with a complaint in an action in the United States District Court for the District of Utah initiated by the wife and daughter of Bhang's corporate counsel related to 75,000 shares of Mentor's Common Stock purchased from Bhang Corporation's CEO in a secondary sale. The 75,000 shares at issue were returned to Mentor as a part of the Bhang settlement above. On December 21, 2017, the plaintiffs filed a motion to dismiss their complaint with prejudice which was granted on January 25, 2018. Within the same order, the Court vacated an earlier order dated September 25, 2017, related to issuance of Mentor's stock. On February 2, 2018, Mentor's third-party claims, related to plaintiffs' now-dismissed complaint, were dismissed with prejudice.

Note 23 - Segment Information

The Company is operating an acquisition and investment business. Majority owned subsidiaries of 51% or more are consolidated. The Company has determined that there are two reportable segments; 1) the cannabis and medical marijuana segment which includes the receivable from Bhang of \$1,500,000, the fair value of securities investment in GW Pharmaceuticals plc (GWPH) stock, the equity investment in Electrum, convertible notes receivables and accrued interest from Electrum and NeuCourt, the notes receivable from G Farma, the contractual interest in the G Farma legal recovery, finance leases to G Farma and Pueblo West, and the operation of subsidiaries in the Cannabis and medical marijuana sector, and 2) the Company's legacy investment in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their facility related operating costs. The Company also has certain small cancer related legacy investments and an investment in note receivable from a non-affiliated party that is included in the Corporate and Eliminations section below.

	Cannabis and Medical Marijuana Segment	Trash Management	Corporate and Eliminations	Consolidated
<u>Three months ended March 31, 2018</u>				
Net sales	\$ 160,528	\$ 855,671	\$ -	\$ 1,016,199
Operating income (loss)	76,765	26,487	(323,323)	(220,071)
Interest income	23,421	-	15,646	39,067
Interest expense	-	5,262	(1,134)	4,128
Property additions	-	-	2,399	2,399
Total assets	3,314,484	1,186,791	3,414,710	7,915,985
Depreciation and amortization	-	2,592	1,708	4,300
<u>Three months ended March 31, 2017</u>				
Net sales	\$ -	\$ 738,144	\$ -	\$ 738,144
Operating income (loss)	(299)	36,275	(420,370)	(384,394)
Interest income	4,629	1	23,664	28,294
Interest expense	-	5,184	(1,134)	4,050
Property additions	-	-	-	-
Total assets	2,633,992	1,116,210	3,913,732	7,663,934
Depreciation and amortization	-	3,323	625	3,948

See accompanying Notes to Financial Statements

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Note 23 - Segment Information (continued)

The following table reconciles operating segments and corporate-unallocated operating income (loss) to consolidated income before income taxes, as presented in the unaudited condensed consolidated income statements:

	Three Months Ended March 31,	
	2018	2017
Operating loss	\$ (220,071)	\$ (384,394)
Interest income	39,067	28,294
Interest expense	(4,128)	(4,050)
Gain (loss) on investments	51,591	(81,566)
Other income (expense)	-	500
	<u> </u>	<u> </u>
Income before income taxes	\$ <u>(133,541)</u>	\$ <u>(441,216)</u>

Note 24 - Accumulated other comprehensive income (loss)

The changes in the balances for accumulated other comprehensive income (loss) ("AOCI") were as follows:

	Three Months Ended March 31,	
	2018	2017
Beginning balance	\$ <u>34,822</u>	\$ <u>-</u>
Gains on investments in securities reclassified from AOCI to retained deficit	(34,822)	-
Less: Tax (tax benefit)	<u>-</u>	<u>-</u>
Net gains (losses) reclassified from AOCI to retained deficit	<u>(34,822)</u>	<u>-</u>
Other comprehensive income (loss), net of tax	<u>(34,822)</u>	<u>-</u>
	<u> </u>	<u> </u>
Ending balance	\$ <u>-</u>	\$ <u>-</u>

Note 25 - Subsequent events

In April 2018, an additional \$204,001 was paid by Partner I for manufacturing equipment deposits.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion will assist in the understanding of our financial position at March 31, 2018 and the results of operations for the three months ended March 31, 2018 and 2017. The information below should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and related notes to the financial statements included within this Quarterly Report on Form 10-Q for the three months ended March 31, 2018 and 2017 and our Annual Report on Form 10-K for the year ended December 31, 2017.

Corporate Background

Since the August 2008, name change back to Mentor Capital, Inc., the Company's common stock has traded publicly under the trading symbol OTC Markets: MNTR.

In 2009 the Company began focusing its investing activities in leading edge cancer companies. In response to government limitations on reimbursement for highly technical and expensive cancer treatments and a resulting business decline in the cancer immunotherapy sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company made a decision to begin to divest of its cancer assets and focus future investments in the medical marijuana and cannabis sector.

Acquisitions and investments

Waste Consolidators, Inc. (WCI)

WCI is a legacy investment of which the Company owns a 51% interest and is included in the condensed consolidated financial statements for the three months ended March 31, 2018 and 2017.

Bhang Corporation fka Bhang Chocolate Company, Inc.

On February 28, 2014, the Company entered into an agreement to purchase a 60% ownership in Bhang Corporation, formerly known as Bhang Chocolate Company, Inc., ("Bhang") which was subsequently rescinded, see Part II, Item 1 "Legal Proceedings". Following arbitration of the dispute, on December 29, 2016, Mentor obtained a judgment in the amount of \$1,921,534.62 against Bhang Corporation and its predecessor in interest, Bhang Chocolate Company, Inc., in the United States District Court for the Northern District of California. At December 31, 2017, amounts paid to Bhang are reported as Receivable from Bhang Chocolate Company in the condensed consolidated balance sheet in the amount of \$1,987,099 which represents \$2,045,668 for settlement of the judgement, accrued interest and reimbursed costs less \$58,569 of interest payable on the cost of Mentor Common Stock to be returned by Bhang owners. On January 23, 2018 the Company received a net payment of \$1,758,949 and the return of 117,000 shares of Mentor common stock purchased by two Bhang shareholders in exchange for a payment of \$286,719 to the two Bhang shareholders which was offset against the amounts owed to Mentor by Bhang.

Electrum Partners, LLC (Electrum)

Electrum is a Nevada based cannabis consulting, investment and management company. The Company invested \$100,000 in Electrum as a convertible note receivable on March 12, 2014. Effective June 30, 2017, Mentor converted the note plus \$7,772 of accrued interest into 5,672 membership interests in Electrum at an equity conversion rate of \$19 per interest, which was equal to approximately 4.51% of Electrum's outstanding equity as of December 31, 2017. This investment is reported in the condensed consolidated balance sheets as an investment at cost of \$107,772 at both March 31, 2018 and December 31, 2017.

On April 28, 2017 the Company invested a second \$100,000 in Electrum (Note II) as a convertible note with interest at 10% compounded monthly, with monthly payments of principal and interest of \$2,290 beginning June 12, 2017 and maturing May 12, 2022 or until the Company requests that the principal and unpaid interest be converted into an equity investment in Electrum, based upon a fixed equity conversion rate of \$164 per interest. The outstanding balance on Note II at March 31, 2018 and December 31, 2017 was \$86,591 and \$90,731, respectively.

Mentor IP, LLC (MCIP)

On April 18, 2016, the Company formed Mentor IP, LLC (“MCIP”), a South Dakota limited liability company and wholly owned subsidiary of Mentor. MCIP was formed to hold the patent rights obtained on April 4, 2016 when Mentor Capital, Inc. entered into that certain "Larson - Mentor Capital, Inc. Patent and License Fee Facility with Agreement Provisions for an -- 80% / 20% Domestic Economic Interest -- 50% / 50% Foreign Economic Interest" with R. L. Larson and Larson Capital, LLC (“MCIP Agreement”). Pursuant to the MCIP Agreement, MCIP obtained rights to an international patent application for foreign THC and CBD cannabis vape pens under the provisions of the Patent Cooperation Treaty of 1970, as amended. If and upon approval of the United States patent application, MCIP intends to seek exclusive licensing rights in the United States for THC and CBD cannabis vape pens for various THC and CBD percentage ranges and concentrations.

NeuCourt, Inc.

On November 8, 2016, the Company invested \$25,000 in NeuCourt, Inc. (“NeuCourt”) as a convertible note receivable and an additional investment of \$25,000 was made as a convertible note receivable in NeuCourt on November 22, 2017 for a total investment of \$50,000 (together “Notes”). Principal and unpaid interest on the Notes may be converted into a blend of shares of a to-be-created series of Preferred Stock and Common Stock of NeuCourt (i) on closing of a future financing round of at least \$750,000, (ii) on the election of NeuCourt on maturity of the Note, or (iii) on election of Mentor following NeuCourt’s election to prepay the Note. NeuCourt is a Delaware corporation that is developing a technology that is expected to be useful in the cannabis space.

GlauCanna

On April 13, 2017, the Company agreed to provide \$40,000 of funding to offset costs for the application of cannabis oil in a glaucoma study conducted by and otherwise paid for by Dr. Robert M. Mandelkorn, MD. In exchange for the funding Mentor, dba GlauCanna, will hold an 80% interest in any commercial opportunities that result from the study Dr. Mandelkorn will hold the remaining 20%.

G Farmlabs Limited

On March 17, 2017, the Company entered into a Notes Purchase Agreement with G FarmaLabs Limited, a Nevada corporation. Under the Agreement the Company purchased two secured promissory notes from G Farma in an aggregate principal face amount of \$500,000. Addenda II through VI have increased the investment amount secured by promissory notes to \$1,000,000 as of January 17, 2018, see footnote 9 to the condensed consolidated financial statements. The investment consists of a secured promissory note in the principal face amount of \$120,000 intended for purchase of real estate and a second secured promissory note in principal face amount of \$880,000 intended for working capital of G Farma. In the event real estate is not purchased to secure the real estate note the \$120,000 intended for purchase of real estate will be converted to a working capital loan.

Associated with the Notes Purchase Agreement, on March 17, 2017, the Company and G Farma entered into a Rights Agreement, subsequently amended, which provides that G Farma will not register its stock in a public offering unless it either (i) obtains the written consent of the Company, or (ii) without the Company’s written consent if G Farma issues to the Company shares of each class or series of G Farma stock then outstanding equal to 3.0% of each such number of shares, calculated on a full dilution full conversion basis. See footnotes 9 to the condensed consolidated financial statements.

Also, on March 17, 2017 the Company entered into a Consulting Agreement with G Farma, which has been subsequently amended, whereby the Company will provide consulting services to G Farma. The monthly consulting payment was increased to \$2,520 per month under the January 17, 2018 Addendum VI modification.

Mentor Partner I, LLC

On September 19, 2017, the Company formed Mentor Partner I, LLC (“Partner I”), a California limited liability company, as a wholly owned subsidiary of Mentor for the purpose of cannabis-focused acquisition and investing. For the period of inception to December 31, 2017 there were no operations. In the quarter ended March 31, 2018, Mentor contributed \$800,000 of capital to Partner I to facilitate the purchase of manufacturing equipment to be leased from Partner I by G FarmaLabs Limited (“G Farma”) under a Master Equipment Lease Agreement dated January 16, 2018, as amended. At March 31, 2018, \$152,404 of equipment was delivered under the lease agreement and \$412,055 was paid on deposit for manufacturing equipment.

On February 1, 2018, the Company formed Mentor Partner II, LLC (“Partner II”), a California limited liability company, as a wholly owned subsidiary of Mentor for the purpose of cannabis-focused acquisition and investing. On February 8, 2018, Mentor contributed \$400,000 to Partner II to facilitate the purchase of manufacturing equipment to be leased from Partner II by Pueblo West Organics, LLC under a Master Equipment Lease Agreement dated February 11, 2018. At March 31, 2018, \$176,400 was paid on deposit for manufacturing equipment.

Overview

Our goal is to focus future investments in the medical marijuana and social use cannabis sector. Currently, our general business operations are intended to provide management consultation and headquarters functions, especially with regard to accounting and audits, for our larger investment targets and our majority owned subsidiaries. We monitor our smaller and less than majority positions for value and investment security. Management also spends considerable effort reviewing possible acquisition candidates within the cannabis industry on an ongoing basis.

Mentor seeks to take significant positions in medical marijuana and cannabis companies to provide liquidity for founders, protection for investors, funding for cannabis companies, and to incubate private cannabis companies that have the potential to be spun off as stand-alone public companies. When Mentor takes a significant position in its investees it provides financial management when needed but leaves operating control in the hands of the cannabis company founders.

Retaining control, receiving greater liquidity, and working with an experienced organization to efficiently develop disclosures and compliance to consider the public markets are three key advantages to cannabis founders working with Mentor Capital, Inc.

Because adult social use and medical marijuana opportunities often overlap, Mentor Capital participates in the legal recreational marijuana market. However, Mentor’s preferred focus is medical, and the company seeks to facilitate the application of cannabis to cancer wasting, Parkinson’s disease, calming seizures, reducing ocular pressures from glaucoma and blunting chronic pain.

Business Segments

We manage our operations through two operating segments, a cannabis and medical marijuana segment which is our current focus of business, and a legacy investment acquired prior to the Company’s focus in the cannabis and medical marijuana segment. The largest legacy investment is in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their operating costs. Upon the occurrence of a divestment event for any legacy asset, the resulting proceeds are earmarked to be re-invested into the cannabis segment.

Liquidity and Capital Resources

The Company’s future success is dependent upon its ability to make a return on its investments, to generate positive cash flow and to obtain sufficient capital from non-portfolio-related sources. Management believes they have three years of operating resources on hand and can raise additional funds as may be needed to support their business plan and develop an operating, cash flow positive company.

Results of Operations

Three Months Ended March 31, 2018 compared to Three Months Ended March 31, 2017

Revenues

Revenue for the three months ended March 31, 2018 was \$1,016,199 compared to \$738,144 for the three months ended March 31, 2017 (“the prior year period”), an increase of \$278,055 or 37.7%. This increase is due to an increase in monthly service fees of \$117,527, leased equipment sales of \$152,404 compared to \$0 for the prior year period, finance lease revenue of \$1,124 compared to \$0 for the prior year period and consulting revenue of \$7,000 compared to \$0 for the prior year period.

Gross profit

Gross profit for the three months ended March 31, 2018 was \$345,707 compared to \$263,896 for the prior year period. Cost of goods sold relate primarily to WCI and Partner I. WCI experienced gross profit of 35.3% for the three months ended March 31, 2018 compared to 35.7% for the prior year period, a decrease of (0.4%). Partner I began operations in the first quarter of 2018 and had gross profit of 23.6%.

The decrease in WCI gross profit was due to an increase in vehicle costs of 1.6% and an increase in other cost of sales of 0.8%, partially offset by a decrease in salary, contract labor and related costs of (0.6%), and a decrease in fuel costs of (1.4%), as a percent of WCI revenue over the prior year period.

Selling, general and administrative expenses

Our selling, general and administrative expenses for the three months ended March 31, 2018 was \$565,778 compared to \$648,290 for the prior year period, a decrease of (\$82,512). The decrease is due to a (\$175,997) decrease in incentive fees which is partially offset by a \$38,777 increase in salary and related costs, an increase of \$11,581 in insurance, a \$24,070 increase in bad debt expense, a \$6,157 in IT related costs and a \$12,900 increase in other selling, general and administrative expenses in the current period as compared to the prior year period.

Other income and expense

Other income and expense, net, totaled \$86,530 for the three months ended March 31, 2018 compared to (\$56,822) for the prior year period, an increase of \$143,352. Of the increase \$133,157 is due to gains on investments of \$51,591 recognized in the current year period compared to losses on investments of \$81,566 in the prior year period. In addition, there was an increase in interest income of \$10,773 which is partially offset by a (\$78) increase in interest expense and a (\$500) decrease in other income in the current period as compared to the prior year period.

Net results

The net result for the three months ended March 31, 2018 was a loss attributable to Mentor of (\$151,704) or (\$0.007) per Mentor common share compared to net loss attributable to Mentor in the prior year period of (\$460,176) or (\$0.021) per Mentor common share. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in the cannabis industry in larger companies that are positive for operating revenue or have the potential to become positive for operating revenue.

Liquidity and Capital Resources

Since our reorganization, we have raised capital through warrant holder exercise of warrants for common stock. At March 31, 2018 we had cash and cash equivalents of \$2,655,082 and a working capital of \$3,820,509. Operating cash outflows in the three months ended March 31, 2018 were (\$480,261), including (\$145,591) of net loss, subtraction of (\$53,058) of gain on sale of investment in BDH included in net income (loss), (\$14,952) of non-cash income related to amortization of discount on investment, (\$634) of accrued investment interest income, and increases in operating assets of (\$319,029), partially offset by \$4,300 of non-cash depreciation and amortization, \$26,969 of non-cash bad debt expense, the add back of \$1,466 of loss on investment securities included in net income (loss), and cash provided by increases in operating liabilities of \$20,268. Cash inflows from investing activities in the three months ended March 31, 2018 were \$1,923,779 due to \$1,987,099 in proceeds collected on receivable from Bhang Corporation, \$4,140 proceeds from convertible notes receivable, \$5,274 proceeds from notes receivable, \$8,303 proceeds from finance leases receivable, \$109,000 proceeds from sale of investment in BDH, and \$117,000 proceeds from investment in receivable, partially offset by (\$51,441) purchase of investment securities, (\$100,000) invested in notes receivable, (\$153,197) investment in finance leases receivable, and (\$2,399) purchase of property and equipment. Net inflows from financing activities during the three months ended March 31, 2018 were \$377,374 of which \$387,909 were proceeds received from exercise of warrants, offset by (\$7,789) of payments on long-term debt, and (\$2,746) non-controlling interest distributions. We will be required to raise additional funds through financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow.

In addition, on February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and the Company's court-approved Plan of Reorganization, the Company announced a minimum 30 day partial redemption of up to 1% of the already outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days paid 10 cents per warrant to redeem the warrant and then exercised the Series D warrant to purchase a share at the court specified formula of not more than one-half of the closing bid price on the day preceding the 30 day exercise period. In the Company's October 7, 2016 press release, Mentor stated that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and be priced on a random date schedule after the prior 1% redemption is completed to prevent potential third party manipulation of share prices at month-end. The periodic partial redemptions may continue to be recalculated and repeated until such unexercised warrants are exhausted or the partial redemption is otherwise temporarily suspended or truncated by the Company.

For the quarter ended March 31, 2018, there were no partial redemptions and 379,436 Series D warrants exercised at the normal redemption price of \$1.60 for \$607,098 and \$0 in warrant redemption fees. On February 10, 2017, there was one partial redemption request accepted to exercise 100,000 outstanding Series D warrants for an exercise price of \$90,000 plus warrant redemption fees of \$10,000. For the remainder of 2017 there were 1,540,382 Series D warrants exercised at the regular redemption price of \$1.60 for Series D warrants for \$2,394,611 plus warrant redemption fees of \$92,054. Also, in 2017, 4,500 outstanding Series B warrants were exercised at an exercise price of \$495. We believe that if such redemptions and exercise continue, partial warrant redemptions will provide monthly cash in excess of what is required for monthly operations for an extending period of time while we are exploring other major sources of funding for further acquisitions.

Disclosure About Off-Balance Sheet Arrangements

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk.

As a "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this item.

Controls and Procedures

Evaluation of disclosure controls and procedures

Management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resources constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our chief executive officer and chief financial officer concluded that, as of March 31, 2018, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our managers, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting.

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Legal Proceedings.

On December 29, 2016, Mentor obtained a judgment in the amount of \$1,921,534.62 against Bhang Corporation and its predecessor in interest, Bhang Chocolate Company, Inc. (together “Bhang”), in the United States District Court for the Northern District of California related to an action filed by Mentor on August 11, 2014 seeking rescission of the February 28, 2014 co-operative funding agreement with Bhang Corporation. The judgment accrued interest at the rate of 10% from December 29, 2016 until November 20, 2017, when the parties agreed to stipulated payment terms.

On January 23, 2018 the Company received a net payment of \$1,758,949 in satisfaction of the judgment and 117,000 shares of Mentor common stock, originally sold to two Bhang shareholders, were returned to Mentor in exchange for a payment of \$286,719 to the two Bhang shareholders, which was offset from the accrued judgment amount of \$2,045,668. The shares returned by the Bhang shareholders were received by the Company on January 23, 2018 and were accounted for at that time as a reduction of outstanding Mentor Common Stock and the net payment resulted in a satisfaction of the Receivable from Bhang. See Note 5 to condensed consolidated financial statements.

In July 2015, Mentor was served with a complaint in an action in the United States District Court for the District of Utah initiated by the wife and daughter of Bhang’s corporate counsel related to 75,000 shares of Mentor’s Common Stock purchased from Bhang Corporation’s CEO in a secondary sale. The 75,000 shares at issue were returned to Mentor as a part of the Bhang settlement above. On December 21, 2017, the plaintiffs filed a motion to dismiss their complaint with prejudice which was granted on January 25, 2018. Within the same order, the Court vacated an earlier order dated September 25, 2017, related to issuance of Mentor’s stock. On February 2, 2018, Mentor’s third-party claims, related to plaintiffs’ now-dismissed complaint, were dismissed with prejudice.

Risk Factors.

In addition to other information in this Quarterly Report on Form 10-Q, the following risk factors should be carefully considered in evaluating our business since it operates in a highly changing and complex business environment that involves numerous risks, some of which are beyond our control. The following discussion highlights a few of these risk factors, any one of which may have a significant adverse impact on our business, operating results and financial condition.

As a result of the risk factors set forth below and elsewhere in this Form 10-Q and in our Form 10-K, and the risks discussed in our Rule 15c2-11 and other publicly disclosed submissions, actual results could differ materially from those projected in any forward-looking statements.

We face significant risks, and the risks described below may not be the only risks we face. Additional risks that we do not know of or that we currently consider immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be harmed, and the trading price of our Common Stock could decline.

Management has a lack of experience operating as a fully reporting company and meeting the associated reporting obligations.

Management has operated Mentor Capital, Inc. as a non-reporting public company for 20 years, and only three years ago voluntarily transitioned to reporting company status subject to financial and other SEC required disclosures. Prior to such voluntary transition, management has not been required to prepare and make such required disclosures. As a reporting company we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (“Exchange Act”), the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of a national securities exchange, and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating activities. As management has never before been required to prepare and file these disclosure reports, doing so may impose a significant expense, time and reporting burden upon management. This distraction can divert management from its operation of the business to the detriment of core operations. Also, improper reporting due to inexperience can result in trading restrictions and other sanctions that may impair or even suspend trading in the company Common Stock.

Investors may suffer risk of dilution following exercise of warrants for cash.

As of March 31, 2018, the Company had 23,076,676 outstanding shares of its Common Stock trading at approximately \$1.02. As of the same date the Company also had 87,456 outstanding Series B warrants exercisable for shares of Common Stock at \$0.11 per share and 6,316,115 outstanding Series D warrants exercisable for shares of Common Stock at \$1.60 per share. These Series B and D warrants do not have a cashless exercise feature. The Company anticipates that the Series D warrants will be increasingly exercised if the per share price of the Company's Common Stock is greater than \$1.60 per share. Exercise of the Series D warrants may result in immediate and potentially substantial dilution to current holders of the Company's Common Stock. The Company also has 689,159 outstanding Series H warrants with a per share exercise price of \$7.00 held by an investment bank and its affiliates. These \$7.00 Series H warrants include a cashless exercise feature. Current and future shareholders may suffer dilution of their investment and equity ownership if any of the warrant holders elect to exercise their warrants.

Beginning on February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and in accordance with the Company's court-approved Plan of Reorganization, the Company announced that it would allow for partial redemption of up to 1% per month of the outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. On October 7, 2016, the Company announced that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and priced on a random date schedule after the prior 1% redemption is complete to prevent potential third party manipulation of share prices during the pricing period at month-end. Company designees that apply during the redemption period must pay 10 cents per warrant to redeem the warrants and then exercise the Series D warrant to purchase a share of the Company's Common Stock at a maximum of one-half of the closing bid price on the day preceding the 1% partial redemption. The 1% partial redemption may continue to be periodically recalculated and repeated according to the court formula until such unexercised warrants are exhausted or the partial redemption is otherwise slowed or truncated by the Company. From February 11, 2017 through May 4, 2018, the Company has not offered partial redemptions on its Series D warrants.

We operate in a turbulent market populated by businesses that are highly volatile.

The US market for cannabis products is highly volatile. While we believe that it is an exciting and growing market, many companies involved in cannabis products and services used to be involved in illegal activities, some still are, and many of them operate in unconventional ways. Some of these differences which represent challenges to us include not keeping appropriate financial records, inexperience with business contracts, not having access to customary business banking or brokerage relationships, not having quality manufacturing relationships, and not having customary distribution arrangements. Any one of these challenges, if not managed well, could materially adversely impact our business.

Many cannabis activities, products, and services still violate law.

The legal patchwork to which cannabis companies are subject is still evolving and frequently uncertain. While we believe that anti-cannabis laws are softening and that the trend is toward legalization of cannabis products, many states and the US government still view some or all cannabis activity as illegal. Notwithstanding this uncertainty we intend to do our best to engage in activities that are unambiguously legal and to use what influence we have with our affiliates for them to do the same. But we will not always have control over those companies with whom we do business and there is a risk that we could suffer a substantial and material loss due to routine legal prosecution. Similarly, many jurisdictions have adopted so-called "zero tolerance" drug laws and laws prohibiting sale of what is considered drug paraphernalia. If our, or our affiliates' activities related to cannabis activities, products, and services are deemed to violate one or more federal or state laws, we may be subject to civil and criminal penalties, including fines, impounding of cannabis products, and seizure of our assets.

Our business model is to partner with or acquire other companies.

We do not manufacture or sell cannabis products or services. Rather we try to find cannabis businesses whose products, managers, technology or other factors we like and acquire or invest in those businesses. There is no certainty that we will find suitable partners or that we will be able to engage in transactions on advantageous terms with partners we identify. There is also no certainty that we will be able to consummate a transaction on favorable terms, or any transaction at all, with any potential cannabis related acquisitions or that our partners will be able to navigate the maze of cannabis laws that may affect them. To date several of our acquisitions/investments have not turned out well for us, and an effort to secure a \$35 million loan resulted in a \$621,250 loss.

The Federal Government's attitude toward cannabis could materially harm our business

Changes to the Federal Government's administration and the manner in which the federal government regulates cannabis, including how it intends to enforce laws prohibiting medical marijuana and recreational cannabis use could materially negatively affect our business. If recreational use is limited that could represent 75% of the potential overall cannabis market revenues. Eliminating recreational cannabis use would be an existential threat to many cannabis entities. Being historically illegal, many cannabis contracts, including our contracts, may not be able to be enforced in the courts.

Many of the people and entities with whom we work in the cannabis industry are not used to engaging in normal course business transactions.

Many of the people and entities with whom we engage may not be used to operating in business transactions in the normal course. Entities and persons operating in the cannabis industry may be unaccustomed to entering into written agreements or keeping financial records according to GAAP. Additionally, entities and persons with whom we engage may not pay particular attention to the obligations with which they have agreed in written contracts. We have experienced these differences with several different entities in which we've invested or considered investing, including an entity which failed to comply with contractual obligations, which led us into litigation and other legal remedies.

Our actual results could differ materially from those anticipated in our forward-looking statements.

This Form 10-Q contains forward-looking statements within the meaning of the federal securities laws that relate to future events or future financial performance. When used in this report, you can identify forward-looking statements by terminology such as "believes," "anticipates," "seeks", "looks", "hopes", "plans," "predicts," "expects," "estimates," "intends," "will," "continue," "may," "potential," "should" and similar expressions. These statements are only expressions of expectation. Our actual results could, and likely will, differ materially from those anticipated in such forward-looking statements as a result of many factors, including those set forth above and elsewhere in this report and including factors unanticipated by us and not included herein. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. Accordingly, we caution readers not to place undue reliance on these statements. Where required by applicable law, we will undertake to update any disclosures or forward-looking statements.

A failure to obtain financing could prevent us from executing our business plan.

We anticipate that current cash resources will be sufficient for us to execute our business plan for the next 3 years. It is possible that if future financing is not obtained we will not be able to execute our long-term plans. We believe that securing substantial additional sources of financing is possible but there is no assurance of our ability to secure such financing. A failure to obtain additional financing could prevent us from making necessary expenditures for advancement and growth, to partner with more cannabis businesses, and to hire additional personnel. If we raise additional financing by selling equity or convertible debt securities, the relative equity ownership of our existing investors could be diluted, or the new investors could obtain terms more favorable than previous investors. If we raise additional funds through debt financing, we could incur significant borrowing costs and be subject to adverse consequences in the event of a default.

If we are unable to protect our intellectual property, our competitive position would be adversely affected

We, and our partners and subsidiaries, intend to rely on patent protection, trademark and copyright law, trade secret protection and confidentiality agreements with our employees and others to protect our intellectual property. Despite our precautions, unauthorized third parties may copy our products and services or reverse engineer or obtain and use information that we regard as proprietary. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our proprietary rights may not be adequate and third parties may infringe or misappropriate our patents, copyrights, trademarks and similar proprietary rights. If we fail to protect our intellectual property and proprietary rights, our business, financial condition and results of operations would suffer. We believe that we do not infringe upon the proprietary rights of any third party, and no third party has asserted an infringement claim against us. It is possible, however, that such a claim might be asserted successfully against us in the future. We may be forced to suspend our operations to pay significant amounts to defend our rights, and a substantial amount of the attention of our management may be diverted from our ongoing business, all of which would materially adversely affect our business.

We depend on our key personnel and may have difficulty attracting and retaining the skilled staff we need to execute our growth plans.

Our success will be dependent largely upon the personal efforts of our Chief Executive Officer, Chet Billingsley, and other senior managers. The loss of key staff could have a material adverse effect on our business and prospects. To execute our plans, we will have to retain current employees. Competition for recruiting and retaining highly skilled employees with technical, management, marketing, sales, product development and other specialized training is intense. We may not be successful in retaining such qualified personnel. Specifically, we may experience increased costs in order to retain skilled employees. If we are unable to retain experienced employees as needed, we would be unable to execute our business plan.

Founder and CEO Chet Billingsley, along with other members of the Company Board of Directors, have considerable control over the company through their aggregate ownership of 26.39% of the outstanding shares of the Company's Common Stock on a fully diluted basis.

As of May 4, 2018, Mr. Billingsley owned approximately 20.03% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Together with other members of the Company's Board of Directors, management of the Company owns approximately 26.39% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Mr. Billingsley also holds 2,050,228 Series D warrants and 87,456 Series B warrants which are exercisable at \$1.60 and \$0.11 per share, respectively. [See footnote 20 to the condensed consolidated financial statements.] Additionally, Robert Meyer, Stan Shaul, David Carlile and Lori Stansfield, directors of the Company, hold an aggregate of 854,352 Series D warrants exercisable at \$1.60 per share. Due to the large number of shares of Common Stock owned by the management of the Company, management has considerable ability to exercise control over the Company and matters submitted for shareholder approval, including the election of directors and approval of any merger, consolidation or sale of substantially all of the assets of the Company. Additionally, due to his position as CEO and director, Mr. Billingsley has the ability to control the management and affairs of the Company. As board members and officers, Mr. Billingsley and the other persons in management positions of the Company owe a fiduciary duty to our shareholders and must act in good faith in a manner each reasonably believes to be in the best interests of our shareholders. As shareholders, Mr. Billingsley and the other officers and directors are entitled to vote their shares in their own interests, which may not always be in the interests of our shareholders generally.

We face rapid change.

The market for our partners' and subsidiaries' products and services is characterized by rapidly changing law and technologies, marketing efforts, and extensive research and the introduction of new products and services. We believe that our future success will depend in part upon our ability to continue to develop and enhance products and services offered in the cannabis market. As a result, we expect to continue to make investments in engineering and research and development. There can be no assurance that we will be able to develop and introduce new products and services or enhance initial products in a timely manner to satisfy customer needs, achieve market acceptance or address technological changes in our target markets. Failure to develop products and services and introduce them successfully and in a timely manner could adversely affect our competitive position, financial condition and results of operations.

If we experience rapid growth, we will need to manage such growth well.

We may experience substantial growth in the size of our staff and the scope of our operations, resulting in increased responsibilities for management. To manage this possible growth effectively, we will need to continue to improve our operational, financial and management information systems, will possibly need to create departments that do not now exist, and hire, train, motivate and manage a growing number of staff. Due to a competitive employment environment for qualified technical, marketing and sales personnel, we expect to experience difficulty in filling our needs for qualified personnel. There can be no assurance that we will be able to effectively achieve or manage any future growth, and our failure to do so could delay product development cycles and market penetration or otherwise have a material adverse effect on our financial condition and results of operations.

We could face product liability risks and may not have adequate insurance.

Our partners' and affiliates' products may be used for medical purposes. We may become the subject of litigation alleging that our products were ineffective or unsafe. Thus, we may become the target of lawsuits from injured or disgruntled customers or other users. We intend to, but do not now, carry product and liability insurance, but in the event that we are required to defend more than a few such actions, or in the event our products are found liable in connection with such an action, our business and operations may be severely and materially adversely affected.

There is a limited market for our Common Stock.

Our Common Stock is not listed on any exchange and trades on the OTC Markets OTCQB system. As such, the market for our Common Stock is limited and is not regulated by the rules and regulations of any exchange. Freely trading shares of even fully reporting cannabis companies receive careful scrutiny by brokers who may require legal opinion letters, proof of consideration, medallion guarantees, or expensive fee payments before accepting or declining share deposit.

Further, the price of our Common Stock and its volume in the market may be subject to wide fluctuations. Our stock price could decline regardless of our actual operating performance, and stockholders could lose a substantial part of their investment as a result of industry or market-based fluctuations. Our stock may trade relatively thinly. If a more active public market for our stock is not sustained, it may be difficult for stockholders to sell shares of our Common Stock. Because we do not anticipate paying cash dividends on our Common Stock for the foreseeable future, stockholders will not be able to receive a return on their shares unless they are able to sell them. The market price of our Common Stock will likely fluctuate in response to a number of factors, including but not limited to, the following:

- sales, sales cycle and market acceptance or rejection of our affiliates' products;
- our ability to engage with partners who are successful in selling products;
- economic conditions within the cannabis industry;
- development of law related to cannabis products and services;
- the timing of announcements by us or our competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof;
- domestic and international economic, business and political conditions;
- justified or unjustified adverse publicity; and
- proper or improper third party short sales of stock.

We have a long business and corporate existence.

We began in Silicon Valley in 1985 as a limited partnership and operated as Mentor Capital, LP until we incorporated under the name of a major subsidiary, Main Street Athletic Clubs, Inc., in California in 1994. We were privately owned until September 1996, at which time our Common Stock began trading on the Over The Counter Pink Sheets. Our merger and acquisition and business development activities have spanned many business sectors and we went through a bankruptcy reorganization in 1998. In late 2015, we reincorporated under the laws of the State of Delaware.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to adequately maintain compliance with, or maintain the adequacy of, our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If we cannot favorably assess our internal controls over financial reporting, investor confidence in the reliability of our financial reports may be adversely affected, which could have a material adverse effect on our stock price.

We have indemnified our officers and directors.

We have indemnified our Officers and Directors against possible monetary liability to the maximum extent permitted under California and Delaware law.

The fragile state of the worldwide economy could impact the company in numerous ways.

The effects of negative worldwide economic events may cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, impact levels of consumer spending, and may impact our business, operating results, or financial condition. The ongoing worldwide economic situation, future weakness in the credit markets and significant liquidity problems for the financial services industry may also impact our financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us or may not pay us or may delay paying us for previously purchased products and services. Also, we may have difficulties in securing additional financing.

Unregistered Sales of Equity Securities and Use of Proceeds.

On October 31, 2016, Mentor sold 222,223 shares of its unregistered Common Stock in a private placement for \$100,000.

On March 22, 2017, Mentor sold 222,223 shares of its unregistered Common Stock in a private placement for \$500,002.

On April 28, 2017, Mentor sold 66,667 shares of its unregistered Common Stock in a private placement for \$100,000. There have been no other unregistered securities sold within the past three years.

Each of these sales of shares of Common Stock was made in reliance on Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

Proceeds of \$100,000 were used for operating expenses of the Company. Proceeds of \$600,002 were used to invest in a right to recover proceeds from a civil action further described in Note 12 to the condensed consolidated financial statements.

Defaults Upon Senior Securities and Use of Proceeds.

None.

Mine Safety Disclosures.

None.

Other Information.

None.

Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description
<u>3.1</u>	Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).
<u>3.2</u>	Bylaws of the Company (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).
<u>4.1</u>	Instrument Defining Rights of Security Holders. (A copy of our Bankruptcy Plan of Reorganization, including Mentor's Sixth Amended Disclosure Statement, incorporated by reference to Exhibit 4 of our Registration Statement on Form 10, filed with the SEC on November 19, 2014.)
<u>4.2</u>	Description of assumed warrants to purchase shares of Mentor's Common Stock (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).
<u>4.3</u>	Certificate of Designations of Rights, Preferences, Privileges and Restrictions of Series Q Preferred Stock (Incorporated by reference to Exhibit 4.3 to Mentor's Quarterly Report on Form 10-Q for the Period Ended September 30, 2017, filed with the SEC on November 9, 2017)
<u>10.1</u>	Copy of the Master Equipment Lease Agreement dated January 16, 2018 by and between Mentor Partner I, LLC and G FarmaLabs Limited, as amended
<u>10.2</u>	Copy of First Amendment to Lease Schedule No. 1 dated March 5, 2018, by and between Mentor Partner I, LLC and G FarmaLabs Limited, as amended
<u>10.3</u>	Copy of Second Amendment to Lease Schedule No. 1 dated April 4, 2018, by and between Mentor Partner I, LLC and G FarmaLabs Limited, as amended
<u>10.4</u>	Copy of the Master Equipment Lease Agreement dated February 11, 2018, by and between Mentor Partner II, LLC and Pueblo West Organics, LLC
<u>31.1</u>	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>31.2</u>	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>32.1</u>	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<u>32.2</u>	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mentor Capital, Inc.

Date: May 10, 2018

By: /s/ Chet Billingsley
Chet Billingsley, Chief Executive Officer

Date: May 10, 2018

By: /s/ Lori Stansfield
Lori Stansfield, Chief Financial Officer

MASTER EQUIPMENT LEASE AGREEMENT

By and among

Mentor Partner I, LLC

and

G FarmaLabs Limited

and

G FarmaBrands, Inc.

January 16, 2018

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MASTER EQUIPMENT LEASE AGREEMENT

THIS MASTER EQUIPMENT LEASE AGREEMENT dated as of **January 16, 2018** is entered into between **Mentor Partner I, LLC**, a California limited liability company with an address at P.O. Box 1709, Ramona, CA 92065 (“**Lessor**”) and **G FarmaLabs Limited**, a Nevada corporation with an address at 369 3rd Street, #464, San Rafael, CA 94901 (“**Lessee**”), and guaranteed by **G FarmaBrands, Inc.**, a Nevada limited liability company with an address of 369 3rd Street, #464, San Rafael, CA 94901 (“**Guarantor**”).

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

CERTAIN DEFINED TERMS

The following terms used herein are defined as follows:

“**Acquisition Cost**” shall mean (a) with respect to all Equipment subject to a Lease Schedule, the amount set forth as the effective Acquisition Cost by the Lessee in the Lease Schedule at and the acceptance applicable to such Equipment; and (b) with respect to any item of Equipment, the fully loaded total amount of all vendor or seller invoices (including Lessee invoices, if any) for such item of Equipment, together with all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment, plus Related Expenses, Taxes, and risk premium.

“**Affiliate**” shall mean a Person (other than a Subsidiary) which directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, another Person.

“**Assignee**” shall mean any party other than Lessee that could obtain the rights of Lessee upon assignment of such rights by Lessor pursuant to Section 16 of the Master Lease.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“**Collateral**” shall mean the grant to secure the payment and performance in full of all of Lessee’s obligations under the Lease, a security interest in all Equipment subject to and more particularly described in the Lease Schedule in which Lessee may now or hereafter have rights, and all parts, accessories, accessions and attachments thereto, except for any Improvements that are not Non-Severable Improvements and all replacements, substitutions and exchanges (including trade-ins) for such goods, together with proceeds of all of the foregoing, including goods, accounts, chattel paper, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights and supporting obligations, plus any equity interest the Lessee or its affiliates may have in the Lessor or the Lessor’s affiliates.

“**Designated Facility**” shall mean one of the locations where Lessee may return the Equipment to Lessor located within the metropolitan areas of San Diego, Los Angeles, San Francisco pursuant to Section 18 of the Master Lease.

“**Equipment**” shall mean the items and units of personal property, fixtures and other property described in each such Lease Schedule, together with all replacements, parts, additions, accessories and substitutions therefor.

“**Equipment Acceptance Date**” shall mean the date the Equipment is deemed to have been accepted by Lessee for all purposes under this Lease upon Lessor’s acceptance and notification to Lessor.

“**Equipment Description**” shall mean the Equipment described the Equipment Schedule, to be attached as **EXHIBIT B-1** to the Lease Schedule.

“**Equipment Schedule**” shall mean the Equipment leased pursuant to the Lease Schedule, to be attached as **EXHIBIT B** to the Lease Schedule.

“**Event**” shall mean when Lessee has terminated its corporate existence, consolidated with, merged into, or conveyed or leased substantially all of its assets as an entirety to any Person other than the Lessor or an affiliate of the Lessor

“**Event of Default**” shall mean failure by Lessee to perform as defined in Section 8 of the Master Lease Agreement.

“**GAAP**” shall mean the Generally Accepted Accounting Principles, as amended. All financial terms contained herein that are not specifically defined herein shall be defined, and all calculations shall be made, in accordance with GAAP.

“**Improvements**” shall mean the modifications made in support of maintenance standards and conditions of all insurance policies required to be maintained by Lessee under the Lease and other written requirements as to the repair and maintenance of such item of Equipment issued at any time by the vendor and/or manufacturer thereof, as further specified in Section 12 of the Master Lease Agreement.

“**Insurance**” shall mean (a) Worker’s Compensation and Employer’s Liability Insurance, in the full statutory amounts provided by law; (b) Comprehensive General Liability Insurance including product/completed operations and contractual liability coverage, with minimum limits of \$1,000,000 each occurrence, and Combined Single Limit Body Injury and Property Damage, \$1,000,000 aggregate, where applicable; and (c) All Risk Physical Damage Insurance on each item of Equipment, in an amount not less than the lesser of the Stipulated Loss Value of the Equipment or (if available) its full replacement value. For all Insurance, a lesser amount may be agreed to by the Lessor or provided by Lessor with a 30% risk premium and administrative mark-up.

“**Item of Equipment**” shall mean each functionally integrated and separately marketable group or unit of Equipment subject to this Lease.

“**Lease**” shall mean any Lease Schedule which incorporates the terms of this Master Lease, together with all exhibits, addenda, schedules (except other Lease Schedules), certificates, riders and other documents and instruments executed and delivered in connection with such Lease Schedule or this Master Lease, all as the same may be amended or modified from time to time.

“**Lease Schedule**” shall mean the equipment lease agreement that incorporates the terms of the Master Lease that constitutes a separate, distinct and independent lease of Equipment and contractual obligation of Lessee to be attached as **EXHIBIT A**.

“**MACRS Deductions**” shall mean the deductions under Section 167 of the Code, taking into account the special depreciation allowance and basis adjustment under Section 168(k)(1) of the Code.

“**Master Lease**” shall mean the Master Lease Equipment Agreement between the Lessee and Lessor that defines the rules for the applicable Lease Schedule(s) between the Lessee and Lessor.

“**MAUCRSA**” shall mean the Medicinal and Adult-Use Cannabis Regulation and Safety Act, as amended.

“**Net Worth**” shall mean the amount by which Lessee’s assets exceed Lessee’s liabilities and for purposes of Section 8(h) of the Master Lease, shall be equal to or greater than Lessee’s net worth as of January 31, 2018.

“**Non-Severable Improvements**” shall mean Improvements and modifications made to the Equipment during the Lease that if removed would render the Equipment unable to operate as it was modified to do, or that are not readily removable without causing material damage to such item of Equipment or which will cause the value, utility or useful life of such item of Equipment to materially decline.

“**Notice of Equipment Arrival Date**” shall mean the written notice that Lessee delivers to Lessor when the Equipment location changes.

“**Permitted Liens**” shall mean tax or repairmen’s liens for amounts not yet due and payable or being contested in good faith, as long as there is no material risk of forfeiture with respect to said liens, and except those of persons claiming by, through or under Lessor.

“**Person**” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, government or governmental authority, agency or political subdivision thereof any other entity whether employed, hired, affiliated, owned, contracted with, or otherwise related or unrelated to Lessee or Lessor.

“**Related Expenses**” shall mean all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment.

“**Sales Expenses**” shall mean (i) all property, excise, sales and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (ii) all documented fees, costs and expenses of such sale or transfer of the Equipment (including fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by Lessor and (iii) any and all other out-of-pocket amounts incurred in connection with such sale or transfer of the Equipment for which, if not paid, Lessor would be liable or which, if not paid, would constitute a Lien on the Equipment, or any part thereof.

“**Stipulated Loss Value**” with respect to any item of Equipment, shall mean the Stipulated Loss Value as set forth in any Schedule of Stipulated Loss Values attached to and made a part of the applicable Lease Schedule at **EXHIBIT C**, “*Schedule of Rent Amounts.*”

“**Subsidiary**” shall mean any corporation, limited liability company, partnership, joint venture or other business entity, of which more than fifty percent (50%) of the voting rights of the outstanding capital stock or other equity at the time of determination is beneficially or directly owned, or the management of which is otherwise controlled, in any such case directly or indirectly, through one or more intermediaries, or both, by Lessee or one of the Subsidiaries of Lessee.

“**Taxes**” shall mean all license fees, assessments, and sales, use, property, excise, privilege and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency.

“**Total Invoice Cost**” shall mean the total invoice cost of the Equipment leased pursuant to this Lease Schedule is equal to the aggregate total invoice cost of the Equipment described attached to the Lease Schedule as **EXHIBIT B-1**, “*Equipment Description.*”

“**UCC**” shall mean the Uniform Commercial Code, as amended.

1. LEASE OF EQUIPMENT

Subject to the terms and conditions set forth herein (the “**Master Lease**”) and in any Lease Schedule incorporating the terms of this Master Lease (each, a “**Lease Schedule**”), Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the items and units of personal property, fixtures and other property described in each such Lease Schedule, together with all replacements, parts, additions, accessories and substitutions therefor (collectively, the “**Equipment**”). As used in this Lease, the term “**item of Equipment**” shall mean each functionally integrated and separately marketable group or unit of Equipment subject to this Lease. Each Lease Schedule shall constitute a separate, distinct and independent lease of Equipment and contractual obligation of Lessee. References to “**the Lease**,” “**this Lease**,” “**any Lease**,” “**hereof**” or “**hereunder**” shall mean and refer to any Lease Schedule which incorporates the terms of this Master Lease, together with all exhibits, addenda, schedules (except other Lease Schedules), certificates, riders and other documents and instruments executed and delivered in connection with such Lease Schedule or this Master Lease, all as the same may be amended or modified from time to time. The Equipment is to be delivered at the location specified or referred to in the applicable Lease Schedule. The Equipment shall be deemed to have been accepted by Lessee for all purposes under this Lease as of the **Equipment Acceptance Date(s)** upon Lessor’s acceptance or other written notification to Lessor with respect to such Equipment, executed by Lessee after receipt of all other documentation required by Lessor with respect to such Equipment. Lessor shall not be liable or responsible for any failure or delay in the delivery of the Equipment to Lessee for whatever reason. Notwithstanding the foregoing, this does not imply that Lessee would be obligated to lease equipment that has not been delivered, and both Lessor and Lessee will reasonably cooperate with one another to ensure that the terms of the Master Lease and Lease Schedules are met.

As used in this Lease, (“**Acquisition Cost**”) shall mean (a) with respect to all Equipment subject to a Lease Schedule, the amount set forth as the effective Acquisition Cost by the Lessee in the Lease Schedule and the acceptance applicable to such Equipment; and (b) with respect to any item of Equipment, the fully loaded total amount of all vendor or seller invoices (including Lessee invoices, if any) for such item of Equipment, together with all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment, plus Related Expenses (as defined herein), including Taxes, and risk premium (“**Related Expenses**”). As used in this Lease with respect to any Equipment, the terms “**Equipment Acceptance Date**,” “**Rental Payment(s)**,” “**Rental Payment Date(s)**,” “**Rental Payment Numbers**,” “**Rental Payment Commencement Date**,” “**Lease Term**,” “**Lease Term Commencement Date**” and “**Renewal Term**”: shall have the meanings and values assigned to them in this Lease, the Lease Schedule, the acceptance and any Riders applicable to such Equipment. The term “**Stipulated Loss Value**” with respect to any item of Equipment shall mean the Stipulated Loss Value as set forth in any Schedule of Stipulated Loss Values attached to and made a part of the applicable Lease Schedule. Except where the context otherwise requires (“**Section**”) shall mean Section of this Lease.

2. TERM AND RENT

The Lease Term for any Equipment shall be as specified in the applicable Lease Schedule. Rental Payments shall be in the amounts and shall be due and payable as set forth in the applicable Lease Schedule. If any rent or other amount payable hereunder shall not be received by Lessor and paid in full within ten (10) days of the date when due, Lessee shall pay as an administrative and late charge an amount equal to five percent (5%) of the amount of any such overdue payment. All payments to be made to Lessor shall be made to Lessor in immediately available funds at the address shown above or at such other place, as Lessor shall specify in writing. THIS IS A NON-CANCELABLE, NON-TERMINABLE LEASE OF EQUIPMENT FOR THE ENTIRE LEASE TERM PROVIDED IN EACH LEASE SCHEDULE HERETO.

3. POSSESSION AND QUIET ENJOYMENT; PERSONAL PROPERTY

No right, title or interest in the Equipment shall pass to Lessee other than the right to maintain possession and use of the Equipment for the Lease Term (provided no Event of Default has occurred) free from interference by any person lawfully claiming by, through, or under Lessor. The Equipment shall always remain personal property even though the Equipment may hereafter become attached or affixed to real property. Lessee agrees to give and record such notices and to take such other action at its own expense as may be necessary to prevent any third party (other than anyone claiming by, through or under Lessor, including but not limited to an assignee of Lessor) from acquiring or having the right under any circumstances to acquire any interest in the Equipment, this Lease or any additional collateral given in connection with the Lease.

4. DISCLAIMER OF WARRANTIES

LESSOR IS NOT THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, NOR THE AGENT THEREOF, AND MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE MERCHANTABILITY OF THE EQUIPMENT, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS DESIGN OR CONDITION, ITS CAPACITY OR DURABILITY, THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE MANUFACTURE OR ASSEMBLY OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, OR PATENT INFRINGEMENTS, AND LESSOR HEREBY DISCLAIMS ANY SUCH WARRANTY. LESSOR IS NOT RESPONSIBLE FOR ANY REPAIRS OR SERVICE TO THE EQUIPMENT, DEFECTS THEREIN OR FAILURES IN THE OPERATION THEREOF. Lessee has made the selection of each item of Equipment and the manufacturer and/or supplier thereof based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. For so long as no Event of Default has occurred and is continuing, Lessee shall be the beneficiary of, and shall be entitled to, all rights under any applicable manufacturer's or vendor's warranties with respect to the Equipment, to the extent permitted by law. Lessor shall cooperate with Lessee with respect to the resolution of any claims by Lessee under such warranties, in good faith and by appropriate proceedings at Lessee's expense.

If the Equipment is not delivered, is not properly installed, does not operate as warranted, becomes obsolete, or is unsatisfactory for any reason whatsoever, Lessee shall make all claims on account thereof solely against the manufacturer or supplier and not against Lessor, and Lessee shall nevertheless pay all rentals and other sums payable hereunder. Lessee acknowledges that neither the manufacturer or supplier of the Equipment, nor any sales representative or agent thereof, is an agent of Lessor, and no agreement or representation as to the Equipment or any other matter by any such sales representative or agent of the manufacturer or supplier shall in any way affect Lessee's obligations hereunder.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessee represents and warrants to and covenants with Lessor that:

Lessee has the form of business organization indicated above, Lessee's chief executive office and address for purpose of notices hereunder is as listed above, and Lessee is duly organized and existing in good standing under the laws of the state listed in the caption of this Master Lease, and in the state of California and is duly qualified to do business wherever necessary to carry on its present business and operations and to own its property, and Lessee shall provide written notice to Lessor not less than thirty (30) days prior to any contemplated change in Lessee's name, its form, its state of organization, its organizational identification number issued by its state of organization or its chief executive office or notice address; (b) this Lease has been duly authorized by all necessary action on the part of

Lessee consistent with its form of organization, does not require any further shareholder, member, manager or partner approval, does not require the approval of, or the giving notice to, any federal, state, local or foreign governmental authority and does not contravene any law binding on Lessee, any provision of its certificate or articles of incorporation or by-laws, or certificate or articles of organization or operating agreement, or partnership certificate or agreement or any other agreement among the shareholders, members or partners of Lessee, or any agreement, indenture, or other instrument to which Lessee is a party or by which it may be bound; (c) this Lease has been duly executed and delivered by authorized officers, members, managers or partners of Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors generally, and except as such enforceability may be subject to the application of equitable principles, legal or equitable; (d) Lessee has not and will not, directly or indirectly, create, incur or permit to exist any lien, encumbrance, mortgage, pledge, attachment or security interest on or with respect to the Equipment or this Lease (except for tax or repairmen's liens for amounts not yet due and payable or being contested in good faith, as long as there is no material risk of forfeiture with respect to said liens, and except those of persons claiming by, through or under Lessor (collectively, the "Permitted Liens"); and (e) there are no pending or threatened actions or proceedings before any court or administrative agency which materially adversely affect Lessee's financial condition or operations, and all credit, financial and other information provided by Lessee or at Lessee's direction is, and all such information hereafter furnished will be, true, correct and complete in all material respects.

6. INDEMNITY

Lessee assumes the risk of liability for, and hereby agrees to indemnify and hold safe and harmless, and covenants to defend, Lessor, its employees, servants and agents from and against: (a) any and all liabilities, losses, damages, claims and expenses (including legal expenses of every kind and nature) arising out of the manufacture, purchase, shipment and delivery of the Equipment to Lessee, acceptance or rejection, ownership, titling, registration, leasing, possession, operation, use, return or other disposition of the Equipment, including, without limitation, any liabilities that may arise from patent or latent defects in the Equipment (whether or not discoverable by Lessee), any claims based on absolute tort liability or warranty and any claims based on patent, trademark or copyright infringement; (b) any and all loss or damage of or to the Equipment; and (c) any obligation or liability to the manufacturer or any supplier of the Equipment arising under any purchase orders issued by or assigned to Lessor, except, following Lessee's acceptance of the Equipment and Lessor's receipt of all required Lease documentation and satisfaction of all conditions precedent therefor, payment of the Acquisition Cost thereof.

7. TAXES AND OTHER CHARGES

Lessee represents, warrants and covenants that: (a) Lessee (i) shall use the Equipment, or cause the Equipment to be used, either (x) within the United States or (y) "in the transportation of property to and from the United States" within the meaning of *Section 168(g)(4)(E) of the Internal Revenue Code of 1986*, as amended from time to time (the "Code"), and (ii) shall maintain records to demonstrate that the Equipment is used in accordance with subclause (i) during each calendar year during the term of this Lease (which records shall be made available to Lessor as and when reasonably requested by Lessor); and (b) the Equipment is, and will be used by Lessee so as to remain, property eligible for the MACRS Deductions. As used herein, ("MACRS Deductions") shall mean the deductions under Section 167 of the Code, determined in accordance with the modified Accelerated Cost Recovery System with respect to the Total Cost of any item of the Equipment using the accelerated method set forth in Section 168(b)(1) or 168(b)(2) of the Code as in effect on the date of this Lease for property assigned to the 7-year class of property and taking into account the special depreciation allowance and basis adjustment under Section 168(k)(1) of the Code.

Lessee agrees to defend and indemnify Lessor against liability for all license fees, assessments, and sales, use, property, excise, privilege and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency ("Taxes") upon any Equipment, or with respect to the manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, operation, possession, use, return, or other disposition thereof or the rentals hereunder.

8. DEFAULT

Lessee shall be in default of this Lease upon the occurrence of any one or more of the following events (each an "Event of Default"): (a) Lessee shall fail to make any payment, of rent or otherwise, under any Lease within 60 days of the date when due; or (b) Lessee shall fail to obtain or maintain any of the insurance required under any Lease; or (c) Lessee shall fail to perform or observe any covenant, condition or agreement under any Lease, and such failure continues for 60 days after written notice thereof to Lessee; or (d) Lessee shall default in the payment or performance of any indebtedness or obligation to Lessor or any affiliated person, firm or entity (1) controlling, under common control with or (2) controlled by Lessor, under any loan, note, security agreement, lease, guaranty, title retention or

conditional sales agreement or any other instrument or agreement evidencing such indebtedness or equity investment with Lessor or such other affiliated person, firm or entity controlled by Lessor; or (e) any representation or warranty made by Lessee herein or in any certificate, agreement, statement or document hereto or hereafter furnished to Lessor in connection herewith, including without limitation, any financial information disclosed to Lessor, shall prove to be false or incorrect in any material respect; or (f); the commencement of any bankruptcy, insolvency, arrangement, reorganization, receivership, liquidation or other similar proceeding by Lessee, or the commencement of any such proceeding against Lessee which is not discharged or vacated within 90 days thereof, or the appointment of a trustee, receiver, liquidator or custodian for Lessee or any of its properties of business, or if Lessee suffers the entry of an order for relief under Title 11 of the United States Code; or the making by Lessee of a general assignment or deed of trust for the benefit of creditors; or (g) Lessee shall default in any payment or other obligation to any third party and any applicable grace or cure period with respect thereto has expired; or (h) Lessee shall have terminated its corporate existence, consolidated with, merged into, or conveyed or leased substantially all of its assets as an entirety to any Person other than the Lessor or an affiliate of the Lessor (such actions under this Section 8(h) being referred to as an “Event”), unless immediately prior to such Event: (i) such Person executes and delivers to Lessor an agreement reasonably satisfactory in form and substance to Lessor, in its reasonable discretion, containing only such Person’s effective assumption, and its agreement to pay, perform, comply with and otherwise be liable for, in due and punctual manner, all of Lessee’s obligations having previously arisen, or thereafter arising, under any Lease; and (ii)(A) such Person or the new entity has a Net Worth equal to or greater than Lessee’s Net Worth as of January 31, 2018. Lessee shall promptly notify Lessor of the occurrence of any Event of Default or the occurrence or existence of any event or condition, which, upon the giving of notice or lapse of time, or both, may become an Event of Default.

9. REMEDIES; MANDATORY PREPAYMENT

Upon the occurrence of any Event of Default, Lessor may, at its sole option and discretion, exercise one or more of the following remedies with respect to any or all of the Equipment: (a) cause Lessee to promptly return, at Lessee’s expense, any or all Equipment to such location as Lessor may designate in accordance with the terms of the Lease including Section 18, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for or by reason of damage to property or such entry or taking possession except for Lessor’s gross negligence or willful misconduct; (b) sell any or all Equipment at public or private sale or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment, all as Lessor in its sole discretion may determine and all free and clear of any rights of Lessee; (c) remedy such default, including making repairs or modifications to the Equipment, for the account and expense of Lessee, and Lessee agrees to reimburse Lessor for all of Lessor’s costs and expenses; (d) by written notice to Lessee, cancel the Lease with respect to any or all Lease Schedules and the Equipment subject thereto, as such notice shall specify, and, with respect to such canceled Lease Schedules and Equipment, declare immediately due and payable and recover from Lessee, as liquidated damages for loss of Lessor’s bargain and not as a penalty, an amount equal to the Stipulated Loss Value, calculated as of the next following Rental Payment Date; (e) apply any deposit or other cash collateral or sale or remarketing proceeds of the Equipment at any time to reduce any amounts due to Lessor by Lessee under this Lease; and (f) exercise any other right or remedy which may be available to Lessor under applicable law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, including reasonable attorneys’ fees and court costs. In addition, Lessee shall pay overdue interest on any delinquent payment or other amounts due under the Lease (by reason of acceleration or otherwise) from 30 days after the due date until paid at the rate of 1 1/2% per month or the maximum amount permitted by applicable law, whichever is lower. Notice of Lessor’s intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever (other than notices specifically required of Lessor pursuant to Section 8 of this Master Lease) are hereby waived by Lessee and any endorser, guarantor, surety or other party liable in any capacity for any of the Lessee’s obligations under or in respect of the Lease. No remedy referred to in this Section 9 shall be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity.

At any sale of the Equipment pursuant to this Section 9, Lessor may bid for the Equipment. Notice required, if any, of any sale or other disposition hereunder by Lessor shall be satisfied by the mailing of such notice to Lessee at least ten (10) days prior to such sale or other disposition. In the event Lessor takes possession and disposes of the Equipment, the proceeds of any such disposition shall be applied in the following order: (i) to all of Lessor’s costs, charges and expenses incurred in taking, removing, holding, repairing and selling or leasing the Equipment; (ii) to the extent not previously paid by Lessee, to pay Lessor for any damages then remaining unpaid hereunder; (iii) to reimburse Lessee for any sums previously paid by Lessee as damages hereunder (including, without limitation, any payments made pursuant to Section 9(d)); and (iv) the balance, if any, shall be retained by Lessor. A cancellation shall occur only upon written

notice by Lessor and only with respect to such Equipment as Lessor shall specify in such notice. Cancellation under this Section 9 shall not affect Lessee's duty to perform Lessee's obligations hereunder to Lessor in full. Upon the occurrence of an Event of Default under Section 8(f), the remedy set forth in Section 9(d) shall be deemed to be exercised by Lessor without the requirement of written notice or of any other act or declaration by Lessor, and the liquidated damages described therein shall be immediately due and payable. Lessee agrees to reimburse Lessor on demand for any and all costs and expenses incurred by Lessor in enforcing its rights and remedies hereunder following the occurrence of an Event of Default, including, without limitation, reasonable attorney's fees, and the costs of repossession, storage, insuring, reletting, selling and disposing of any and all Equipment.

10. SECURITY; ADDITIONAL SECURITY

Lessee hereby grants to Lessor, to secure the payment and performance in full of all of Lessee's obligations under the Lease, a security interest in all Equipment subject to and more particularly described in the Lease Schedule in which Lessee may now or hereafter have rights, and all parts, accessories, accessions and attachments thereto, except for any Improvements that are not Non-Severable Improvements (as defined in Section 12), and all replacements, substitutions and exchanges (including trade-ins) for such goods, together with proceeds of all of the foregoing, including goods, accounts, chattel paper, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights and supporting obligations, plus any equity interest the Lessee or its affiliates may have in the Lessor or the Lessor's affiliates (the "**Collateral**"), provided that with respect to any Lease Schedule, the foregoing grant of a security interest is made on a precautionary basis and shall not of itself be a factor in determining whether the Collateral secures an obligation or whether the Lease creates a security interest. For so long as any obligations of Lessee shall remain outstanding under any Lease, Lessee hereby further grants to Lessor a security interest in all of Lessee's rights in and to Equipment subject to such Lease from time to time, to secure the prompt payment and performance when due (by reason of acceleration or otherwise) of each and every indebtedness, obligation or liability of Lessee owing to Lessor, whether now existing or hereafter arising, including but not limited to all of such obligations under or in respect of any Lease. The extent to which Lessor shall have a purchase money security interest in any item of Equipment under a Lease which is deemed to create a security interest under Section 1-201(35) of the Uniform Commercial Code ("**UCC**") shall be determined by reference to the Acquisition Cost of such item financed by Lessor. The term "**Lessor**" as used in this Section 10 shall include any affiliated person, firm or entity controlling, under common control or controlled by Lessor.

11. NOTICES

Any notices or demands required or permitted to be given under this Lease (a) shall be given in writing, (b) shall become effective (i) if delivered with receipt acknowledged, such as by Airborne, FedEx, UPS or other private courier service, on the date of such receipt, (ii) if delivery by either private courier or U. S. Postal Service is attempted but refused, on the date of such refusal, or (iii) if mailed by certified or registered mail, return receipt requested, postage prepaid, then on the earlier of the date of receipt or the fifth day following such mailing, and (c) shall be addressed to Lessor to the attention of Chet Billingsley, and to Lessee at the address set forth above, or to such other address as the party to receive notice hereafter designates by such written notice.

12. USE; MAINTENANCE; INSPECTION; LOSS AND DAMAGE

During the Lease Term for each item of Equipment, Lessee shall, unless Lessor shall otherwise consent in writing: (a) have the unrestricted right to use the Equipment in its operations; (b) permit each item of Equipment to be used by qualified personnel solely for business purposes and the purpose for which it was designed and shall, at its sole expense, service, repair, overhaul and maintain each item of Equipment in good operating order, consistent with prudent industry practice (but, in no event less than the same extent to which Lessee maintains other similar equipment in the prudent management of its assets and properties) and in compliance with all applicable laws, ordinances, regulations, and maintenance standards and conditions of all insurance policies required to be maintained by Lessee under the Lease and all manuals, orders, recommendations, instructions and other written requirements as to the repair and maintenance of such item of Equipment issued at any time by the vendor and/or manufacturer thereof; (c) maintain conspicuously on any Equipment such labels, brass tags, plates, decals or other markings as Lessor may reasonably require, stating that Lessor is owner of such Equipment provided, however, that Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by Lessee; (d) furnish to Lessor such information concerning the condition, location, use and operation of the Equipment as Lessor may request; (e) upon forty-eight (48) hours prior notice from Lessor, Lessee shall use its reasonable best efforts to afford any person designated by Lessor access to the premises where the Equipment is located for the purpose of inspecting such Equipment and all applicable maintenance or other records at any reasonable time during normal business hours, provided that such inspection shall be at the sole risk of Lessor and shall be conducted in such a manner as to not disrupt the normal operation of the Equipment, provided,

however, that the failure of Lessor to inspect the Equipment or to inform Lessee of any noncompliance shall not relieve Lessee of any of its obligations hereunder; (f) keep the Equipment in compliance with all of the terms and conditions of the Lease; (g) not permanently discontinue use of the Equipment, and shall not use any Equipment, nor allow the same to be used, for any unlawful purpose under applicable state law or local laws, nor in connection with any property or material that would subject the Lessor to any liability under any state or federal statute or regulation pertaining to the production, transport, storage, disposal or discharge of hazardous or toxic waste or materials; and (h) make no additions, alterations, modifications or improvements (collectively, “**Improvements**”) to any item of Equipment or (“**Non-Severable Improvements**”), meaning Improvements and modifications made to the Equipment during the Lease that if removed would render the Equipment unable to operate as it was modified to do, or that are not readily removable without causing material damage to such item of Equipment or which will cause the value, utility or useful life of such item of Equipment to materially decline.

As between Lessor and Lessee, Lessee hereby assumes all risk of loss, damage or destruction for whatever reason to the Equipment from and after the earlier of the date (i) on which the Equipment is ordered or (ii) Lessor pays the purchase price of the Equipment, and continuing until the Equipment has been returned to, and accepted by, Lessor in the condition required by the Lease, including Section 18 upon the expiration of the Lease Term. If during the Lease Term all or any portion of an item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of such item, Lessee shall immediately pay to Lessor an amount equal to the Stipulated Loss Value of such item of Equipment, as of the next following Rental Payment Date.

13. INSURANCE

Lessee shall procure and maintain insurance in such amounts and upon such terms and with such companies as Lessor may approve, during the entire Lease Term and until the Equipment has been returned to, and accepted by, Lessor in the condition required by Section 18 hereof, at Lessee’s expense, provided that in no event shall such insurance be less than the following coverages and amounts: (a) Worker’s Compensation and Employer’s Liability Insurance, in the full statutory amounts provided by law; (b) Comprehensive General Liability Insurance including product/completed operations and contractual liability coverage, with minimum limits of \$1,000,000 each occurrence, and Combined Single Limit Body Injury and Property Damage, \$1,000,000 aggregate, where applicable; and (c) All Risk Physical Damage Insurance on each item of Equipment, in an amount not less than the lesser of the Stipulated Loss Value of the Equipment or (if available) its full replacement value. For all Insurance, a lesser amount may be agreed to by the Lessor or provided by Lessor with a Thirty Percent (30%) risk premium and administrative mark-up. Lessor will be included as an additional insured and loss payee as its interest may appear. Such policies shall be endorsed to provide that the coverage afforded to Lessor shall not be rescinded, impaired or invalidated by any act or neglect of Lessee. Lessee hereby waives any of Lessee’s rights or its insurance carrier’s rights to make any and all claims, whether through rights of subrogation, reimbursement or otherwise, against Lessor for or in connection with any loss or damage resulting in any claim under the insurance policies required to be maintained hereunder.

All policies shall be endorsed or contain a clause requiring the insurer to furnish Lessor with at least 30 days’ prior written notice of any material change, cancellation or non-renewal of coverage. Within 30 days of execution of this Lease, Lessee shall furnish Lessor with a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance coverage or to advise Lessee in the event such insurance coverage should not comply with the requirements hereof. In case of failure of Lessee to procure or maintain insurance, Lessor may at its option obtain such insurance, the cost of which will be paid by the Lessee as additional rentals. Lessee hereby irrevocably appoints Lessor as Lessee’s attorney-in-fact to file, settle or adjust, and receive payment of claims made under any such insurance policy on or after the occurrence of an Event of Default, and to endorse Lessee’s name on any checks, drafts or other instruments on payment of such claims. Lessee further agrees to give Lessor prompt notice of any damage to or loss of, any item of Equipment, which constitutes a total loss of such item of Equipment.

14. LIMITATION OF LIABILITY

Lessor shall have no liability in connection with or arising out of the ownership, leasing, furnishing, performance or use of the Equipment or any special, indirect, incidental or consequential damages of any kind or character, including, without limitation, loss of use of production facilities or equipment, loss of profits, property damage or lost production, whether suffered by Lessee or any third party, except to the extent attributable to the gross negligence or willful misconduct of Lessor.

15. FURTHER ASSURANCES

Lessee shall promptly execute and deliver to Lessor such further documents and take such further action as Lessor may reasonably require in order to more effectively carry out the intent and purpose of this Lease. Lessee covenants and agrees that Lessee will furnish Lessor (a) within sixty (60) days after the end of each fiscal year of Lessee, a balance sheet of Lessee as at the end of such year, and the related statement of income and statement of changes in financial position of Lessee for such fiscal year, prepared in accordance with Generally Accepted Accounting Principles (GAAP), all in reasonable detail and certified by independent certified public accountants of nationally recognized standing selected by Lessee; and, (b) within thirty (30) days after the end of each quarter of Lessee's fiscal year, a balance sheet of Lessee as at the end of such quarter, and the related statement of income and statement of changes in financial position of Lessee for such quarter, prepared in accordance with generally accepted accounting principles.

16. ASSIGNMENT

This Lease and all rights of Lessor hereunder shall be assignable by Lessor, in whole or in part, absolutely or as security, to any Assignee without notice to Lessee, subject to the rights of Lessee hereunder for the use and possession of the Equipment for so long as no Event of Default has occurred and is continuing hereunder. Any such assignment shall not relieve Lessor of its obligations hereunder unless specifically assumed by the Assignee, and **Lessee shall not assert any defense, rights of set-off or counterclaim against any Assignee, nor hold or attempt to hold such Assignee liable for any of Lessor's obligations hereunder.** No such assignment shall materially increase Lessee's obligations hereunder. LESSEE SHALL NOT ASSIGN OR DISPOSE OF ANY OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE WITH RESPECT TO ANY OF THE EQUIPMENT WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF LESSOR.

17. LESSEE'S OBLIGATION UNCONDITIONAL

This Lease is a net lease and Lessee hereby agrees that it shall not be entitled to any abatement of rents or of any other amounts payable hereunder by Lessee, and that its obligation to pay all rent and any other amounts owing hereunder shall be absolute and unconditional under all circumstances, notwithstanding: (i) any claim by Lessee to any right of set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, any seller or manufacturer of any Equipment or anyone else for any reason whatsoever; (ii) the existence of any liens, encumbrances or rights of others whatsoever with respect to any Equipment, whether or not resulting from claims against Lessor not related to the ownership of such Equipment; or (iii) any other event or circumstances whatsoever. Each Rental Payment or other amount paid by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

18. RETURN OF EQUIPMENT

Upon the expiration, cancellation or earlier termination of the Lease Term, any Renewal Term, if applicable, or any Build-Down Period (as defined below), if applicable, with respect to any Equipment, and provided that Lessee has not validly exercised any purchase option with respect thereto, Lessee shall at Lessee expense: (a) return the Equipment to any designated facility of Lessor or to another facility of a third party designated by Lessor, which may be located within the metropolitan areas of San Diego, Los Angeles, San Francisco or at any other mutually agreed upon location (individually a "**Designated Facility**" and collectively, the "**Designated Facilities**"), and in the manner designated by this Lease including, as reasonably required by Lessor, securing arrangements for shipment with all parts and pieces on a carrier designated or approved by Lessor, and then reassembly (including, if necessary, repair and overhaul) by such representative at the return location in the condition the Equipment is required to be maintained by the Lease and in such condition as will make the Equipment immediately able to perform all functions for which the Equipment was originally designed.

19. MISCELLANEOUS; DEFINITIONS; ENFORCEABILITY AND GOVERNING LAW

Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. Time is of the essence in the payment and performance of all of Lessee's obligations under the Lease. The captions in this Lease are for convenience only and shall not define or limit any of the terms hereof.

Any provisions of this Lease which are unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives: (a) any

provisions of law which render any provision hereof unenforceable in any respect; and (b) all rights and remedies under the California Commercial Code or corresponding provisions of the UCC article or division pertaining to personal property leasing in any jurisdiction in which enforcement of this Lease is sought. Any requirement for the execution and delivery of any document, instrument or notice may be satisfied, in Lessor's sole discretion and to the extent permitted by the UCC, by authentication of such document, instrument or notice as a record within the meaning of Article 9 of the UCC.

Lessor and Lessee agree that changes to the Federal Government's administration and the manner in which the federal government regulates cannabis, including how it intends to enforce laws prohibiting medical marijuana and recreational cannabis use could materially negatively affect this Lease. Lessee agrees to use best efforts comply with all cannabis rules and regulations pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), as amended, and will use the Equipment in compliance with the MAUCRSA and local rules where the Equipment is located. Should Lessee not be in compliance, Lessee will promptly notify Lessor and will make every effort to correct any shortfall in Lessee's operations that may determinably affect the Equipment and the Lease.

20. GUARANTEE

In consideration for Lessor's leasing the Equipment to Lessee, the undersigned Guarantor guarantees the performance of Lessee under the Master Lease and any under any Lease Schedule(s) incorporated with this Master Lease and hereby agrees to the following:

(i) If Lessee fails to make any payment, under an Event of Default pursuant to Section 8 of this Master Lease or should Lessee be in default under any default provisions of Lease Schedule(s), Guarantor will, upon demand by Lessor, make such payment to Lessor or Lessor's agent per Lessor's instructions. If Lessee otherwise breaches the Master Lease or the Lease Schedule(s), upon demand by Lessor, Guarantor will cure the breach pursuant to Section 9 of this Master Lease to fully compensate Lessor for Lessor's loss resulting from the breach.

(ii) This Guaranty to the Master Lease and Lease Schedule(s) shall be extended with any extensions, amendments, or renewals of the Master Lease and Lease Schedule(s). Guarantor waives any rights to receive notice of any acceptance, modification, amendment, extension, renewal, or breach of the Master Lease or Lease Schedule(s) from Lessor and will receive such information directly from Lessee in writing.

(iii) If all or any portion of any Lease herein is accepted for assignment by Lessor and all or some portion of the Lease is assigned to another party as elsewhere specified in the Master Lease and the Lease Schedule(s) herein, then, the original Lessee will automatically, without further action, become an additional Guarantor jointly and severally responsible for the obligations specified in this Section and the obligations specified in the Master Lease and Lease Schedule(s), as amended at that time.

THIS LEASE AND THE LEGAL RELATIONS OF THE PARTIES HERETO SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW. LESSEE HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER, AND EXPRESSLY WAIVES ANY OBJECTIONS THAT IT MAY HAVE TO THE VENUE OF SUCH COURTS. LESSEE HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS LEASE. ANY ACTION BY LESSEE AGAINST LESSOR FOR ANY CAUSE OF ACTION RELATING TO THIS LEASE SHALL BE BROUGHT WITHIN ONE YEAR AFTER ANY SUCH CAUSE OF ACTION FIRST ARISES. THIS LEASE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES CONCERNING THE LEASE OF THE EQUIPMENT AND CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES SUPERSEDING ANY AND ALL CONFLICTING TERMS OR PROVISIONS OF ANY PRIOR PROPOSALS, COMMITMENT LETTERS, TERM SHEETS OR OTHER AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES. THIS LEASE MAY NOT BE CONTRADICTED BY EVIDENCE OF (i) ANY PRIOR WRITTEN OR ORAL AGREEMENTS OR UNDERSTANDINGS, OR (ii) ANY CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES, AND LESSEE ACKNOWLEDGES AND CERTIFIES THAT NO SUCH ORAL OR WRITTEN AGREEMENTS OR UNDERSTANDINGS EXIST AS OF THE DATE OF THIS LEASE. THIS LEASE MAY NOT BE AMENDED, NOR MAY ANY RIGHTS UNDER THE LEASE BE WAIVED, EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTY CHARGED WITH SUCH AMENDMENT OR WAIVER.

IN WITNESS WHEREOF, this Master Equipment Lease Agreement is executed and delivered by duly authorized representatives of the parties hereto as of the date set forth below.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: January 11, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 15, 2018

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 15, 2018

EXHIBIT A

LEASE SCHEDULE NO. 1

This **LEASE SCHEDULE NO 1**, dated as of this **16th day of January, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, this "**Lease Schedule**") is entered into between Mentor Partner I, LLC, a California limited liability company ("**Lessor**"), G FarmaLabs Limited, a Nevada corporation ("**Lessee**"), and G FarmaBrands, Inc., a Nevada corporation ("**Guarantor**") pursuant to that certain Master Equipment Lease Agreement dated as of **January 16, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, the "**Lease**") between Lessor and Lessee. Capitalized terms used without definition in this Lease Schedule and certain other terms that are not capitalized shall have the meanings ascribed to them in the Lease, to the extent defined therein. Likewise, the rules of construction set forth in the Lease shall apply to this Lease Schedule. The provisions of the Lease, solely as they relate to the Equipment leased hereunder, are hereby incorporated into and shall be deemed a part of this Lease Schedule; provided, however, to the extent of any conflict between the terms of the Lease and this Lease Schedule, the terms of this Lease Schedule shall govern. This Lease Schedule shall be deemed a separate instrument of lease.

1. EQUIPMENT. The Equipment leased pursuant to this Lease Schedule includes in the aggregate all the property described in each of the applicable **Equipment Schedules**, attached hereto as **EXHIBIT B**, "**Equipment Schedule**" to this Lease Schedule. The sum of the Total Invoice Cost (as defined below) for all schedules to this Lease Schedule is the "Acquisition Cost" as defined in Section 1 of the Master Lease. Each "Total Invoice Cost" for each Lease Schedule will be calculated according to the criteria for the Acquisition Cost defined therein. As of the effectiveness of each Equipment Schedule, the Equipment therein described shall automatically, without the need for further action, be deemed to constitute additional equipment for purposes of this Lease Schedule. The total invoice cost of the Equipment leased pursuant to this Lease Schedule (the "**Total Invoice Cost**") is equal to the aggregate total invoice cost of the Equipment described in each of the Equipment Schedules to this Equipment Schedule, attached hereto as **EXHIBIT B-1**, "**Equipment Description**" to this Lease Schedule. As of the effectiveness of each Equipment Schedule, the total invoice cost of the Equipment therein described shall automatically, without the need for further action, be deemed to constitute an addition to the Total Invoice Cost for purposes of this Lease Schedule.

2. TERM. Upon and after the date of execution hereof, the Equipment shall be hereby leased by Lessor to Lessee on the terms and conditions of the Lease Schedule, this Lease Schedule and any other Lease Documents entered into in connection herewith. The term of lease with respect to the Equipment (excluding any Renewal Term (hereinafter defined), if any, that is elected by Lessee in accordance with the requirements of this Lease Schedule) shall commence on **February 10, 2018** (the "**Term Commencement Date**") and the obligations of Lessee under this Lease Schedule will be amortized over a period of **seven (7) years** (the "**Term**").

3. RENT. Commencing on **March 10, 2018**, and the **10th day** of the month hereinafter, the monthly rent for the Equipment during the Term of this Lease Schedule shall be **Eleven Thousand Nine Hundred-Seventy and 98/100 Dollars (\$11,970.98)** per month, calculated at a **Ten Percent (10%)** annual interest rate over seven (7) years in **eighty-four (84) monthly payment installments** of (i) the principal amount, computed as a percentage of the Total Invoice Cost, plus (ii) a risk premium and resale markup amount, computed at a percentage rate of **Thirty Percent (30%)** as the percentage of the balance of the Total Invoice Cost, plus (iii) an administrative fee of **Four Cents (\$0.04)** on each One Hundred and 00/100 Dollars (\$100.00) of the original Invoice Cost, as set forth in more detail in **EXHIBIT C** "**Schedule of Rent Amounts**," attached hereto as to this Lease Schedule. The total monthly Lease cost is Two and 20/100 Dollars (\$2.20) per One Hundred and 00/100 Dollars (\$100.00) of total, fully loaded costs, of all sorts.

4. LESSEE'S CONFIRMATION. Lessee hereby confirms and warrants to Lessor that the Equipment: (i) is hereby accepted for all purposes of the Lease, and (ii) is a part of the "Equipment" referred to in the Lease and is taken subject to all terms and conditions therein and herein provided. Lessee acknowledges and agrees that: (i) Lessor did not select, manufacture or supply the Equipment; (ii) Lessor acquired the Equipment in connection with the Lease and this Lease Schedule; and (iii) execution and delivery of this Lease Schedule shall constitute a confirmation from Lessee that the conditions of effectiveness for this Lease Schedule, as set forth in Section 5(b) of the Lease, have been fully satisfied.

5. LOCATION OF EQUIPMENT. The initial location of the Equipment is specified on **EXHIBIT B-1**, "**Equipment Description**" of Equipment Schedule to this Lease Schedule. The Equipment leased pursuant to this Lease Schedule shall not be relocated except (a) for maintenance, or (b) upon prior written notice to Lessor identifying such new location to the reasonable satisfaction to Lessor and then only to another location owned or leased by Lessee within the continental United States. Upon any such relocation of the Equipment

pursuant to the foregoing Section 5(b), Lessee shall provide Lessor with a new Equipment location notice and arrival date for such Equipment (to the extent such new location is not described in the prior Equipment Description), the (“**Notice of Equipment Arrival Date**”) lien searches as requested by Lessor, Uniform Commercial Code financing statements and fixture filings as requested by Lessor and to the extent such Equipment is not located on premises owned by Lessee in fee simple, a landlord lien waiver regarding the Equipment at the new location.

6. LATE CHARGE RATE. Rent payments not received by the **20th day of the month** shall be considered late and will be subject to **five percent (5%)** penalty (“**Late Charge Rate**”).

7. SCHEDULES. Each Equipment Schedule with respect to this Lease Schedule is incorporated herein by reference and shall be applicable solely to the Equipment described in this Lease Schedule. Subject to the terms of Section 5 of this Lease Schedule, Lessee shall provide Lessor with a Notice of Equipment Arrival Date in order to specify the delivery of the Equipment. Concurrent with or prior to the Equipment Arrival Date, Lessor shall cause to be filed amendments to the Uniform Commercial Code financing statements, fixture filings and other filings and recordings previously filed by Lessor (or if no such filing has previously been made, initial filings as are necessary to provide for a perfected lien in favor of Lessor) with respect to the Collateral subject to this Lease Schedule with a revised description of the applicable Equipment by manufacturer, make, model and serial number, all in form reasonably satisfactory to Lessor. As of the Term commencement date, the Schedule of Rent Amounts shall be finalized and incorporated herein by reference and shall be applicable solely to the Equipment described in this Lease Schedule. To the extent Lessee and Lessor cannot agree to a rent amount prior to the Term Commencement Date, then on the Term Commencement Date Lessee shall pay to Lessor the rent due on that date plus the aggregate Total Invoice Cost for all the Equipment and any other sums due hereunder with respect to the Equipment. Upon making such payment, this Lease and the obligation to make future rental payments shall terminate solely with respect to the Equipment, and Lessee shall become entitled to such Equipment on an “AS-IS, WHERE-IS AND WITH ALL FAULTS” basis, without warranty, express or implied, with respect to any matter whatsoever. Lessor shall deliver to Lessee a Bill of Sale transferring and assigning to Lessee, without recourse to Lessor or warranty, express or implied, with respect to any matter whatsoever, all of Lessor’s interest in and to such Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment or any other matters.

8. END OF TERM PURCHASE.

Lessee shall have the option, upon the expiration of the Term with respect to the Equipment, to purchase all (but not less than all) of the Equipment upon the following terms and conditions: If Lessee desires to exercise this option, Lessee shall pay to Lessor on the last day of the Term with respect to the Equipment, in addition to all sums then due or accrued hereunder, in cash for **One and 00/100 Dollar (\$1.00)**, plus all taxes and charges upon sale and all other documented expenses incurred by Lessor in connection with such sale, including any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return the Equipment. Upon satisfaction of the conditions specified in this Section, Lessor will transfer, on an “AS IS, WHERE IS AND WITH ALL FAULTS BASIS”, without recourse or warranty, express or implied, of any kind whatsoever, all of Lessor’s interest in and to the Equipment. Lessor shall execute and deliver to Lessee such Uniform Commercial Code termination statements as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

*** SIGNATURES ON FOLLOWING PAGE ***

IN WITNESS WHEREOF, the parties hereto have caused this Lease Schedule to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 11, 2018

Date: January 15, 2018

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 16, 2018

THE ONE AND ONLY CHATTEL PAPER ORIGINAL OF THIS LEASE SCHEDULE IS EVIDENCED BY THE EXECUTION BY LESSOR OF THE ACCEPTANCE AND ACKNOWLEDGEMENT BELOW.

ACCEPTED AND ACKNOWLEDGED BY LESSOR TO EVIDENCE THE CHATTEL PAPER ORIGINAL:

MENTOR PARTNER I, LLC

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: January 15, 2018

EXHIBIT B

EQUIPMENT SCHEDULE

THIS EQUIPMENT SCHEDULE DATED AND EFFECTIVE AS OF JANUARY 16, 2018 (THE **EQUIPMENT SCHEDULE**) IS HEREBY INCORPORATED IN AND MADE A PART OF **LEASE SCHEDULE NO. 1** (THE **LEASE SCHEDULE**) TO MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF JANUARY 16, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RESTATED AND/OR REPLACED FROM TIME TO TIME, THE **LEASE**), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (**LESSOR**) AND G FARMALABS LIMITED, A NEVADA CORPORATION (**LESSEE**).

a. The parties agree as follows:

The **Equipment** referenced herein includes the property (collectively, and including any and all contract rights, expenses approved by Lessor, equipment described in **EXHIBIT B-1**, "*Equipment Description*" attached hereto and made a part hereof) and all additions, improvements, repairs (including without limitation replacement parts), replacements purchased with insurance proceeds of such property, attachments and proceeds of any of the foregoing (cash and non-cash, including without limitation insurance proceeds from any casualty loss and proceeds arising from the sale or disposition, in each case of any of the foregoing), excluding however proceeds from the subleasing of any such property or otherwise from the provision of rights of usage of such property provided by Lessee in favor of any third party.

The Equipment is subject to a number of **Purchase Documents**, a copy of which is set forth in **EXHIBIT B-2**, "*Documents Supporting Equipment Ownership*" attached hereto and made a part hereof.

The Equipment is automatically, without the need for further action, deemed to constitute additional Equipment for purposes of the Lease Schedule.

The Total Invoice Cost of the Equipment is **Seven Hundred Twenty-One Thousand Ninety-Two and 00/100 Dollars (\$721,092.00)**, and such amount shall automatically, without the need for further action, be deemed to constitute an addition to the **Total Invoice Cost** (as defined in the Lease Schedule) for purposes of the Lease Schedule.

b. Lessee hereby confirms that (i) the Equipment is, or upon completion of the assembly thereof will be, located at the street address set forth in **EXHIBIT B-1**, "*Equipment Description*."

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Schedule to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: January 11, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 15, 2018

EXHIBIT B-1

EQUIPMENT DESCRIPTION

Item	Part	Equip		Quote	Markup	Cost to G Farma		
		Location	Description				Vendor Purchase Terms	
Bottling Equipment not included at this time								
a	26-042-USA	1	Tumble - 42"	\$ 5,099.00			50% Deposit, Balance due prior to shipment	
	04-505-P01	1	ACCUTEK APOF-12 APOF filling machines	54,079.20				
	50-PNG-CP2	1	Universal Neck Grabber Tooling Insert	525.00				
	22-500-000	1	Accutek Automatic Spindle Capper	33,220.00				
	26-0T45-GAO	1	Sanitary Conveyor Assembly	5,510.00				
	26-802-RBA	1	Bottomless Conveyor	5,450.00				
	48-CU-SA1	1	Continuous Inkjet Printer	17,170.41				
	42-SL1-100	1	Sieve Label Applicator	77,024.00				
	32-STM-SA1	1	Steam Tunnel Sales Assembly	36,594.00				
				Discount	(15,394.58)			
				<u>219,277.03</u>	30%	\$ 285,060.00		
Lab Equipment								
b	VKL 70-5 FDRR SKR	1	Single Stage Short path distillation plant	139,000.00				
			Training & Parameters	10,000.00				
			Freight	5,000.00				
			Installation	5,000.00				
			Estimated sales/use tax on \$139,000 equip	12,162.50				
				<u>171,162.50</u>	30%	222,511.00	25% to reserve delivery, 25% net 30, 50% due 2 weeks prior to shipping from Germany	
c	Sulair Model # ST709RD	1	Lubricated Rotary Screw Compressor	8,100.00				
			Estimated Freight	500.00				
			Estimated sales/use tax	708.75				
				<u>9,308.75</u>	30%	12,101.00	Net 30 with credit or 50% down/final payment due on delivery	
d	Mep/10	2	10 Liter - Base with One Jacketed Extraction Ves	65,000.00				
			On-Site Training	5,000.00				
			Estimated Freight	2,000.00				
			Estimated sales/use tax on \$65,000 equip	5,687.50				
				<u>77,687.50</u>	30%	100,994.00	Unknown	
e	Mine Sight Spool	2	Diamond Mine Mini	850.00				
			2" Metagas Sight	300.00				
			6"x2" Diamond Mine short spool ext.	150.00				
			Estimated Freight	Unknown				
			Estimated sales/use tax	113.75				
				<u>1,413.75</u>	30%	1,838.00	Unknown	
f	SH-V00096NG LG-CTK-C AI-3.2 Accutemp LG-CTK-C 2052B-01 P80NHA101B	3	(2 Qty) SH Scientific 3.4 cu ft Vacuum Oven	10,080.00				
			(2 Qty) Lab Society Dewar-Style Cold Trap Kits	997.50				
			AI 3.2 CF Vacuum Oven	5,769.00				
			Lab Society Dewar-Style Cold Trap Kits	498.75				
			Weich High Capacity PTFE Dry Vacuum pump	3,860.00				
			PolyScience Immersion Chiller IP-80	4,791.50				
			Freight	Unknown				
			Estimated sales/use tax	2,274.72				
				<u>28,271.47</u>	30%	36,753.00	Credit Card	
g			(20 foot) Converted Containers for Extraction	43,738.00				
			Estimated Freight					
			Estimated sales/use tax	3,827.08				
				<u>47,565.08</u>	30%	61,835.00	50% down, Balance due on completion	
			Lab Equipment	<u>\$ 554,686.07</u>		<u>\$ 721,092.00</u>	TOTAL INVOICE COST	

* Amount does not include the administrative charge of \$0.04 per month per \$100 of original equipment cost that will be included on the monthly invoice.

EXHIBIT B-2

DOCUMENTS SUPPORTING EQUIPMENT OWNERSHIP

[Attach the Relevant Purchase Documents]

EXHIBIT C

SCHEDULE OF RENT AMOUNTS

THIS SCHEDULE OF RENT AMOUNTS DATED AND EFFECTIVE AS OF January 16, 2018 (THE "**SCHEDULE OF RENT AMOUNTS**") IS HEREBY INCORPORATED IN AND MADE A PART OF **LEASE SCHEDULE NO. 1** (THE "**LEASE SCHEDULE**") TO MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF January 16, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RESTATED AND/OR REPLACED FROM TIME TO TIME, THE "**LEASE**"), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**LESSOR**"), G FARMALABS LIMITED, A NEVADA CORPORATION ("**LESSEE**"), AND G FARMABRANDS, INC., A NEVADA CORPORATION ("**GUARANTOR**")

The parties agree as follows:

LEASE AMORTIZATION SCHEDULE

ENTER VALUES	
Equipment amount	\$721,092.00
Annual interest rate	10.00%
Lease period in years	7
Number of payments per year	12
Lease Commencement	2/10/2018
First Payment	3/10/2018
Optional extra payments	\$ -

LEASE SUMMARY	
Scheduled payment	\$11,970.98
Scheduled number of payments	84
Actual number of payments	84
Total early payments	\$0.00
Total Interest	\$284,470.40
LESSOR NAME	Mentor Partner I, LLC
LESSEE NAME	G Farmalabs Limited

PMT NO	DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100		TOTAL PAYMENT	PRINCIPAL	INTEREST	STIPULATED LOSS VALUE	CUMULATIVE INTEREST	Chg per \$100
					Orig Cost	PAYMENT						Mentor Cost
1	3/10/2018	\$721,092.00	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$5,961.88	\$6,009.10	\$715,130.12	\$6,009.10	\$ 2.20	
2	4/10/2018	\$715,130.12	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,011.56	\$5,959.42	\$709,118.56	\$11,968.52	\$ 2.20	
3	5/10/2018	\$709,118.56	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,081.86	\$5,959.32	\$703,056.90	\$11,877.94	\$ 2.20	
4	6/10/2018	\$703,056.90	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,112.17	\$5,858.81	\$696,944.72	\$23,736.65	\$ 2.20	
5	7/10/2018	\$696,944.72	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,163.11	\$5,807.87	\$690,781.81	\$29,544.52	\$ 2.20	
6	8/10/2018	\$690,781.81	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,214.47	\$5,756.51	\$684,567.15	\$35,301.03	\$ 2.20	
7	9/10/2018	\$684,567.15	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,266.25	\$5,704.73	\$678,300.89	\$41,005.76	\$ 2.20	
8	10/10/2018	\$678,300.89	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,318.47	\$5,652.51	\$671,952.42	\$46,658.27	\$ 2.20	
9	11/10/2018	\$671,952.42	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,371.13	\$5,599.85	\$665,611.29	\$52,258.12	\$ 2.20	
10	12/10/2018	\$665,611.29	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,424.22	\$5,546.76	\$659,157.07	\$57,804.88	\$ 2.20	
11	1/10/2019	\$659,157.07	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,477.76	\$5,493.23	\$652,709.32	\$63,298.11	\$ 2.20	
12	2/10/2019	\$652,709.32	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,531.74	\$5,439.24	\$646,177.58	\$68,737.35	\$ 2.20	
13	3/10/2019	\$646,177.58	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,586.17	\$5,384.81	\$639,591.41	\$74,122.16	\$ 2.20	
14	4/10/2019	\$639,591.41	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,641.05	\$5,329.93	\$632,950.36	\$79,452.09	\$ 2.20	
15	5/10/2019	\$632,950.36	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,696.39	\$5,274.59	\$626,253.96	\$84,726.68	\$ 2.20	
16	6/10/2019	\$626,253.96	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,752.20	\$5,218.78	\$619,501.77	\$89,945.46	\$ 2.20	
17	7/10/2019	\$619,501.77	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,808.47	\$5,162.51	\$612,693.30	\$95,107.98	\$ 2.20	
18	8/10/2019	\$612,693.30	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,865.20	\$5,105.78	\$605,828.10	\$100,213.75	\$ 2.20	
19	9/10/2019	\$605,828.10	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,922.41	\$5,048.57	\$598,905.68	\$105,262.32	\$ 2.20	
20	10/10/2019	\$598,905.68	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$6,980.10	\$4,990.88	\$591,925.58	\$110,253.20	\$ 2.20	
21	11/10/2019	\$591,925.58	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,038.27	\$4,932.71	\$584,887.31	\$115,185.91	\$ 2.20	
22	12/10/2019	\$584,887.31	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,096.92	\$4,874.06	\$577,790.39	\$120,059.68	\$ 2.20	
23	1/10/2020	\$577,790.39	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,156.06	\$4,814.92	\$570,634.33	\$124,874.90	\$ 2.20	
24	2/10/2020	\$570,634.33	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,215.69	\$4,755.29	\$563,418.64	\$129,630.18	\$ 2.20	
25	3/10/2020	\$563,418.64	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,275.83	\$4,695.16	\$556,142.81	\$134,325.34	\$ 2.20	
26	4/10/2020	\$556,142.81	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,336.46	\$4,634.52	\$548,806.35	\$138,956.86	\$ 2.20	
27	5/10/2020	\$548,806.35	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,397.59	\$4,573.39	\$541,408.76	\$143,533.25	\$ 2.20	
28	6/10/2020	\$541,408.76	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,459.24	\$4,511.74	\$533,949.52	\$148,044.99	\$ 2.20	
29	7/10/2020	\$533,949.52	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,521.40	\$4,449.58	\$526,428.12	\$152,494.57	\$ 2.20	
30	8/10/2020	\$526,428.12	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,584.08	\$4,386.90	\$518,844.04	\$156,881.47	\$ 2.20	
31	9/10/2020	\$518,844.04	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,647.28	\$4,323.70	\$511,166.76	\$161,205.17	\$ 2.20	
32	10/10/2020	\$511,166.76	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,711.01	\$4,259.97	\$503,485.75	\$165,465.14	\$ 2.20	
33	11/10/2020	\$503,485.75	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,775.27	\$4,195.71	\$495,710.48	\$169,660.85	\$ 2.20	
34	12/10/2020	\$495,710.48	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,840.06	\$4,130.92	\$487,870.42	\$173,791.78	\$ 2.20	
35	1/10/2021	\$487,870.42	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,905.39	\$4,065.59	\$479,965.03	\$177,857.36	\$ 2.20	
36	2/10/2021	\$479,965.03	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$7,971.27	\$3,999.71	\$471,993.76	\$181,857.07	\$ 2.20	
37	3/10/2021	\$471,993.76	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,037.70	\$3,933.28	\$463,958.06	\$185,790.35	\$ 2.20	
38	4/10/2021	\$463,958.06	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,104.69	\$3,866.30	\$455,851.37	\$189,656.65	\$ 2.20	
39	5/10/2021	\$455,851.37	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,172.22	\$3,798.76	\$447,679.16	\$193,455.41	\$ 2.20	
40	6/10/2021	\$447,679.16	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,240.32	\$3,730.66	\$439,438.83	\$197,188.07	\$ 2.20	
41	7/10/2021	\$439,438.83	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,308.99	\$3,661.99	\$431,129.84	\$200,848.06	\$ 2.20	
42	8/10/2021	\$431,129.84	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,378.23	\$3,592.75	\$422,751.61	\$204,440.81	\$ 2.20	
43	9/10/2021	\$422,751.61	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,448.05	\$3,522.93	\$414,303.56	\$207,963.74	\$ 2.20	
44	10/10/2021	\$414,303.56	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,518.45	\$3,452.53	\$405,785.11	\$211,416.27	\$ 2.20	
45	11/10/2021	\$405,785.11	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,589.44	\$3,381.54	\$397,195.67	\$214,797.81	\$ 2.20	
46	12/10/2021	\$397,195.67	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,661.02	\$3,309.96	\$388,534.65	\$218,107.78	\$ 2.20	
47	1/10/2022	\$388,534.65	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,733.19	\$3,237.79	\$379,801.46	\$221,345.57	\$ 2.20	
48	2/10/2022	\$379,801.46	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,805.97	\$3,165.01	\$370,995.49	\$224,510.58	\$ 2.20	
49	3/10/2022	\$370,995.49	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,879.35	\$3,091.63	\$362,116.14	\$227,602.21	\$ 2.20	
50	4/10/2022	\$362,116.14	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$8,953.35	\$3,017.63	\$353,162.79	\$230,619.94	\$ 2.20	
51	5/10/2022	\$353,162.79	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,027.96	\$2,943.02	\$344,134.84	\$233,562.87	\$ 2.20	
52	6/10/2022	\$344,134.84	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,103.19	\$2,867.79	\$335,031.65	\$236,430.66	\$ 2.20	

(continued on the following page)

53	7/10/2022	\$335,031.65	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,179.05	\$2,791.93	\$325,852.59	\$239,222.59	\$ 2.20
54	8/10/2022	\$325,852.59	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,255.54	\$2,715.44	\$316,597.05	\$241,938.03	\$ 2.20
55	9/10/2022	\$316,597.05	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,332.67	\$2,638.31	\$307,264.38	\$244,576.33	\$ 2.20
56	10/10/2022	\$307,264.38	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,410.44	\$2,560.54	\$297,853.94	\$247,136.87	\$ 2.20
57	11/10/2022	\$297,853.94	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,488.86	\$2,482.12	\$288,365.07	\$249,618.99	\$ 2.20
58	12/10/2022	\$288,365.07	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,567.94	\$2,403.04	\$278,797.13	\$252,022.03	\$ 2.20
59	1/10/2023	\$278,797.13	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,647.67	\$2,323.31	\$269,149.46	\$254,345.34	\$ 2.20
60	2/10/2023	\$269,149.46	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,726.07	\$2,242.91	\$259,421.39	\$256,588.25	\$ 2.20
61	3/10/2023	\$259,421.39	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,809.14	\$2,161.84	\$249,612.26	\$258,750.10	\$ 2.20
62	4/10/2023	\$249,612.26	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,890.88	\$2,080.10	\$239,721.38	\$260,830.20	\$ 2.20
63	5/10/2023	\$239,721.38	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$9,973.30	\$1,997.68	\$229,748.07	\$262,827.88	\$ 2.20
64	6/10/2023	\$229,748.07	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,056.41	\$1,914.57	\$219,991.66	\$264,742.44	\$ 2.20
65	7/10/2023	\$219,991.66	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,140.22	\$1,830.76	\$209,551.44	\$266,573.21	\$ 2.20
66	8/10/2023	\$209,551.44	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,224.72	\$1,746.26	\$199,326.72	\$268,319.47	\$ 2.20
67	9/10/2023	\$199,326.72	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,309.92	\$1,661.06	\$189,016.80	\$269,980.53	\$ 2.20
68	10/10/2023	\$189,016.80	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,395.84	\$1,575.14	\$178,620.96	\$271,555.67	\$ 2.20
69	11/10/2023	\$178,620.96	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,482.47	\$1,488.51	\$168,138.48	\$273,044.17	\$ 2.20
70	12/10/2023	\$168,138.48	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,569.83	\$1,401.15	\$157,568.66	\$274,445.33	\$ 2.20
71	1/10/2024	\$157,568.66	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,657.91	\$1,313.07	\$146,910.75	\$275,758.40	\$ 2.20
72	2/10/2024	\$146,910.75	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,746.72	\$1,224.26	\$136,164.02	\$276,982.66	\$ 2.20
73	3/10/2024	\$136,164.02	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,836.28	\$1,134.70	\$125,327.74	\$278,117.36	\$ 2.20
74	4/10/2024	\$125,327.74	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$10,926.58	\$1,044.40	\$114,401.16	\$279,161.75	\$ 2.20
75	5/10/2024	\$114,401.16	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,017.64	\$953.34	\$103,383.52	\$280,115.10	\$ 2.20
76	6/10/2024	\$103,383.52	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,109.45	\$861.53	\$92,274.07	\$280,976.63	\$ 2.20
77	7/10/2024	\$92,274.07	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,202.03	\$768.95	\$81,072.04	\$281,745.58	\$ 2.20
78	8/10/2024	\$81,072.04	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,295.38	\$675.60	\$69,776.66	\$282,421.18	\$ 2.20
79	9/10/2024	\$69,776.66	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,389.51	\$581.47	\$58,387.15	\$283,002.65	\$ 2.20
80	10/10/2024	\$58,387.15	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,484.42	\$486.56	\$46,902.73	\$283,489.21	\$ 2.20
81	11/10/2024	\$46,902.73	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,580.12	\$390.86	\$35,322.60	\$283,880.06	\$ 2.20
82	12/10/2024	\$35,322.60	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,676.63	\$294.36	\$23,645.98	\$284,174.42	\$ 2.20
83	1/10/2025	\$23,645.98	\$11,970.98	\$0.00	\$221.87	\$12,192.86	\$11,773.93	\$197.05	\$11,872.05	\$284,371.47	\$ 2.20
84	2/10/2025	\$11,872.05	\$11,970.98	\$0.00	\$221.87	\$12,093.92	\$11,773.11	\$96.93	\$0.00	\$284,470.40	\$ 2.18

IN WITNESS WHEREOF, the parties hereto have caused this Schedule of Rent Amounts to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: January 16, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 15, 2018

ACKNOWLEDGED AND AGREED:

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: January 15, 2018

FIRST AMENDMENT TO LEASE SCHEDULE NO. 1

This **FIRST AMENDMENT TO LEASE SCHEDULE NO 1**, dated as of this **5th day of March, 2018** (the "**First Amendment**") is entered into between Mentor Partner I, LLC, a California limited liability company ("**Lessor**"), G FarmaLabs Limited, a Nevada corporation ("**Lessee**"), and G FarmaBrands, Inc., a Nevada corporation ("**Guarantor**") pursuant to that certain Master Equipment Lease Agreement dated as of **January 16, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, the "**Lease**") between Lessor and Lessee.

BACKGROUND

WHEREAS, Lessor and Lessee entered into a certain Lease Schedule No. 1 dated January 16, 2018 as amended by this First Amendment and as may be amended, modified, supplemented, restated and/or replaced from time to time, (collectively, the "**Lease Schedule**") whereby Lessor agreed to purchase and lease to Lessee certain Equipment, to be delivered to Lessee's property located at San Rafael, CA 94901; and

WHEREAS, Lessor and Lessee desire to amend the Lease Schedule to add additional leased Equipment; and

WHEREAS, Lessor and Lessee desire to amend the Rent Payments in conjunction with the Equipment lease modifications to the Lease Schedule contained herein; and

WHEREAS, Lessor and Lessee desire, in their mutual interest, to amend certain exhibits to the Lease Schedule contained herein; and

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree to amend the Lease as provided below.

1. Modifications to the Lease Schedule.

- a) **Additional Leased Equipment.** Upon the execution of this First Amendment, Lessor leases to Tenant the Equipment as more completely described on attached **Exhibit C** "*Equipment Schedule*" attached hereto.
- b) **Increase in Rental Payments.** Commencing on **March 10, 2018**, and the **10th day** of the month hereinafter, the monthly rent for the Equipment during the Term of this Lease Schedule shall be **Seventeen Thousand Three Hundred Forty and 22/100 Dollars (\$17,340.22)** per month, calculated at a **Ten Percent (10%)** annual interest rate over seven (7) years in **eighty-four (84) monthly payment installments** of (i) the principal amount, computed at a one-time step up of the Total Invoice Cost, plus (ii) a risk premium and resale markup amount, computed at a percentage rate of **Thirty Percent (30%)** as the percentage of the balance of the Total Invoice Cost, plus (iii) an administrative fee of **Four Cents (\$0.04)** on each One Hundred and 00/100 Dollars (\$100.00) of the original Invoice Cost, as set forth in more detail in **Exhibit C**, "*Schedule of Rent Amounts*," attached hereto as to this Lease Schedule. The total monthly Lease cost is Two and 20/100 Dollars (\$2.20) per One Hundred and 00/100 Dollars (\$100.00) of total, fully loaded costs, of all sorts.
- c) **Amendment to Lease Schedule Exhibits.**
 - i. **Exhibit B** of the Lease Schedule is hereby deleted in its entirety and replaced with **Exhibit C**, "*Equipment Schedule*," attached hereto.
 - ii. **Exhibit B-1** of the Lease Schedule is hereby deleted in its entirety and replaced with **Exhibit C-1**, "*Equipment Description*," attached hereto.
 - iii. **Exhibit B-2** of the Lease Schedule is hereby deleted in its entirety and replaced with **Exhibit C-2**, "*Documents Supporting Equipment Ownership*," attached hereto.
 - iv. **Exhibit C** of the Lease Schedule is hereby deleted in its entirety and replaced with **Exhibit D**, "*Schedule of Rent Amounts*," attached hereto.

2. General Terms and Conditions.

(a) All capitalized terms used in this First Amendment, unless otherwise defined herein, will have the same meaning as the terms contained in the Lease Schedule.

(b) In case of any inconsistencies between the terms and conditions contained in the Lease Schedule and the terms and conditions contained in this First Amendment, the terms and conditions herein will control. Except as set forth below, all provisions of the Lease Schedule are ratified and remain unchanged and in full force and effect.

(c) This First Amendment may be executed in duplicate counterparts, each of which will be deemed an original.

(d) Each of the parties represent and warrant that they have the right, power, legal capacity and authority to enter into and perform their respective obligations under this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Lease Schedule No. 1 to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: March 5, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: March 9, 2018

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: March 14, 2018

THE ONE AND ONLY CHATTEL PAPER ORIGINAL OF THIS LEASE SCHEDULE IS EVIDENCED BY THE EXECUTION BY LESSOR OF THE ACCEPTANCE AND ACKNOWLEDGEMENT BELOW.

ACCEPTED AND ACKNOWLEDGED BY LESSOR TO EVIDENCE THE CHATTEL PAPER ORIGINAL:

MENTOR PARTNER I, LLC

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: March 14, 2018

EXHIBIT C

EQUIPMENT SCHEDULE

THIS EQUIPMENT SCHEDULE DATED AND EFFECTIVE AS OF MARCH 5, 2018 (THE **EQUIPMENT SCHEDULE**) IS HEREBY INCORPORATED IN AND MADE A PART OF THIS **FIRST AMENDMENT TO LEASE SCHEDULE NO. 1**, THAT AMENDS A CERTAIN LEASE SCHEDULE NO. 1 DATED JANUARY 16, 2018, (COLLECTIVELY, THE "**LEASE SCHEDULE**") TO THE MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF JANUARY 11, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RESTATED AND/OR REPLACED FROM TIME TO TIME, THE "**LEASE**"), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**LESSOR**") AND G FARMALABS LIMITED, A NEVADA CORPORATION ("**LESSEE**").

a. The parties agree as follows:

The "**Equipment**" referenced herein includes the property (collectively, and including any and all contract rights, expenses approved by Lessor, equipment described in **EXHIBIT C-1**, "*Equipment Description*" attached hereto and made a part hereof) and all additions, improvements, repairs (including without limitation replacement parts), replacements purchased with insurance proceeds of such property, attachments and proceeds of any of the foregoing (cash and non-cash, including without limitation insurance proceeds from any casualty loss and proceeds arising from the sale or disposition, in each case of any of the foregoing), excluding however proceeds from the subleasing of any such property or otherwise from the provision of rights of usage of such property provided by Lessee in favor of any third party.

The Equipment is subject to a number of **Purchase Documents**, a copy of which is set forth in **EXHIBIT C-2**, "*Documents Supporting Equipment Ownership*" attached hereto and made a part hereof.

The Equipment is automatically, without the need for further action, deemed to constitute additional Equipment for purposes of the Lease Schedule.

The Total Invoice Cost of the Equipment is **One Million Twenty-Five Thousand Five Hundred Ten and 00/100 Dollars (\$1,025,510.00)**, and such amount shall automatically, without the need for further action, be deemed to constitute an addition to the **Total Invoice Cost** (as defined in the Lease Schedule) for purposes of the Lease Schedule.

b. Lessee hereby confirms that (i) the Equipment is, or upon completion of the assembly thereof will be, located at the street address set forth in **EXHIBIT C-1**, "*Equipment Description*."

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Schedule to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: March 5, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: March 9, 2018

EXHIBIT C-1

EQUIPMENT DESCRIPTION

[See Attached]

**EXHIBIT C-1
EQUIPMENT DESCRIPTION**

Item	Part	Description	Quote/Invoice	Markup	Cost to G Farms *	Vendor Purchase Terms
Bottling Equipment a	28-042-USA	Turntable - 42"	\$ 5,099.00			
	04-505-P01	ACCUTEK APOF-12 APOF filling machines	54,079.20			
	50-PNG-CP2	Universal Neck Grabber Tooling Insert	525.00			
	22-500-000	Accutek Automatic Spindle Capper	33,220.00			
	26-B02-RBA	Bottomless Conveyor	5,450.00			
	48-CU-SA1	Continuous Inkjet Printer	17,170.41			
	42-SL1-100	Sleeve Label Applicator	77,024.00			
	32-STM-SA1	Steam Tunnel Sales Assembly	36,594.00			
	28-015-C90	Turntable, 90 Degree Transfer Table	1,895.00			
	26-ST45-SA0	Sanitary Conveyor Assembly	6,575.00			
	50-BR1-L02	Bottle Rinsler	27,335.00			
	50-010-000	Automatic Snap Capper	24,045.00			
	26-ST45-SA0	Sanitary Conveyor Assy 4 1/2" Wide	7,310.00			
	48-000-DT1	Thermal Transfer Printer, Sales Assy	16,923.55			
	50-009-000	Snap Capper, Semi-Automatic	10,095.00			
	43-060-088	Bullet Tooling for SL Series, Sleever	5,595.00			
	43-092-038	Bullet Tooling for SL Series Sleever Labeler - 92	3,490.00			
	43-029-100	Bullet Tooling for SL Series Sleever Labeler - 29	3,490.00			
	43-FSD-W03	2 ea Feed Screw Change Part - White Delrin	3,798.00			
	55-STR-057	Star Wheel Tooling/Change Part - 57mm Pocke	500.00			
	55-STR-037	Star Wheel Tooling/Change Part - 37mm Pocke	500.00			
	50-PUC-T01	Puck Design/Tooling Charge	500.00			
	51-PUC-001	Puck, Container Handling Puck	2,400.00			
	23-090-000	2 ea Transition Elbow - 90 Degree	900.00			
	26-B02-RBA	Bottomless Conveyor - Variable Speed	5,105.00			
	1025-070	Chute Finger - 15 Degree w long fingers	450.00			
	26-E05-S4S	Conveyor Extension	1,655.00			
		Discount	(15,394.59)			
		Delivery	1,675.80			
		Service for Machines	15,000.00			50% Deposit, Balance due prior to shipment
		Vendor Total - Revised Invoice	353,004.38			
		Estimated Sales/use tax on Equip Only(excludes service and delivery)	\$ 29,428.75			
		382,433.13	30%	\$	497,163.00	
Lab Equipment b	VKL 70-5 FDRR SKR	Single Stage Short path distillation plant	145,000.00			
		Training & Parameters	10,000.00			
		Freight	5,000.00			
		Installation	5,000.00			
		Vendor Total	165,000.00			25% to reserve delivery, 25% net 30, 50% due 2 weeks prior to shipping from Germany
		Estimated sales/use tax on \$145,000 equip	12,687.50			
			177,687.50	30%		230,994.00
c	Sullair Model ST-1509F	20 HP Air Compressor w/120 Gallon ASME Tar	11,983.00			
		Caster Wheel & Labor	500.00			
		Shipping and handling	996.56			
		Vendor Total	13,479.56			Net 30 with credit or 50% down/final payment due on delivery
		Estimated sales/use tax	1,092.26			
		14,571.82	30%		18,943.00	
d	Mep/10	10 Liter - Base with One Jacketed Extraction Ves	65,000.00			
		On-Site Training	5,000.00			
		Estimated Freight	2,000.00			
		Vendor Total	72,000.00			50% down, 50% on delivery
		Estimated sales/use tax on \$65,000 equip	5,687.50			
		77,687.50	30%		100,994.00	
e	Mine	Diamond Mine Mini	850.00			
	Sight	2" Metaglas Sight	300.00			
	Spool	6"x2" Diamond Mine short spool ext	150.00			
		Swagelok parts	250.00			
		Vendor Total	1,550.00			Pd in full
	Estimated sales/use tax	135.63				
		1,685.63	30%		2,191.00	
f1	SH-VDO096NG	(2 Qty) SH Scientific 3.4 cu ft Vacuum Oven	10,080.00			
		UL Listing for the Vacuum Ovens	1,600.00			
	LS-CTK-C	(2 Qty) Lab Society Dewar-Style Cold Trap Kits	997.50			
	AI-3.2 Accutemp	AI 3.2 CF Vacuum Oven	5,769.00			
		A1 UL Listing	660.00			
	LS-CTK-C	Lab Society Dewar-Style Cold Trap Kits	498.75			
	2052B-01	Welch High Capacity PTFE Dry Vacuum pump	3,860.00			
	2052B-01	Welch High Capacity PTFE Dry Vacuum pump	6,948.00			
	P80NHA101B	PolyScience Immersion Chiller IP-80	4,791.50			50% down, Balance due on completion
		Vendor Total	35,204.75			
		Freight (Korea)	Unknown			
	Estimated sales/use tax	3,080.42				
		38,285.17	30%		49,771.00	

**EXHIBIT B-1
EQUIPMENT DESCRIPTION**

<u>Item</u>	<u>Part</u>	<u>Description</u>	<u>Quote/Invoice</u>	<u>Markup</u>	<u>Cost to G Farma *</u>	<u>Vendor Purchase Terms</u>
f2		Pope 2" Wipe Film Evaporator	45,000.00			
		Freight (will be on pallet & full truck load)	Unknown			
		Estimated sales/use tax	<u>3,937.50</u>			50% down, Balance due
			<u>48,937.50</u>	30%	63,619.00	on completion
g		(20 foot) Converted Container for Extraction	43,738.00			
		Estimated Freight	<u>3,827.08</u>			50% down, 25% at
		Estimated sales/use tax	<u>47,565.08</u>	30%	61,835.00	shipping, Balance on
		TOTAL EQUIPMENT	<u>\$ 788,853.32</u>		<u>\$ 1,025,510.00**</u>	TOTAL INVOICE COST
		Increase from original lease document	(234,167.32)		COST	

* Amount does not include the administrative charge of \$0.04 per month per \$100 of original equipment cost that will be included on the monthly invoice.

** Total Invoice Cost may be adjusted for freight, taxes, and other equipment delivery and set up costs associated with the delivery of the Equipment.

EXHIBIT C-2

DOCUMENTS SUPPORTING EQUIPMENT OWNERSHIP

[See Attached]

EXHIBIT D

SCHEDULE OF RENT AMOUNTS

THIS SCHEDULE OF RENT AMOUNTS DATED AND EFFECTIVE AS OF MARCH 5, 2018 (THE "SCHEDULE OF RENT AMOUNTS") IS HEREBY INCORPORATED IN AND MADE A PART OF THIS FIRST AMENDMENT TO LEASE SCHEDULE NO. 1, THAT AMENDS A CERTAIN LEASE SCHEDULE NO. 1 DATED JANUARY 16, 2018, (COLLECTIVELY, THE "LEASE SCHEDULE") TO THE MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF JANUARY 11, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RE-STATED AND/OR REPLACED FROM TIME TO TIME, THE "LEASE"), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("LESSOR"), G FARMALABS LIMITED, A NEVADA CORPORATION ("LESSEE"), AND G FARMABRANDS, INC., A NEVADA CORPORATION ("GUARANTOR").

The parties agree as follows:

LEASE AMORTIZATION SCHEDULE

ENTER VALUES	
Equipment amount	\$1,025,510.00
Annual interest rate	10.00%
Lease period in years	7
Number of payments per year	12
Lease Commencement	2/10/2018
First Payment	3/10/2018
Optional extra payments	\$ -

LEASE SUMMARY	
Scheduled payment	\$17,024.68
Scheduled number of payments	84
Actual number of payments	84
Total early payments	\$0.00
Total interest	\$404,563.14
LESSOR NAME	Mentor Partner I, LLC

PM T NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULE D PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100 Orig Cost	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST	Chg per \$100 Mentor Cost
1	3/10/2018	\$1,025,510.00	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,478.76	\$8,545.92	\$1,017,031.24	\$8,545.92	\$ 2.20
2	4/10/2018	\$1,017,031.24	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,549.42	\$8,475.26	\$1,008,481.82	\$17,021.18	\$ 2.20
3	5/10/2018	\$1,008,481.82	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,620.67	\$8,404.02	\$999,861.15	\$25,425.19	\$ 2.20
4	6/10/2018	\$999,861.15	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,692.50	\$8,332.18	\$991,168.65	\$33,757.37	\$ 2.20
5	7/10/2018	\$991,168.65	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,764.94	\$8,259.74	\$982,403.71	\$42,017.11	\$ 2.20
6	8/10/2018	\$982,403.71	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,837.98	\$8,186.70	\$973,565.72	\$50,203.80	\$ 2.20
7	9/10/2018	\$973,565.72	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,911.63	\$8,113.05	\$964,654.09	\$58,316.85	\$ 2.20
8	10/10/2018	\$964,654.09	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$8,985.90	\$8,038.78	\$955,668.19	\$66,355.64	\$ 2.20
9	11/10/2018	\$955,668.19	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,060.78	\$7,963.90	\$946,607.42	\$74,319.54	\$ 2.20
10	12/10/2018	\$946,607.42	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,136.29	\$7,888.40	\$937,471.13	\$82,207.93	\$ 2.20
11	1/10/2019	\$937,471.13	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,212.42	\$7,812.26	\$928,258.71	\$90,020.19	\$ 2.20
12	2/10/2019	\$928,258.71	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,289.19	\$7,735.49	\$918,969.52	\$97,755.68	\$ 2.20
13	3/10/2019	\$918,969.52	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,366.60	\$7,658.08	\$909,602.92	\$105,413.76	\$ 2.20
14	4/10/2019	\$909,602.92	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,444.66	\$7,580.02	\$900,158.26	\$113,993.79	\$ 2.20
15	5/10/2019	\$900,158.26	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,523.36	\$7,501.32	\$890,634.90	\$120,495.10	\$ 2.20
16	6/10/2019	\$890,634.90	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,602.72	\$7,421.96	\$881,032.18	\$127,917.06	\$ 2.20
17	7/10/2019	\$881,032.18	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,682.75	\$7,341.93	\$871,349.43	\$135,259.00	\$ 2.20
18	8/10/2019	\$871,349.43	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,763.43	\$7,261.25	\$861,586.00	\$142,520.24	\$ 2.20
19	9/10/2019	\$861,586.00	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,844.80	\$7,179.88	\$851,741.20	\$149,700.13	\$ 2.20
20	10/10/2019	\$851,741.20	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$9,926.84	\$7,097.84	\$841,814.36	\$156,797.97	\$ 2.20
21	11/10/2019	\$841,814.36	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,009.56	\$7,015.12	\$831,804.80	\$163,813.09	\$ 2.20
22	12/10/2019	\$831,804.80	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,092.97	\$6,931.71	\$821,711.83	\$170,744.80	\$ 2.20
23	1/10/2020	\$821,711.83	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,177.08	\$6,847.60	\$811,534.75	\$177,592.39	\$ 2.20
24	2/10/2020	\$811,534.75	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,261.89	\$6,762.79	\$801,272.86	\$184,355.18	\$ 2.20
25	3/10/2020	\$801,272.86	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,347.41	\$6,677.27	\$790,925.45	\$191,022.46	\$ 2.20
26	4/10/2020	\$790,925.45	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,433.63	\$6,591.05	\$780,491.82	\$197,623.50	\$ 2.20
27	5/10/2020	\$780,491.82	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,520.58	\$6,504.10	\$769,971.23	\$204,127.80	\$ 2.20
28	6/10/2020	\$769,971.23	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,608.25	\$6,416.43	\$759,362.98	\$210,544.03	\$ 2.20
29	7/10/2020	\$759,362.98	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,696.66	\$6,328.02	\$748,666.33	\$216,872.05	\$ 2.20
30	8/10/2020	\$748,666.33	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,785.79	\$6,238.89	\$737,880.53	\$223,110.94	\$ 2.20
31	9/10/2020	\$737,880.53	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,875.68	\$6,149.00	\$727,004.86	\$229,259.94	\$ 2.20
32	10/10/2020	\$727,004.86	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$10,966.31	\$6,058.37	\$716,038.55	\$235,318.32	\$ 2.20
33	11/10/2020	\$716,038.55	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,057.69	\$5,966.99	\$704,980.86	\$241,285.30	\$ 2.20
34	12/10/2020	\$704,980.86	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,149.84	\$5,874.84	\$693,831.02	\$247,160.15	\$ 2.20
35	1/10/2021	\$693,831.02	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,242.76	\$5,781.93	\$682,589.26	\$252,942.07	\$ 2.20
36	2/10/2021	\$682,589.26	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,336.44	\$5,688.24	\$671,251.82	\$258,630.31	\$ 2.20
37	3/10/2021	\$671,251.82	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,430.92	\$5,593.77	\$659,820.90	\$264,224.07	\$ 2.20
38	4/10/2021	\$659,820.90	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,526.17	\$5,498.51	\$648,294.73	\$269,722.58	\$ 2.20
39	5/10/2021	\$648,294.73	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,622.22	\$5,402.46	\$636,672.51	\$275,125.03	\$ 2.20
40	6/10/2021	\$636,672.51	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,719.08	\$5,305.60	\$624,953.43	\$280,430.64	\$ 2.20
41	7/10/2021	\$624,953.43	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,816.73	\$5,207.95	\$613,136.69	\$285,638.58	\$ 2.20
42	8/10/2021	\$613,136.69	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$11,915.21	\$5,109.47	\$601,221.49	\$290,748.06	\$ 2.20
43	9/10/2021	\$601,221.49	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,014.50	\$5,010.18	\$589,206.99	\$295,758.24	\$ 2.20
44	10/10/2021	\$589,206.99	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,114.62	\$4,910.06	\$577,092.36	\$300,668.29	\$ 2.20

(continued on the following page)

PM NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULE D PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100 Orig Cost	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATI VE INTEREST	Chg per
											Mentor Cost
45	11/01/2021	\$577,092.36	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,215.58	\$4,809.10	\$564,876.79	\$305,477.40	\$ 2.20
46	12/01/2021	\$564,876.79	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,317.37	\$4,707.31	\$552,559.41	\$310,184.70	\$ 2.20
47	1/01/2022	\$552,559.41	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,420.02	\$4,604.66	\$540,139.39	\$314,789.37	\$ 2.20
48	2/01/2022	\$540,139.39	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,523.52	\$4,501.16	\$527,615.88	\$319,290.53	\$ 2.20
49	3/01/2022	\$527,615.88	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,627.88	\$4,396.80	\$514,987.99	\$323,687.33	\$ 2.20
50	4/01/2022	\$514,987.99	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,733.11	\$4,291.57	\$502,254.88	\$327,978.89	\$ 2.20
51	5/01/2022	\$502,254.88	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,839.22	\$4,185.46	\$489,415.66	\$332,164.35	\$ 2.20
52	6/01/2022	\$489,415.66	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$12,946.22	\$4,078.46	\$476,469.44	\$336,242.81	\$ 2.20
53	7/01/2022	\$476,469.44	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,054.10	\$3,970.58	\$463,415.34	\$340,213.39	\$ 2.20
54	8/01/2022	\$463,415.34	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,162.89	\$3,861.79	\$450,252.45	\$344,075.19	\$ 2.20
55	9/01/2022	\$450,252.45	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,272.58	\$3,752.10	\$436,979.88	\$347,827.29	\$ 2.20
56	10/01/2022	\$436,979.88	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,383.18	\$3,641.50	\$423,596.70	\$351,468.79	\$ 2.20
57	11/01/2022	\$423,596.70	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,494.71	\$3,529.37	\$410,101.99	\$354,998.76	\$ 2.20
58	12/01/2022	\$410,101.99	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,607.16	\$3,417.52	\$396,494.83	\$358,416.28	\$ 2.20
59	1/01/2023	\$396,494.83	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,720.56	\$3,304.12	\$382,774.27	\$361,720.40	\$ 2.20
60	2/01/2023	\$382,774.27	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,834.89	\$3,189.79	\$368,939.37	\$364,910.19	\$ 2.20
61	3/01/2023	\$368,939.37	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$13,950.19	\$3,074.49	\$354,989.19	\$367,984.68	\$ 2.20
62	4/01/2023	\$354,989.19	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,066.44	\$2,958.24	\$340,922.75	\$370,942.93	\$ 2.20
63	5/01/2023	\$340,922.75	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,183.66	\$2,841.02	\$326,739.09	\$373,783.95	\$ 2.20
64	6/01/2023	\$326,739.09	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,301.85	\$2,722.83	\$312,437.24	\$376,506.77	\$ 2.20
65	7/01/2023	\$312,437.24	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,421.04	\$2,603.64	\$298,016.20	\$379,110.42	\$ 2.20
66	8/01/2023	\$298,016.20	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,541.21	\$2,483.47	\$283,474.99	\$381,593.89	\$ 2.20
67	9/01/2023	\$283,474.99	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,662.39	\$2,362.29	\$268,812.60	\$383,956.18	\$ 2.20
68	10/01/2023	\$268,812.60	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,784.58	\$2,240.11	\$254,028.03	\$386,196.28	\$ 2.20
69	11/01/2023	\$254,028.03	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$14,907.78	\$2,116.90	\$239,120.25	\$388,313.18	\$ 2.20
70	12/01/2023	\$239,120.25	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,032.01	\$1,992.67	\$224,088.24	\$390,305.85	\$ 2.20
71	1/01/2024	\$224,088.24	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,157.28	\$1,867.40	\$208,930.96	\$392,173.25	\$ 2.20
72	2/01/2024	\$208,930.96	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,283.59	\$1,741.09	\$193,647.37	\$393,914.35	\$ 2.20
73	3/01/2024	\$193,647.37	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,410.95	\$1,613.73	\$178,236.42	\$395,528.07	\$ 2.20
74	4/01/2024	\$178,236.42	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,539.30	\$1,485.30	\$162,697.04	\$397,013.30	\$ 2.20
75	5/01/2024	\$162,697.04	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,668.87	\$1,355.81	\$147,028.17	\$398,369.19	\$ 2.20
76	6/01/2024	\$147,028.17	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,799.45	\$1,225.23	\$131,228.72	\$399,594.42	\$ 2.20
77	7/01/2024	\$131,228.72	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$15,931.11	\$1,093.57	\$115,297.62	\$400,687.99	\$ 2.20
78	8/01/2024	\$115,297.62	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,063.87	\$960.81	\$99,233.75	\$401,648.81	\$ 2.20
79	9/01/2024	\$99,233.75	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,197.73	\$826.95	\$83,036.02	\$402,475.75	\$ 2.20
80	10/01/2024	\$83,036.02	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,332.71	\$691.97	\$66,703.30	\$403,167.72	\$ 2.20
81	11/01/2024	\$66,703.30	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,468.82	\$555.86	\$50,234.48	\$403,723.58	\$ 2.20
82	12/01/2024	\$50,234.48	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,606.06	\$418.62	\$33,628.42	\$404,142.20	\$ 2.20
83	1/01/2025	\$33,628.42	\$17,024.68	\$0.00	\$315.54	\$17,340.22	\$16,744.44	\$280.24	\$16,883.98	\$404,422.44	\$ 2.20
84	2/01/2025	\$16,883.98	\$17,024.68	\$0.00	\$315.54	\$17,199.52	\$16,743.28	\$140.70	\$0.00	\$404,563.14	\$ 2.18

IN WITNESS WHERE OF, the parties hereto have caused this Schedule of Rent Amounts to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: March 5, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: March 9, 2018

ACKNOWLEDGED AND AGREED:

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: March 14, 2018

SECOND AMENDMENT TO LEASE SCHEDULE NO. 1

This **SECOND AMENDMENT TO LEASE SCHEDULE NO. 1**, dated as of this **4th day of April, 2018** (the "**Second Amendment**") is entered into between Mentor Partner I, LLC, a California limited liability company ("**Lessor**"), G FarmaLabs Limited, a Nevada corporation ("**Lessee**"), and G FarmaBrands, Inc., a Nevada corporation ("**Guarantor**") pursuant to that certain Master Equipment Lease Agreement dated as of **January 16, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, the "**Lease**") between Lessor and Lessee.

BACKGROUND

WHEREAS, Lessor and Lessee entered into a certain Lease Schedule No. 1 dated January 16, 2018, and a certain First Amendment to Lease Schedule No. 1 dated March 5, 2018 (the "**First Amendment**"), as amended by this Second Amendment and as may be amended, modified, supplemented, restated and/or replaced from time to time, (collectively, the "**Lease Schedule**") whereby Lessor agreed to purchase and lease to Lessee certain Equipment, to be delivered to Lessee's properties located at San Rafael, CA 94901; and

WHEREAS, Lessor and Lessee desire to amend the Lease Schedule to add additional leased Equipment; and

WHEREAS, Lessor and Lessee desire to amend the Rent Payments in conjunction with the Equipment lease modifications to the Lease Schedule contained herein; and

WHEREAS, Lessor and Lessee desire, in their mutual interest, to amend certain exhibits to the Lease Schedule contained herein; and

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree to amend the Lease as provided below.

1. Modifications to the Lease Schedule.

- a) **Additional Leased Equipment.** Upon the execution of this Second Amendment, Lessor leases to Lessee the additional Equipment listed under the line item titled "*Second Amendment - Additional Equipment*" as more completely described on **Exhibit C-1 "Equipment Description,"** attached hereto.
- b) **Increase in Rental Payments.** Commencing on **May 10, 2018**, and the **10th day** of the month hereinafter, the monthly rent for the Equipment during the Term of this Lease Schedule shall be increased by **Six Hundred Fifty-Five and 46/100 Dollars (\$655.46)** per month, calculated at a **Ten Percent (10%)** annual interest rate over seven (7) years in **eighty-four (84) monthly payment installments** of (i) the principal amount, computed at a one-time step up of the Total Invoice Cost, plus (ii) a risk premium and resale markup amount, computed at a percentage rate of **Thirty Percent (30%)** as the percentage of the balance of the Total Invoice Cost, plus (iii) an administrative fee of **Four Cents (\$0.04)** on each One Hundred and 00/100 Dollars (\$100.00) of the Total Invoice Cost, as set forth in more detail in **Exhibit C, "Schedule of Rent Amounts,"** attached to this Lease Schedule. The total monthly Lease cost is Two and 20/100 Dollars (\$2.20) per One Hundred and 00/100 Dollars (\$100.00) of total, fully loaded costs, of all sorts.
 - i. **Total Monthly Rent.** As a result of this Second Amendment monthly rent increase, commencing on **May 10, 2018** and the **10th day** of the month hereinafter, the total monthly rent will be **Seventeen Thousand Nine Hundred Ninety-Five and 68/100 Dollars (\$17,995.68)** until February 10, 2025, and thereafter will be Six Hundred Fifty-Five and 46/100 Dollars (\$655.46) until April 10, 2025, or until paid in full as further reflected at **Exhibit D, "Schedule of Rent Amounts,"** attached hereto.
- c) **Modification to Lease Schedule Exhibits.**
 - i. **Exhibit C, "Equipment Schedule,"** to the First Amendment is hereby amended and the words: "*The Total Invoice Cost of the Equipment is One Million Twenty-Five Thousand Five Hundred Ten and 00/100 Dollars (\$1,025,510.00)*" is hereby deleted in its entirety and is replaced with: "**The Total Invoice Cost of the Equipment is One Million Sixty-Four Thousand Two Hundred Seventy-Four and 00/100 Dollars (\$1,064,270.00)**"
 - ii. **Exhibit C-1, "Equipment Description,"** is hereby supplemented to add the additional equipment attached hereto.

- iii. **Exhibit C-2**, “*Documents Supporting Equipment Ownership*,” is hereby supplemented to add the additional supporting documents attached hereto.
- iv. The former Schedule of Rent Amounts set forth in **Exhibit D**, “*Schedule of Rent Amounts*,” is hereby supplemented with the updated rent schedule attached hereto.

2. General Terms and Conditions.

- (a) All capitalized terms used in this Second Amendment, unless otherwise defined herein, will have the same meaning as the terms contained in the Lease Schedule.
- (b) In case of any inconsistencies between the terms and conditions contained in the Lease Schedule and the terms and conditions contained in this Second Amendment, the terms and conditions herein will control. Except as set forth below, all provisions of the Lease Schedule are ratified and remain unchanged and in full force and effect.
- (c) This Second Amendment may be executed in duplicate counterparts, each of which will be deemed an original.
- (d) Each of the parties represent and warrant that they have the right, power, legal capacity and authority to enter into and perform their respective obligations under this Second Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Lease Schedule No. 1 to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner I, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: April 4, 2018

LESSEE:

G FarmaLabs Limited,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: April 18, 2018

GUARANTOR:

G FarmaBrands, Inc.,
a Nevada corporation

By: /s/ Cristina Gonzalez
Cristina Gonzalez, President

Date: April 18, 2018

THE ONE AND ONLY CHATTEL PAPER ORIGINAL OF THIS LEASE SCHEDULE IS EVIDENCED BY THE EXECUTION BY LESSOR OF THE ACCEPTANCE AND ACKNOWLEDGEMENT BELOW. ACCEPTED AND ACKNOWLEDGED BY LESSOR TO EVIDENCE THE CHATTEL PAPER ORIGINAL: MENTOR PARTNER I, LLC

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: April 26, 2018

EXHIBIT C-1

EQUIPMENT DESCRIPTION

[See Attached Additional Equipment]

**EXHIBIT C-1
EQUIPMENT DESCRIPTION**

Item	Part	Equip		Quote/Invoice	Markup	Cost to G Farms*	Vendor Purchase Terms	
		Location	Description					
Bottling Equipment a	28-042-USA	1	Turntable - 42"	\$ 5,099.00				
	04-505-P01		ACCUTEK APCOF-12 APDF filling machines	54,079.20				
	50-FN0-CF2		Universal Neck Grabber Tooling Insert	525.00				
	22-500-000		Accutek Automatic Spindle Capper	33,220.00				
	28-B02-RBA		Bottomless Conveyor	5,450.00				
	48-CU-SA1		Continuous Inkjet Printer	17,170.41				
	42-SL1-100		Sleeve Label Applicator	77,024.00				
	32-STM-SA1		Steam Tunnel Sales Assembly	36,594.00				
	28-015-C90		Turntable, 90 Degree Transfer Table	1,895.00				
	26-ST45-SA0		Sanitary Conveyor Assembly	6,575.00				
	50-BT1-L02		Bottle Finer	27,335.00				
	50-010-000		Automatic Snap Capper	24,045.00				
	26-ST45-SA0		Sanitary Conveyor Assy 4 1/2' Wide	7,310.00				
	48-000-DT1		Thermal Transfer Printer, Sales Assy	16,923.55				
	50-009-000		Snap Capper, Semi-Automatic	10,095.00				
	43-060-098		Bullet Tooling for SL Series, Sleever	5,595.00				
	43-092-038		Bullet Tooling for SL Series Sleever Labeler - 92 mm L	3,490.00				
	43-029-100		Bullet Tooling for SL Series Sleever Labeler - 29 mm L	3,490.00				
	43-FSD-W03		2 ea Feed Screw Change Part - White Delrin	3,799.00				
	55-STR-057		Star Wheel Tooling/Change Part - 57mm Pocket	500.00				
	55-STR-037		Star Wheel Tooling/Change Part - 37mm Pocket	500.00				
	50-PUC-T01		Puck Design Tooling Change	500.00				
	51-PUC-001		Puck, Container Handling Puck	2,400.00				
	23-090-000		2 ea Transition Elbow - 90 Degree	900.00				
	28-B02-RBA		Bottomless Conveyor - Variable Speed	5,105.00				
	1025-070		Chute Finger - 15 Degree w/long fingers	450.00				
	28-ED6-S4S		Conveyor Extension	1,655.00				
		Discount	(15,394.58)					
		Delivery	1,675.80					
		Service for Machines	15,000.00			50% Deposit, Balance due prior to shipment		
		Vendor Total - Revised Invoice	353,004.38					
		Estimated sales/use tax on Equip Only(excludes service and delivery)	\$ 29,428.75					
			382,433.13	30%	\$	497,163.00		
Lab Equipment b	VKL 70-5 FDRR SKR	2	Single Stage Short path distillation plant	145,000.00				
			Training & Parameters	10,000.00				
			Freight	5,000.00				
			Installation	5,000.00				
			Vendor Total	165,000.00				
			Estimated sales/use tax on \$145,000 equip	12,687.50				
				177,687.50	30%		230,994.00	
	c	Sullair Model ST-1509RD		20 HP Air Compressor w/120 Gallon ASME Tank	11,983.00			
				Caster Wheel & Labor	500.00			
				Shipping and handling	996.56			
				Vendor Total	13,479.56			
				Estimated sales/use tax	1,092.26			
					14,571.82	30%		18,943.00
	d	Mep/10	2	10 Liter - Base with One Jacketed Extraction Vessel	65,000.00			
				On-Site Training	5,000.00			
				Estimated Freight	2,000.00			
				Vendor Total	72,000.00			
				Estimated sales/use tax on \$65,000 equip	5,387.50			
				77,387.50	30%		100,994.00	
	e	Mine	2	Diamond Mine Mini	650.00			
		Sight		2" Metaglas Sight	300.00			
		Spool		6"x2" Diamond Mine short spool ext	150.00			
				Swagelok parts	250.00			
				Vendor Total	1,350.00			
				Estimated sales/use tax	119.83			
				1,469.83	30%		2,191.00	
	f1	SH-V0099NG	2	(2 Qty) SH Scientific 3.4 cu ft Vacuum Oven	10,080.00			
LS-CTK-C		2	UL Listing for the Vacuum Ovens	1,600.00				
AI-3.2 Acotemp			(2 Qty) Lab Society Dewar-Style Cold Trap Kits	997.50				
LS-CTK-C			AI 3.2 CF Vacuum Oven	5,769.00				
2052B-01			A1 UL Listing	660.00				
2052B-01			Lab Society Dewar-Style Cold Trap Kits	498.75				
P80NHA101B			Welch High Capacity PTFE Dry Vacuum pump	3,880.00				
			Welch High Capacity PTFE Dry Vacuum pump	6,948.00				
			PolyScience Immersion Chiller IP-80	4,391.50				
			Vendor Total	35,204.75				
			Freight (Korea)	Unknown				
		Estimated sales/use tax	3,080.42					
			38,285.17	30%		49,771.00		

**EXHIBIT C-1
EQUIPMENT DESCRIPTION**

<u>Item</u>	<u>Part</u>	<u>Equip Location</u>	<u>Description</u>	<u>Quote/Invoice</u>	<u>Markup</u>	<u>Cost to G Farms*</u>	<u>Vendor Purchase Terms</u>
f2		2	Pope 2" Wipe Film Evaporator Freight (will be on pallet & full truck load) Estimated sales/use tax	45,000.00 Unknown 3,937.50 <u>48,937.50</u>		63,619.00	Paid in Full by Mentor Partner I, LLC
g		2	(20 foot) Converted Container for Extraction Estimated Freight Estimated sales/use tax	43,738.00 3,927.08 <u>47,665.08</u>		61,835.00	50% down, 25% at shipping, Bal completion
TOTAL EQUIPMENT - Original				\$ 788,853.32		\$ 1,025,510.00	Former Total Invoice Cost
Second Amendment - Additional Equipment							
d1		2	Extraction Vessel Full Assembly (2) Turbo Add/Added Haskel Chiller & Coil Shipping Estimated sales/use tax on \$26,500	13,000.00 13,500.00 1,000.00 <u>27,500.00</u> 2,318.75 <u>29,818.75</u>		38,764.00	
Total after Second Amendment				\$ 818,672.07		\$ 1,064,274.00	** TOTAL INVOICE COST

* Amount does not include the administrative charge of \$0.04 per month per \$100 of original equipment cost that will be included on the monthly invoice.
 ** Total Invoice Cost may be adjusted for freight, taxes, and other equipment delivery and set up costs associated with the delivery of the Equipment.

EXHIBIT C-2

DOCUMENTS SUPPORTING EQUIPMENT OWNERSHIP

[See Attached Additional Supporting Documents]

EXHIBIT D

SCHEDULE OF RENT AMOUNTS

[See Attached Updated Rent Schedule]

LEASE AMORTIZATION SCHEDULE

ENTER VALUES (Second Amendment)

Lease amount	\$38,764.00
Annual interest rate	10.00%
Loan period in years	7
Number of payments per year	12
Start date of loan	5/10/2018
Equipment commitment	4/1/2018
Optional extra payments	\$ -

LEASE SUMMARY (Second Amendment)

Scheduled payment	\$843.53
Scheduled number of payment	84
Actual number of payments	84
Total early payments	\$0.00
Total interest	\$15,292.38

LESSOR NAME Mentor Platter I, LLC
LESSEE NAME G FarmsLabs

Combined Lease & Second Amendment Payment

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100	2nd Amendment \$100	TOTAL PAYMENT	PRINCIPAL	INTEREST	CUMULATIVE INTEREST	ENDING BALANCE	Chg per \$100	Total Mentor Balance
1	5/10/2018	\$38,764.00	\$843.53	\$0.00	\$11.93	\$655.46	\$320.49	\$320.49	\$523.03	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
2	6/10/2018	\$38,443.51	\$843.53	\$0.00	\$11.93	\$655.46	\$323.17	\$323.17	\$643.40	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
3	7/10/2018	\$38,120.34	\$843.53	\$0.00	\$11.93	\$655.46	\$325.86	\$325.86	\$967.26	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
4	8/10/2018	\$37,794.46	\$843.53	\$0.00	\$11.93	\$655.46	\$328.57	\$328.57	\$1,295.83	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
5	9/10/2018	\$37,465.91	\$843.53	\$0.00	\$11.93	\$655.46	\$331.31	\$331.31	\$1,627.14	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
6	10/10/2018	\$37,134.59	\$843.53	\$0.00	\$11.93	\$655.46	\$334.07	\$334.07	\$1,961.21	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
7	11/10/2018	\$36,800.52	\$843.53	\$0.00	\$11.93	\$655.46	\$336.86	\$336.86	\$2,308.07	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
8	12/10/2018	\$36,463.66	\$843.53	\$0.00	\$11.93	\$655.46	\$339.68	\$339.68	\$2,657.75	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
9	1/10/2019	\$36,124.00	\$843.53	\$0.00	\$11.93	\$655.46	\$342.54	\$342.54	\$3,010.29	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
10	2/10/2019	\$35,781.50	\$843.53	\$0.00	\$11.93	\$655.46	\$345.45	\$345.45	\$3,364.74	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
11	3/10/2019	\$35,436.15	\$843.53	\$0.00	\$11.93	\$655.46	\$348.40	\$348.40	\$3,722.14	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
12	4/10/2019	\$35,087.93	\$843.53	\$0.00	\$11.93	\$655.46	\$351.43	\$351.43	\$4,082.57	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
13	5/10/2019	\$34,736.80	\$843.53	\$0.00	\$11.93	\$655.46	\$354.54	\$354.54	\$4,445.11	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
14	6/10/2019	\$34,382.74	\$843.53	\$0.00	\$11.93	\$655.46	\$357.74	\$357.74	\$4,810.85	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
15	7/10/2019	\$34,025.74	\$843.53	\$0.00	\$11.93	\$655.46	\$361.03	\$361.03	\$5,179.88	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
16	8/10/2019	\$33,665.74	\$843.53	\$0.00	\$11.93	\$655.46	\$364.42	\$364.42	\$5,552.30	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
17	9/10/2019	\$33,302.78	\$843.53	\$0.00	\$11.93	\$655.46	\$367.91	\$367.91	\$5,928.21	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
18	10/10/2019	\$32,936.77	\$843.53	\$0.00	\$11.93	\$655.46	\$371.50	\$371.50	\$6,307.71	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
19	11/10/2019	\$32,567.72	\$843.53	\$0.00	\$11.93	\$655.46	\$375.20	\$375.20	\$6,690.91	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
20	12/10/2019	\$32,195.59	\$843.53	\$0.00	\$11.93	\$655.46	\$379.01	\$379.01	\$7,077.92	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
21	1/10/2020	\$31,820.35	\$843.53	\$0.00	\$11.93	\$655.46	\$382.94	\$382.94	\$7,468.86	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
22	2/10/2020	\$31,442.00	\$843.53	\$0.00	\$11.93	\$655.46	\$387.00	\$387.00	\$7,863.86	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
23	3/10/2020	\$31,060.48	\$843.53	\$0.00	\$11.93	\$655.46	\$391.19	\$391.19	\$8,263.05	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
24	4/10/2020	\$30,675.79	\$843.53	\$0.00	\$11.93	\$655.46	\$395.51	\$395.51	\$8,666.56	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
25	5/10/2020	\$30,287.90	\$843.53	\$0.00	\$11.93	\$655.46	\$400.00	\$400.00	\$9,074.56	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
26	6/10/2020	\$29,896.77	\$843.53	\$0.00	\$11.93	\$655.46	\$404.64	\$404.64	\$9,487.20	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
27	7/10/2020	\$29,502.38	\$843.53	\$0.00	\$11.93	\$655.46	\$409.44	\$409.44	\$9,904.64	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
28	8/10/2020	\$29,104.70	\$843.53	\$0.00	\$11.93	\$655.46	\$414.41	\$414.41	\$10,327.05	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
29	9/10/2020	\$28,703.71	\$843.53	\$0.00	\$11.93	\$655.46	\$419.55	\$419.55	\$10,754.60	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
30	10/10/2020	\$28,299.38	\$843.53	\$0.00	\$11.93	\$655.46	\$424.87	\$424.87	\$11,187.47	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
31	11/10/2020	\$27,891.68	\$843.53	\$0.00	\$11.93	\$655.46	\$430.38	\$430.38	\$11,625.85	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
32	12/10/2020	\$27,480.59	\$843.53	\$0.00	\$11.93	\$655.46	\$436.08	\$436.08	\$12,069.93	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
33	1/10/2021	\$27,066.06	\$843.53	\$0.00	\$11.93	\$655.46	\$441.98	\$441.98	\$12,520.91	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
34	2/10/2021	\$26,648.09	\$843.53	\$0.00	\$11.93	\$655.46	\$448.08	\$448.08	\$12,978.99	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
35	3/10/2021	\$26,226.62	\$843.53	\$0.00	\$11.93	\$655.46	\$454.39	\$454.39	\$13,443.38	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
36	4/10/2021	\$25,801.65	\$843.53	\$0.00	\$11.93	\$655.46	\$460.92	\$460.92	\$13,914.30	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
37	5/10/2021	\$25,373.14	\$843.53	\$0.00	\$11.93	\$655.46	\$467.68	\$467.68	\$14,391.98	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
38	6/10/2021	\$24,941.05	\$843.53	\$0.00	\$11.93	\$655.46	\$474.68	\$474.68	\$14,876.66	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
39	7/10/2021	\$24,505.37	\$843.53	\$0.00	\$11.93	\$655.46	\$481.93	\$481.93	\$15,368.59	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
40	8/10/2021	\$24,066.05	\$843.53	\$0.00	\$11.93	\$655.46	\$489.34	\$489.34	\$15,867.93	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
41	9/10/2021	\$23,623.07	\$843.53	\$0.00	\$11.93	\$655.46	\$496.92	\$496.92	\$16,375.85	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
42	10/10/2021	\$23,176.40	\$843.53	\$0.00	\$11.93	\$655.46	\$504.68	\$504.68	\$16,892.53	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
43	11/10/2021	\$22,726.01	\$843.53	\$0.00	\$11.93	\$655.46	\$512.72	\$512.72	\$17,417.25	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68
44	12/10/2021	\$22,271.86	\$843.53	\$0.00	\$11.93	\$655.46	\$521.05	\$521.05	\$17,950.30	\$17,340.22	\$17,995.68	\$ 2.20	\$17,995.68

PMT NO	PMT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100	2nd Amortize \$100	PRINCIPAL INTEREST	ENDING BALANCE	CUMULATIVE INTEREST	Previous Original Lease Total Payment	Cltg per Combined \$100 Total Memor Payment Cost
45	1/10/2022	\$21,813.93	\$643.53	\$0.00	\$11.93	\$655.46	\$181.78	\$20,886.60	\$11,546.96	\$17,340.22	\$17,995.68
46	2/10/2022	\$21,352.19	\$643.53	\$0.00	\$11.93	\$655.46	\$177.93	\$20,886.60	\$11,724.90	\$17,340.22	\$17,995.68
47	3/10/2022	\$20,886.60	\$643.53	\$0.00	\$11.93	\$655.46	\$174.05	\$20,417.12	\$11,898.95	\$17,340.22	\$17,995.68
48	4/10/2022	\$20,417.12	\$643.53	\$0.00	\$11.93	\$655.46	\$170.14	\$19,943.74	\$12,069.10	\$17,340.22	\$17,995.68
49	5/10/2022	\$19,943.74	\$643.53	\$0.00	\$11.93	\$655.46	\$166.20	\$19,486.41	\$12,235.29	\$17,340.22	\$17,995.68
50	6/10/2022	\$19,486.41	\$643.53	\$0.00	\$11.93	\$655.46	\$162.22	\$19,029.18	\$12,397.51	\$17,340.22	\$17,995.68
51	7/10/2022	\$18,985.10	\$643.53	\$0.00	\$11.93	\$655.46	\$158.22	\$18,571.96	\$12,555.72	\$17,340.22	\$17,995.68
52	8/10/2022	\$18,489.78	\$643.53	\$0.00	\$11.93	\$655.46	\$154.16	\$18,114.80	\$12,709.89	\$17,340.22	\$17,995.68
53	9/10/2022	\$18,010.42	\$643.53	\$0.00	\$11.93	\$655.46	\$150.09	\$17,657.71	\$12,859.97	\$17,340.22	\$17,995.68
54	10/10/2022	\$17,516.97	\$643.53	\$0.00	\$11.93	\$655.46	\$145.97	\$17,201.42	\$13,005.96	\$17,340.22	\$17,995.68
55	11/10/2022	\$17,019.42	\$643.53	\$0.00	\$11.93	\$655.46	\$141.83	\$16,747.72	\$13,147.78	\$17,340.22	\$17,995.68
56	12/10/2022	\$16,517.72	\$643.53	\$0.00	\$11.93	\$655.46	\$137.65	\$16,491.84	\$13,285.42	\$17,340.22	\$17,995.68
57	1/10/2023	\$16,011.84	\$643.53	\$0.00	\$11.93	\$655.46	\$133.43	\$16,237.40	\$13,418.86	\$17,340.22	\$17,995.68
58	2/10/2023	\$15,501.74	\$643.53	\$0.00	\$11.93	\$655.46	\$129.18	\$15,984.04	\$13,548.04	\$17,340.22	\$17,995.68
59	3/10/2023	\$14,987.40	\$643.53	\$0.00	\$11.93	\$655.46	\$124.89	\$15,729.65	\$13,672.93	\$17,340.22	\$17,995.68
60	4/10/2023	\$14,468.76	\$643.53	\$0.00	\$11.93	\$655.46	\$120.57	\$15,474.81	\$13,793.51	\$17,340.22	\$17,995.68
61	5/10/2023	\$13,945.81	\$643.53	\$0.00	\$11.93	\$655.46	\$116.22	\$15,220.99	\$13,908.72	\$17,340.22	\$17,995.68
62	6/10/2023	\$13,418.50	\$643.53	\$0.00	\$11.93	\$655.46	\$111.82	\$14,967.79	\$14,021.54	\$17,340.22	\$17,995.68
63	7/10/2023	\$12,886.79	\$643.53	\$0.00	\$11.93	\$655.46	\$107.39	\$14,706.65	\$14,128.93	\$17,340.22	\$17,995.68
64	8/10/2023	\$12,350.65	\$643.53	\$0.00	\$11.93	\$655.46	\$102.92	\$14,445.04	\$14,231.85	\$17,340.22	\$17,995.68
65	9/10/2023	\$11,810.04	\$643.53	\$0.00	\$11.93	\$655.46	\$98.42	\$14,183.44	\$14,330.27	\$17,340.22	\$17,995.68
66	10/10/2023	\$11,264.93	\$643.53	\$0.00	\$11.93	\$655.46	\$93.87	\$13,921.28	\$14,424.15	\$17,340.22	\$17,995.68
67	11/10/2023	\$10,715.28	\$643.53	\$0.00	\$11.93	\$655.46	\$89.29	\$13,662.19	\$14,513.44	\$17,340.22	\$17,995.68
68	12/10/2023	\$10,161.04	\$643.53	\$0.00	\$11.93	\$655.46	\$84.68	\$13,402.19	\$14,598.11	\$17,340.22	\$17,995.68
69	1/10/2024	\$9,602.19	\$643.53	\$0.00	\$11.93	\$655.46	\$80.02	\$13,141.13	\$14,678.13	\$17,340.22	\$17,995.68
70	2/10/2024	\$9,038.68	\$643.53	\$0.00	\$11.93	\$655.46	\$75.32	\$12,880.47	\$14,753.46	\$17,340.22	\$17,995.68
71	3/10/2024	\$8,470.47	\$643.53	\$0.00	\$11.93	\$655.46	\$70.59	\$12,619.53	\$14,824.04	\$17,340.22	\$17,995.68
72	4/10/2024	\$7,897.53	\$643.53	\$0.00	\$11.93	\$655.46	\$65.81	\$12,358.86	\$14,889.86	\$17,340.22	\$17,995.68
73	5/10/2024	\$7,319.82	\$643.53	\$0.00	\$11.93	\$655.46	\$61.00	\$12,097.29	\$14,950.86	\$17,340.22	\$17,995.68
74	6/10/2024	\$6,737.29	\$643.53	\$0.00	\$11.93	\$655.46	\$56.14	\$11,835.90	\$15,007.00	\$17,340.22	\$17,995.68
75	7/10/2024	\$6,149.90	\$643.53	\$0.00	\$11.93	\$655.46	\$51.25	\$11,574.25	\$15,058.25	\$17,340.22	\$17,995.68
76	8/10/2024	\$5,557.62	\$643.53	\$0.00	\$11.93	\$655.46	\$46.31	\$11,311.94	\$15,104.56	\$17,340.22	\$17,995.68
77	9/10/2024	\$4,960.41	\$643.53	\$0.00	\$11.93	\$655.46	\$41.34	\$11,049.60	\$15,145.90	\$17,340.22	\$17,995.68
78	10/10/2024	\$4,359.22	\$643.53	\$0.00	\$11.93	\$655.46	\$36.32	\$10,787.28	\$15,182.22	\$17,340.22	\$17,995.68
79	11/10/2024	\$3,751.01	\$643.53	\$0.00	\$11.93	\$655.46	\$31.26	\$10,523.63	\$15,213.47	\$17,340.22	\$17,995.68
80	12/10/2024	\$3,136.74	\$643.53	\$0.00	\$11.93	\$655.46	\$26.16	\$10,259.63	\$15,239.63	\$17,340.22	\$17,995.68
81	1/10/2025	\$2,521.37	\$643.53	\$0.00	\$11.93	\$655.46	\$21.01	\$10,000.85	\$15,260.64	\$17,340.22	\$17,995.68
82	2/10/2025	\$1,898.85	\$643.53	\$0.00	\$11.93	\$655.46	\$15.82	\$11,271.15	\$15,276.47	\$17,340.22	\$17,995.68
83	3/10/2025	\$1,271.15	\$643.53	\$0.00	\$11.93	\$655.46	\$10.59	\$10,549.21	\$15,287.06	\$17,340.22	\$17,995.68
84	4/10/2025	\$638.21	\$643.53	\$0.00	\$11.93	\$650.14	\$5.32	\$9,911.00	\$15,292.38	\$17,340.22	\$17,995.68

MASTER EQUIPMENT LEASE AGREEMENT

By and among

Mentor Partner II, LLC

and

Pueblo West Organics, LLC

February 11, 2018

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EXHIBIT LIST

- EXHIBIT A – Lease Schedule
- EXHIBIT B – Equipment Schedule
- EXHIBIT B-1 – Equipment Description
- EXHIBIT B-2 – Documents Supporting Equipment Ownership
- EXHIBIT C – Schedule of Rent Amounts

MASTER EQUIPMENT LEASE AGREEMENT

THIS MASTER EQUIPMENT LEASE AGREEMENT dated as of **February 11, 2018** is entered into between **Mentor Partner II, LLC**, a California limited liability company with an address of P.O. Box 1709, Ramona, CA 92065 (“**Lessor**”) and **Pueblo West Organics, LLC**, a Colorado limited liability company with an address of 129 E. Enterprise Drive, Pueblo, CO 81007 (“**Lessee**”), and guaranteed by **Patrick Leonard**, an individual with an address of Pueblo, CO 81004 and **Randy Russell**, an individual with an address of Pueblo, CO 81004, referred to as either (“**Guarantor** or **Guarantors**”) herein.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

CERTAIN DEFINED TERMS

The following terms used herein are defined as follows:

“**Acquisition Cost**” shall mean (a) with respect to all Equipment subject to a Lease Schedule, the amount set forth as the effective Acquisition Cost by the Lessee in the Lease Schedule at and the acceptance applicable to such Equipment; and (b) with respect to any item of Equipment, the fully loaded total amount of all vendor or seller invoices (including Lessee invoices, if any) for such item of Equipment, together with all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment, plus Related Expenses, Taxes, and risk premium.

“**Affiliate**” shall mean a Person (other than a Subsidiary) which directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, another Person.

“**Assignee**” shall mean any party other than Lessee that could obtain the rights of Lessee upon assignment of such rights by Lessor pursuant to Section 16 of the Master Lease.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“**Collateral**” shall mean the grant to secure the payment and performance in full of all of Lessee’s obligations under the Lease, a security interest in all Equipment subject to and more particularly described in the Lease Schedule in which Lessee may now or hereafter have rights, and all parts, accessories, accessions and attachments thereto, except for any Improvements that are not Non-Severable Improvements and all replacements, substitutions and exchanges (including trade-ins) for such goods, together with proceeds of all of the foregoing, including goods, accounts, chattel paper, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights and supporting obligations, plus any equity interest the Lessee or its affiliates may have in the Lessor or the Lessor’s affiliates.

“**Designated Facility**” shall mean one of the locations where Lessee may return the Equipment to Lessor located within the metropolitan areas of Denver, San Diego, Los Angeles, San Francisco pursuant to Section 18 of the Master Lease.

“**Equipment**” shall mean the items and units of personal property, fixtures and other property described in each such Lease Schedule, together with all replacements, parts, additions, accessories and substitutions therefor.

“**Equipment Acceptance Date**” shall mean the date the Equipment is deemed to have been accepted by Lessee for all purposes under this Lease upon Lessor’s acceptance and notification to Lessor.

“**Equipment Description**” shall mean the Equipment described the Equipment Schedule, to be attached as **EXHIBIT B-1** to the Lease Schedule.

“**Equipment Schedule**” shall mean the Equipment leased pursuant to the Lease Schedule, to be attached as **EXHIBIT B** to the Lease Schedule.

“**Event**” shall mean when Lessee has terminated its corporate existence, consolidated with, merged into, or conveyed or leased substantially all of its assets as an entirety to any Person other than the Lessor or an affiliate of the Lessor

“**Event of Default**” shall mean failure by Lessee to perform as defined in Section 8 of the Master Lease Agreement.

“**GAAP**” shall mean the Generally Accepted Accounting Principles, as amended. All financial terms contained herein that are not specifically defined herein shall be defined, and all calculations shall be made, in accordance with GAAP.

“**Improvements**” shall mean the modifications made in support of maintenance standards and conditions of all insurance policies required to be maintained by Lessee under the Lease and other written requirements as to the repair and maintenance of such item of Equipment issued at any time by the vendor and/or manufacturer thereof, as further specified in Section 12 of the Master Lease Agreement.

“**Insurance**” shall mean (a) Worker’s Compensation and Employer’s Liability Insurance, in the full statutory amounts provided by law; (b) Comprehensive General Liability Insurance including product/completed operations and contractual liability coverage, with minimum limits of \$1,000,000 each occurrence, and Combined Single Limit Body Injury and Property Damage, \$1,000,000 aggregate, where applicable; and (c) All Risk Physical Damage Insurance on each item of Equipment, in an amount not less than the lesser of the Stipulated Loss Value of the Equipment or (if available) its full replacement value. For all Insurance, a lesser amount may be agreed to by the Lessor or provided by Lessor with a 30% risk premium and administrative mark-up.

“**Item of Equipment**” shall mean each functionally integrated and separately marketable group or unit of Equipment subject to this Lease.

“**Lease**” shall mean any Lease Schedule which incorporates the terms of this Master Lease, together with all exhibits, addenda, schedules (except other Lease Schedules), certificates, riders and other documents and instruments executed and delivered in connection with such Lease Schedule or this Master Lease, all as the same may be amended or modified from time to time.

“**Lease Schedule**” shall mean the equipment lease agreement that incorporates the terms of the Master Lease that constitutes a separate, distinct and independent lease of Equipment and contractual obligation of Lessee to be attached as **EXHIBIT A**.

“**MACRS Deductions**” shall mean the deductions under Section 167 of the Code, taking into account the special depreciation allowance and basis adjustment under Section 168(k)(1) of the Code.

“**Master Lease**” shall mean the Master Lease Equipment Agreement between the Lessee and Lessor that defines the rules for the applicable Lease Schedule(s) between the Lessee and Lessor.

“**Net Worth**” shall mean the amount by which Lessee’s assets exceed Lessee’s liabilities and for purposes of Section 8(h) of the Master Lease, shall be equal to or greater than Lessee’s net worth as of January 31, 2018.

“**Non-Severable Improvements**” shall mean Improvements and modifications made to the Equipment during the Lease that if removed would render the Equipment unable to operate as it was modified to do, or that are not readily removable without causing material damage to such item of Equipment or which will cause the value, utility or useful life of such item of Equipment to materially decline.

“**Notice of Equipment Arrival Date**” shall mean the written notice that Lessee delivers to Lessor when the Equipment location changes.

“**Permitted Liens**” shall mean tax or repairmen’s liens for amounts not yet due and payable or being contested in good faith, as long as there is no material risk of forfeiture with respect to said liens, and except those of persons claiming by, through or under Lessor.

“**Person**” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, government or governmental authority, agency or political subdivision thereof any other entity whether employed, hired, affiliated, owned, contracted with, or otherwise related or unrelated to Lessee or Lessor.

“**Related Expenses**” shall mean all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment.

“**Sales Expenses**” shall mean (i) all property, excise, sales and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (ii) all documented fees, costs and expenses of such sale or transfer of the Equipment (including fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by Lessor and (iii) any and all other out-of-pocket amounts incurred in connection with such sale or transfer of the Equipment for which, if not paid, Lessor would be liable or which, if not paid, would constitute a Lien on the Equipment, or any part thereof.

“**Stipulated Loss Value**” with respect to any item of Equipment, shall mean the Stipulated Loss Value as set forth in any Schedule of Stipulated Loss Values attached to and made a part of the applicable Lease Schedule at **EXHIBIT C**, “*Schedule of Rent Amounts*.”

“**Subsidiary**” shall mean any corporation, limited liability company, partnership, joint venture or other business entity, of which more than fifty percent (50%) of the voting rights of the outstanding capital stock or other equity at the time of determination is beneficially or directly owned, or the management of which is otherwise controlled, in any such case directly or indirectly, through one or more intermediaries, or both, by Lessee or one of the Subsidiaries of Lessee.

“**Taxes**” shall mean all license fees, assessments, and sales, use, property, excise, privilege and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency.

“**Total Invoice Cost**” shall mean the total invoice cost of the Equipment leased pursuant to this Lease Schedule is equal to the aggregate total invoice cost of the Equipment described attached to the Lease Schedule as **EXHIBIT B-1**, “*Equipment Description*.”

“**UCC**” shall mean the Uniform Commercial Code, as amended.

1. LEASE OF EQUIPMENT

Subject to the terms and conditions set forth herein (the “**Master Lease**”) and in any Lease Schedule incorporating the terms of this Master Lease (each, a “**Lease Schedule**”), Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the items and units of personal property, fixtures and other property described in each such Lease Schedule, together with all replacements, parts, additions, accessories and substitutions therefor (collectively, the “**Equipment**”). As used in this Lease, the term “**item of Equipment**” shall mean each functionally integrated and separately marketable group or unit of Equipment subject to this Lease. Each Lease Schedule shall constitute a separate, distinct and independent lease of Equipment and contractual obligation of Lessee. References to “**the Lease**,” “**this Lease**,” “**any Lease**,” “**hereof**” or “**hereunder**” shall mean and refer to any Lease Schedule which incorporates the terms of this Master Lease, together with all exhibits, addenda, schedules (except other Lease Schedules), certificates, riders and other documents and instruments executed and delivered in connection with such Lease Schedule or this Master Lease, all as the same may be amended or modified from time to time. The Equipment is to be delivered at the location specified or referred to in the applicable Lease Schedule. The Equipment shall be deemed to have been accepted by Lessee for all purposes under this Lease as of the **Equipment Acceptance Date(s)** upon Lessor’s acceptance or other written notification to Lessor with respect to such Equipment, executed by Lessee after receipt of all other documentation required by Lessor with respect to such Equipment. Lessor shall not be liable or responsible for any failure or delay in the delivery of the Equipment to Lessee for whatever reason. Notwithstanding the foregoing, this does not imply that Lessee would be obligated to lease equipment that has not been delivered, and both Lessor and Lessee will reasonably cooperate with one another to ensure that the terms of the Master Lease and Lease Schedules are met.

As used in this Lease, (“**Acquisition Cost**”) shall mean (a) with respect to all Equipment subject to a Lease Schedule, the amount set forth as the effective Acquisition Cost by the Lessee in the Lease Schedule and the acceptance applicable to such Equipment; and (b) with respect to any item of Equipment, the fully loaded total amount of all vendor or seller invoices (including Lessee invoices, if any) for such item of Equipment, together with all acquisition fees and costs of delivery, installation, testing and related services, accessories, supplies or attachments procured or financed by Lessor from vendors or suppliers thereof (including items provided by Lessee) relating or allocable to such item of Equipment, plus Related Expenses (as defined herein), including Taxes, and risk premium (“**Related Expenses**”). As used in this Lease with respect to any Equipment, the terms “**Equipment Acceptance Date**,” “**Rental Payment(s)**,” “**Rental Payment Date(s)**,” “**Rental Payment Numbers**,” “**Rental Payment Commencement Date**,” “**Lease Term**,” “**Lease Term Commencement Date**” and “**Renewal Term**”: shall have the meanings and values assigned to them in this Lease, the Lease Schedule, the acceptance and any Riders applicable to such Equipment. The term “**Stipulated Loss Value**” with respect to any item of Equipment shall mean the Stipulated Loss Value as set forth in any Schedule of Stipulated Loss Values attached to and made a part of the applicable Lease Schedule. Except where the context otherwise requires (“**Section**”) shall mean Section of this Lease.

2. TERM AND RENT

The Lease Term for any Equipment shall be as specified in the applicable Lease Schedule. Rental Payments shall be in the amounts and shall be due and payable as set forth in the applicable Lease Schedule. If any rent or other amount payable hereunder shall not be received by Lessor and paid in full within ten (10) days of the date when due, Lessee shall pay as an administrative and late charge an amount equal to five percent (5%) of the amount of any such overdue payment. All payments to be made to Lessor shall be made to Lessor in immediately available funds at the address shown above or at such other place, as Lessor shall specify in writing. THIS IS A NON-CANCELABLE, NON-TERMINABLE LEASE OF EQUIPMENT FOR THE ENTIRE LEASE TERM PROVIDED IN EACH LEASE SCHEDULE HERETO.

3. POSSESSION AND QUIET ENJOYMENT; PERSONAL PROPERTY

No right, title or interest in the Equipment shall pass to Lessee other than the right to maintain possession and use of the Equipment for the Lease Term (provided no Event of Default has occurred) free from interference by any person lawfully claiming by, through, or under Lessor. The Equipment shall always remain personal property even though the Equipment may hereafter become attached or affixed to real property. Lessee agrees to give and record such notices and to take such other action at its own expense as may be necessary to prevent any third party (other than anyone claiming by, through or under Lessor, including but not limited to an assignee of Lessor) from acquiring or having the right under any circumstances to acquire any interest in the Equipment, this Lease or any additional collateral given in connection with the Lease.

4. DISCLAIMER OF WARRANTIES

LESSOR IS NOT THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, NOR THE AGENT THEREOF, AND MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE MERCHANTABILITY OF THE EQUIPMENT, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS DESIGN OR CONDITION, ITS CAPACITY OR DURABILITY, THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE MANUFACTURE OR ASSEMBLY OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, OR PATENT INFRINGEMENTS, AND LESSOR HEREBY DISCLAIMS ANY SUCH WARRANTY. LESSOR IS NOT RESPONSIBLE FOR ANY REPAIRS OR SERVICE TO THE EQUIPMENT, DEFECTS THEREIN OR FAILURES IN THE OPERATION THEREOF. Lessee has made the selection of each item of Equipment and the manufacturer and/or supplier thereof based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. For so long as no Event of Default has occurred and is continuing, Lessee shall be the beneficiary of, and shall be entitled to, all rights under any applicable manufacturer's or vendor's warranties with respect to the Equipment, to the extent permitted by law. Lessor shall cooperate with Lessee with respect to the resolution of any claims by Lessee under such warranties, in good faith and by appropriate proceedings at Lessee's expense.

If the Equipment is not delivered, is not properly installed, does not operate as warranted, becomes obsolete, or is unsatisfactory for any reason whatsoever, Lessee shall make all claims on account thereof solely against the manufacturer or supplier and not against Lessor, and Lessee shall nevertheless pay all rentals and other sums payable hereunder. Lessee acknowledges that neither the manufacturer or supplier of the Equipment, nor any sales representative or agent thereof, is an agent of Lessor, and no agreement or representation as to the Equipment or any other matter by any such sales representative or agent of the manufacturer or supplier shall in any way affect Lessee's obligations hereunder.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessee represents and warrants to and covenants with Lessor that:

Lessee has the form of business organization indicated above, Lessee's chief executive office and address for purpose of notices hereunder is as listed above, and Lessee is duly organized and existing in good standing under the laws of the state listed in the caption of this Master Lease, in the state of Colorado and is duly qualified to do business wherever necessary to carry on its present business and operations and to own its property, and Lessee shall provide written notice to Lessor not less than thirty (30) days prior to any contemplated change in Lessee's name, its form, its state of organization, its organizational identification number issued by its state of organization or its chief executive office or notice address; (b) this Lease has been duly authorized by all necessary action on the part of Lessee consistent with its form of organization, does not require any further shareholder, member, manager or partner approval, does not require the approval of, or the giving notice to, any federal, state, local or foreign governmental authority and does not contravene

any law binding on Lessee, any provision of its certificate or articles of incorporation or by-laws, or certificate or articles of organization or operating agreement, or partnership certificate or agreement or any other agreement among the shareholders, members or partners of Lessee, or any agreement, indenture, or other instrument to which Lessee is a party or by which it may be bound; (c) this Lease has been duly executed and delivered by authorized officers, members, managers or partners of Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors generally, and except as such enforceability may be subject to the application of equitable principles, legal or equitable; (d) Lessee has not and will not, directly or indirectly, create, incur or permit to exist any lien, encumbrance, mortgage, pledge, attachment or security interest on or with respect to the Equipment or this Lease (except for tax or repairmen's liens for amounts not yet due and payable or being contested in good faith, as long as there is no material risk of forfeiture with respect to said liens, and except those of persons claiming by, through or under Lessor (collectively, the "Permitted Liens"); and (e) there are no pending or threatened actions or proceedings before any court or administrative agency which materially adversely affect Lessee's financial condition or operations, and all credit, financial and other information provided by Lessee or at Lessee's direction is, and all such information hereafter furnished will be, true, correct and complete in all material respects.

6. INDEMNITY

Lessee assumes the risk of liability for, and hereby agrees to indemnify and hold safe and harmless, and covenants to defend, Lessor, its employees, servants and agents from and against: (a) any and all liabilities, losses, damages, claims and expenses (including legal expenses of every kind and nature) arising out of the manufacture, purchase, shipment and delivery of the Equipment to Lessee, acceptance or rejection, ownership, titling, registration, leasing, possession, operation, use, return or other disposition of the Equipment, including, without limitation, any liabilities that may arise from patent or latent defects in the Equipment (whether or not discoverable by Lessee), any claims based on absolute tort liability or warranty and any claims based on patent, trademark or copyright infringement; (b) any and all loss or damage of or to the Equipment; and (c) any obligation or liability to the manufacturer or any supplier of the Equipment arising under any purchase orders issued by or assigned to Lessor, except, following Lessee's acceptance of the Equipment and Lessor's receipt of all required Lease documentation and satisfaction of all conditions precedent therefor, payment of the Acquisition Cost thereof.

7. TAXES AND OTHER CHARGES

Lessee represents, warrants and covenants that: (a) Lessee (i) shall use the Equipment, or cause the Equipment to be used, either (x) within the United States or (y) "in the transportation of property to and from the United States" within the meaning of Section 168(g)(4)(E) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and (ii) shall maintain records to demonstrate that the Equipment is used in accordance with subclause (i) during each calendar year during the term of this Lease (which records shall be made available to Lessor as and when reasonably requested by Lessor); and (b) the Equipment is, and will be used by Lessee so as to remain, property eligible for the MACRS Deductions. As used herein, ("MACRS Deductions") shall mean the deductions under Section 167 of the Code, determined in accordance with the modified Accelerated Cost Recovery System with respect to the Total Cost of any item of the Equipment using the accelerated method set forth in Section 168(b)(1) or 168(b)(2) of the Code as in effect on the date of this Lease for property assigned to the 7-year class of property and taking into account the special depreciation allowance and basis adjustment under Section 168(k)(1) of the Code.

Lessee agrees to defend and indemnify Lessor against liability for all license fees, assessments, and sales, use, property, excise, privilege and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency ("Taxes") upon any Equipment, or with respect to the manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, operation, possession, use, return, or other disposition thereof or the rentals hereunder.

8. DEFAULT

Lessee shall be in default of this Lease upon the occurrence of any one or more of the following events (each an "Event of Default"): (a) Lessee shall fail to make any payment, of rent or otherwise, under any Lease within 60 days of the date when due; or (b) Lessee shall fail to obtain or maintain any of the insurance required under any Lease; or (c) Lessee shall fail to perform or observe any covenant, condition or agreement under any Lease, and such failure continues for 60 days after written notice thereof to Lessee; or (d) Lessee shall default in the payment or performance of any indebtedness or obligation to Lessor or any affiliated person, firm or entity (1) controlling, under common control with or (2) controlled by Lessor, under any loan, note, security agreement, lease, guaranty, title retention or conditional sales agreement or any other instrument or agreement evidencing such indebtedness or equity investment with Lessor or

such other affiliated person, firm or entity controlled by Lessor; or (e) any representation or warranty made by Lessee herein or in any certificate, agreement, statement or document hereto or hereafter furnished to Lessor in connection herewith, including without limitation, any financial information disclosed to Lessor, shall prove to be false or incorrect in any material respect; or (f) the commencement of any bankruptcy, insolvency, arrangement, reorganization, receivership, liquidation or other similar proceeding by Lessee, or the commencement of any such proceeding against Lessee which is not discharged or vacated within 90 days thereof; or the appointment of a trustee, receiver, liquidator or custodian for Lessee or any of its properties of business, or if Lessee suffers the entry of an order for relief under Title 11 of the United States Code; or the making by Lessee of a general assignment or deed of trust for the benefit of creditors; or (g) Lessee shall default in any payment or other obligation to any third party and any applicable grace or cure period with respect thereto has expired; or (h) Lessee shall have terminated its corporate existence, consolidated with, merged into, or conveyed or leased substantially all of its assets as an entirety to any Person other than the Lessor or an affiliate of the Lessor (such actions under this Section 8(h) being referred to as an "Event"), unless immediately prior to such Event: (i) such Person executes and delivers to Lessor an agreement reasonably satisfactory in form and substance to Lessor, in its reasonable discretion, containing only such Person's effective assumption, and its agreement to pay, perform, comply with and otherwise be liable for, in due and punctual manner, all of Lessee's obligations having previously arisen, or thereafter arising, under any Lease; and (ii)(A) such Person or the new entity has a Net Worth equal to or greater than Lessee's Net Worth as of January 31, 2018. Lessee shall promptly notify Lessor of the occurrence of any Event of Default or the occurrence or existence of any event or condition, which, upon the giving of notice or lapse of time, or both, may become an Event of Default.

9. REMEDIES; MANDATORY PREPAYMENT

Upon the occurrence of any Event of Default, Lessor may, at its sole option and discretion, exercise one or more of the following remedies with respect to any or all of the Equipment: (a) cause Lessee to promptly return, at Lessee's expense, any or all Equipment to such location as Lessor may designate in accordance with the terms of the Lease including Section 18, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for or by reason of damage to property or such entry or taking possession except for Lessor's gross negligence or willful misconduct; (b) sell any or all Equipment at public or private sale or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment, all as Lessor in its sole discretion may determine and all free and clear of any rights of Lessee; (c) remedy such default, including making repairs or modifications to the Equipment, for the account and expense of Lessee, and Lessee agrees to reimburse Lessor for all of Lessor's costs and expenses; (d) by written notice to Lessee, cancel the Lease with respect to any or all Lease Schedules and the Equipment subject thereto, as such notice shall specify, and, with respect to such canceled Lease Schedules and Equipment, declare immediately due and payable and recover from Lessee, as liquidated damages for loss of Lessor's bargain and not as a penalty, an amount equal to the Stipulated Loss Value, calculated as of the next following Rental Payment Date; (e) apply any deposit or other cash collateral or sale or remarketing proceeds of the Equipment at any time to reduce any amounts due to Lessor by Lessee under this Lease; and (f) exercise any other right or remedy which may be available to Lessor under applicable law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, including reasonable attorneys' fees and court costs. In addition, Lessee shall pay overdue interest on any delinquent payment or other amounts due under the Lease (by reason of acceleration or otherwise) from 30 days after the due date until paid at the rate of 1 1/2% per month or the maximum amount permitted by applicable law, whichever is lower. Notice of Lessor's intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever (other than notices specifically required of Lessor pursuant to Section 8 of this Master Lease) are hereby waived by Lessee and any endorser, guarantor, surety or other party liable in any capacity for any of the Lessee's obligations under or in respect of the Lease. No remedy referred to in this Section 9 shall be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity.

At any sale of the Equipment pursuant to this Section 9, Lessor may bid for the Equipment. Notice required, if any, of any sale or other disposition hereunder by Lessor shall be satisfied by the mailing of such notice to Lessee at least ten (10) days prior to such sale or other disposition. In the event Lessor takes possession and disposes of the Equipment, the proceeds of any such disposition shall be applied in the following order: (i) to all of Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling or leasing the Equipment; (ii) to the extent not previously paid by Lessee, to pay Lessor for any damages then remaining unpaid hereunder; (iii) to reimburse Lessee for any sums previously paid by Lessee as damages hereunder (including, without limitation, any payments made pursuant to Section 9(d)); and (iv) the balance, if any, shall be retained by Lessor. A cancellation shall occur only upon written notice by Lessor and only with respect to such Equipment as Lessor shall specify in such notice. Cancellation under this Section 9 shall

not affect Lessee's duty to perform Lessee's obligations hereunder to Lessor in full. Upon the occurrence of an Event of Default under Section 8(f), the remedy set forth in Section 9(d) shall be deemed to be exercised by Lessor without the requirement of written notice or of any other act or declaration by Lessor, and the liquidated damages described therein shall be immediately due and payable. Lessee agrees to reimburse Lessor on demand for any and all costs and expenses incurred by Lessor in enforcing its rights and remedies hereunder following the occurrence of an Event of Default, including, without limitation, reasonable attorney's fees, and the costs of repossession, storage, insuring, reletting, selling and disposing of any and all Equipment.

10. SECURITY; ADDITIONAL SECURITY

Lessee hereby grants to Lessor, to secure the payment and performance in full of all of Lessee's obligations under the Lease, a security interest in all Equipment subject to and more particularly described in the Lease Schedule in which Lessee may now or hereafter have rights, and all parts, accessories, accessions and attachments thereto, except for any Improvements that are not Non-Severable Improvements (as defined in Section 12), and all replacements, substitutions and exchanges (including trade-ins) for such goods, together with proceeds of all of the foregoing, including goods, accounts, chattel paper, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights and supporting obligations, plus any equity interest the Lessee or its affiliates may have in the Lessor or the Lessor's affiliates (the "**Collateral**"), provided that with respect to any Lease Schedule, the foregoing grant of a security interest is made on a precautionary basis and shall not of itself be a factor in determining whether the Collateral secures an obligation or whether the Lease creates a security interest. For so long as any obligations of Lessee shall remain outstanding under any Lease, Lessee hereby further grants to Lessor a security interest in all of Lessee's rights in and to Equipment subject to such Lease from time to time, to secure the prompt payment and performance when due (by reason of acceleration or otherwise) of each and every indebtedness, obligation or liability of Lessee owing to Lessor, whether now existing or hereafter arising, including but not limited to all of such obligations under or in respect of any Lease. The extent to which Lessor shall have a purchase money security interest in any item of Equipment under a Lease which is deemed to create a security interest under Section 1-201(35) of the Uniform Commercial Code ("**UCC**") shall be determined by reference to the Acquisition Cost of such item financed by Lessor. The term "**Lessor**" as used in this Section 10 shall include any affiliated person, firm or entity controlling, under common control or controlled by Lessor.

11. NOTICES

Any notices or demands required or permitted to be given under this Lease (a) shall be given in writing, (b) shall become effective (i) if delivered with receipt acknowledged, such as by Airborne, FedEx, UPS or other private courier service, on the date of such receipt, (ii) if delivery by either private courier or U. S. Postal Service is attempted but refused, on the date of such refusal, or (iii) if mailed by certified or registered mail, return receipt requested, postage prepaid, then on the earlier of the date of receipt or the fifth day following such mailing, and (c) shall be addressed to Lessor to the attention of Chet Billingsley, and to Lessee at the address set forth above, or to such other address as the party to receive notice hereafter designates by such written notice.

12. USE; MAINTENANCE; INSPECTION; LOSS AND DAMAGE

During the Lease Term for each item of Equipment, Lessee shall, unless Lessor shall otherwise consent in writing: (a) have the unrestricted right to use the Equipment in its operations; (b) permit each item of Equipment to be used by qualified personnel solely for business purposes and the purpose for which it was designed and shall, at its sole expense, service, repair, overhaul and maintain each item of Equipment in good operating order, consistent with prudent industry practice (but, in no event less than the same extent to which Lessee maintains other similar equipment in the prudent management of its assets and properties) and in compliance with all applicable laws, ordinances, regulations, and maintenance standards and conditions of all insurance policies required to be maintained by Lessee under the Lease and all manuals, orders, recommendations, instructions and other written requirements as to the repair and maintenance of such item of Equipment issued at any time by the vendor and/or manufacturer thereof; (c) maintain conspicuously on any Equipment such labels, brass tags, plates, decals or other markings as Lessor may reasonably require, stating that Lessor is owner of such Equipment provided, however, that Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by Lessee; (d) furnish to Lessor such information concerning the condition, location, use and operation of the Equipment as Lessor may request; (e) upon forty-eight (48) hours prior notice from Lessor, Lessee shall use its reasonable best efforts to afford any person designated by Lessor access to the premises where the Equipment is located for the purpose of inspecting such Equipment and all applicable maintenance or other records at any reasonable time during normal business hours, provided that such inspection shall be at the sole risk of Lessor and shall be conducted in such a manner as to not disrupt the normal operation of the Equipment, provided, however, that the failure of Lessor to inspect the Equipment or to inform Lessee of any noncompliance shall not relieve Lessee of any

of its obligations hereunder; (f) keep the Equipment in compliance with all of the terms and conditions of the Lease; (g) not permanently discontinue use of the Equipment, and shall not use any Equipment, nor allow the same to be used, for any unlawful purpose under applicable state law or local laws, nor in connection with any property or material that would subject the Lessor to any liability under any state or federal statute or regulation pertaining to the production, transport, storage, disposal or discharge of hazardous or toxic waste or materials; and (h) make no additions, alterations, modifications or improvements (collectively, “**Improvements**”) to any item of Equipment or (“**Non-Severable Improvements**”), meaning Improvements and modifications made to the Equipment during the Lease that if removed would render the Equipment unable to operate as it was modified to do, or that are not readily removable without causing material damage to such item of Equipment or which will cause the value, utility or useful life of such item of Equipment to materially decline.

As between Lessor and Lessee, Lessee hereby assumes all risk of loss, damage or destruction for whatever reason to the Equipment from and after the earlier of the date (i) on which the Equipment is ordered or (ii) Lessor pays the purchase price of the Equipment, and continuing until the Equipment has been returned to, and accepted by, Lessor in the condition required by the Lease, including Section 18 upon the expiration of the Lease Term. If during the Lease Term all or any portion of an item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of such item, Lessee shall immediately pay to Lessor an amount equal to the Stipulated Loss Value of such item of Equipment, as of the next following Rental Payment Date.

13. INSURANCE

Lessee shall procure and maintain insurance in such amounts and upon such terms and with such companies as Lessor may approve, during the entire Lease Term and until the Equipment has been returned to, and accepted by, Lessor in the condition required by Section 18 hereof, at Lessee’s expense, provided that in no event shall such insurance be less than the following coverages and amounts: (a) Worker’s Compensation and Employer’s Liability Insurance, in the full statutory amounts provided by law; (b) Comprehensive General Liability Insurance including product/completed operations and contractual liability coverage, with minimum limits of \$1,000,000 each occurrence, and Combined Single Limit Body Injury and Property Damage, \$1,000,000 aggregate, where applicable; and (c) All Risk Physical Damage Insurance on each item of Equipment, in an amount not less than the lesser of the Stipulated Loss Value of the Equipment or (if available) its full replacement value. For all Insurance, a lesser amount may be agreed to by the Lessor or provided by Lessor with a Thirty Percent (30%) risk premium and administrative mark-up. Lessor will be included as an additional insured and loss payee as its interest may appear. Such policies shall be endorsed to provide that the coverage afforded to Lessor shall not be rescinded, impaired or invalidated by any act or neglect of Lessee. Lessee hereby waives any of Lessee’s rights or its insurance carrier’s rights to make any and all claims, whether through rights of subrogation, reimbursement or otherwise, against Lessor for or in connection with any loss or damage resulting in any claim under the insurance policies required to be maintained hereunder.

All policies shall be endorsed or contain a clause requiring the insurer to furnish Lessor with at least 30 days’ prior written notice of any material change, cancellation or non-renewal of coverage. Within 30 days of execution of this Lease, Lessee shall furnish Lessor with a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance coverage or to advise Lessee in the event such insurance coverage should not comply with the requirements hereof. In case of failure of Lessee to procure or maintain insurance, Lessor may at its option obtain such insurance, the cost of which will be paid by the Lessee as additional rentals. Lessee hereby irrevocably appoints Lessor as Lessee’s attorney-in-fact to file, settle or adjust, and receive payment of claims made under any such insurance policy on or after the occurrence of an Event of Default, and to endorse Lessee’s name on any checks, drafts or other instruments on payment of such claims. Lessee further agrees to give Lessor prompt notice of any damage to or loss of, any item of Equipment, which constitutes a total loss of such item of Equipment.

14. LIMITATION OF LIABILITY

Lessor shall have no liability in connection with or arising out of the ownership, leasing, furnishing, performance or use of the Equipment or any special, indirect, incidental or consequential damages of any kind or character, including, without limitation, loss of use of production facilities or equipment, loss of profits, property damage or lost production, whether suffered by Lessee or any third party, except to the extent attributable to the gross negligence or willful misconduct of Lessor.

15. FURTHER ASSURANCES

Lessee shall promptly execute and deliver to Lessor such further documents and take such further action as Lessor may reasonably require in order to more effectively carry out the intent and purpose of this Lease. Lessee covenants and agrees that Lessee will furnish Lessor (a) within sixty (60) days after the end of each fiscal year of Lessee, a balance sheet of Lessee as at the end of such year, and the related statement of income and statement of changes in financial position of Lessee for such fiscal year, prepared in accordance with Generally Accepted Accounting Principles (GAAP), all in reasonable detail and certified by independent certified public accountants of nationally recognized standing selected by Lessee; and, (b) within thirty (30) days after the end of each quarter of Lessee's fiscal year, a balance sheet of Lessee as at the end of such quarter, and the related statement of income and statement of changes in financial position of Lessee for such quarter, prepared in accordance with generally accepted accounting principles.

16. ASSIGNMENT

This Lease and all rights of Lessor hereunder shall be assignable by Lessor, in whole or in part, absolutely or as security, to any Assignee without notice to Lessee, subject to the rights of Lessee hereunder for the use and possession of the Equipment for so long as no Event of Default has occurred and is continuing hereunder. Any such assignment shall not relieve Lessor of its obligations hereunder unless specifically assumed by the Assignee, and **Lessee shall not assert any defense, rights of set-off or counterclaim against any Assignee, nor hold or attempt to hold such Assignee liable for any of Lessor's obligations hereunder.** No such assignment shall materially increase Lessee's obligations hereunder. LESSEE SHALL NOT ASSIGN OR DISPOSE OF ANY OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE WITH RESPECT TO ANY OF THE EQUIPMENT WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF LESSOR.

17. LESSEE'S OBLIGATION UNCONDITIONAL

This Lease is a net lease and Lessee hereby agrees that it shall not be entitled to any abatement of rents or of any other amounts payable hereunder by Lessee, and that its obligation to pay all rent and any other amounts owing hereunder shall be absolute and unconditional under all circumstances, notwithstanding: (i) any claim by Lessee to any right of set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, any seller or manufacturer of any Equipment or anyone else for any reason whatsoever; (ii) the existence of any liens, encumbrances or rights of others whatsoever with respect to any Equipment, whether or not resulting from claims against Lessor not related to the ownership of such Equipment; or (iii) any other event or circumstances whatsoever. Each Rental Payment or other amount paid by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

18. RETURN OF EQUIPMENT

Upon the expiration, cancellation or earlier termination of the Lease Term, any Renewal Term, if applicable, or any Build-Down Period (as defined below), if applicable, with respect to any Equipment, and provided that Lessee has not validly exercised any purchase option with respect thereto, Lessee shall at Lessee expense: (a) return the Equipment to any designated facility of Lessor or to another facility of a third party designated by Lessor, which may be located within the metropolitan areas of Denver, San Diego, Los Angeles, San Francisco or at any other mutually agreed upon location (individually a "**Designated Facility**" and collectively, the "**Designated Facilities**"), and in the manner designated by this Lease including, as reasonably required by Lessor, securing arrangements for shipment with all parts and pieces on a carrier designated or approved by Lessor, and then reassembly (including, if necessary, repair and overhaul) by such representative at the return location in the condition the Equipment is required to be maintained by the Lease and in such condition as will make the Equipment immediately able to perform all functions for which the Equipment was originally designed.

19. MISCELLANEOUS; DEFINITIONS; ENFORCEABILITY AND GOVERNING LAW

Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. Time is of the essence in the payment and performance of all of Lessee's obligations under the Lease. The captions in this Lease are for convenience only and shall not define or limit any of the terms hereof.

Any provisions of this Lease which are unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives; (a) any

provisions of law which render any provision hereof unenforceable in any respect; and (b) all rights and remedies under the California Commercial Code, Colorado Uniform Commercial Code, or corresponding provisions of the UCC article or division pertaining to personal property leasing in any jurisdiction in which enforcement of this Lease is sought. Any requirement for the execution and delivery of any document, instrument or notice may be satisfied, in Lessor's sole discretion and to the extent permitted by the UCC, by authentication of such document, instrument or notice as a record within the meaning of Article 9 of the UCC.

Lessor and Lessee agree that changes to the Federal Government's administration and the manner in which the federal government regulates cannabis, including how it intends to enforce laws prohibiting medical marijuana and recreational cannabis use could materially negatively affect this Lease. Lessee agrees to use best efforts comply with all cannabis rules and regulations pursuant to the rules issued by the Colorado Department of Revenue Marijuana Enforcement Division (MED) as the Medical Marijuana Code, Title 12, Article 43.3, and Sections 101 *et seq.* (12-43.3-101 *et seq.* C.R.S.) and the Retail Marijuana Code, Title 12, Article 43.4 and Sections 101 *et seq.* (12-43.4-101 *et seq.* C.R.S.), as amended, and will use the Equipment in compliance with the Colorado state and local rules where the Equipment is located. Should Lessee not be in compliance, Lessee will promptly notify Lessor and will make every effort to correct any shortfall in Lessee's operations that may determinably affect the Equipment and the Lease.

20. GUARANTEE

In consideration for Lessor's leasing the Equipment to Lessee, the undersigned Guarantors jointly and severally guarantee the performance of Lessee under the Master Lease and any under any Lease Schedule(s) incorporated with this Master Lease and hereby agrees to the following:

- (i) If Lessee fails to make any payment, under an Event of Default pursuant to Section 8 of this Master Lease or should Lessee be in default under any default provisions of Lease Schedule(s), Guarantors will jointly and severally, upon demand by Lessor, make such payment to Lessor or Lessor's agent per Lessor's instructions. If Lessee otherwise breaches the Master Lease or the Lease Schedule(s), upon demand by Lessor, Guarantors will jointly and severally cure the breach pursuant to Section 9 of this Master Lease to fully compensate Lessor for Lessor's loss resulting from the breach.
- (ii) This Guaranty to the Master Lease and Lease Schedule(s) shall be extended with any extensions, amendments, or renewals of the Master Lease and Lease Schedule(s). Guarantors waive any rights to receive notice of any acceptance, modification, amendment, extension, renewal, or breach of the Master Lease or Lease Schedule(s) from Lessor and will receive such information directly from Lessee in writing.
- (iii) If all or any portion of any Lease herein is accepted for assignment by Lessor and all or some portion of the Lease is assigned to another party as elsewhere specified in the Master Lease and the Lease Schedule(s) herein, then, the original Lessee will automatically, without further action, become an additional guarantor jointly and severally responsible for the obligations specified in this Section and the obligations specified in the Master Lease and Lease Schedule(s), as amended at that time.

THIS LEASE AND THE LEGAL RELATIONS OF THE PARTIES HERETO SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW AND LESSEE SHALL ALSO BE SUBJECT TO THE CANNABIS LAWS OF THE STATE OF COLORADO AS IS APPLICABLE TO LESSEE. NOTWITHSTANDING THE FOREGOING, LESSEE HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER, AND EXPRESSLY WAIVES ANY OBJECTIONS THAT IT MAY HAVE TO THE VENUE OF SUCH COURTS. LESSEE HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS LEASE. ANY ACTION BY LESSEE AGAINST LESSOR FOR ANY CAUSE OF ACTION RELATING TO THIS LEASE SHALL BE BROUGHT WITHIN ONE YEAR AFTER ANY SUCH CAUSE OF ACTION FIRST ARISES. THIS LEASE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES CONCERNING THE LEASE OF THE EQUIPMENT AND CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES SUPERSEDING ANY AND ALL CONFLICTING TERMS OR PROVISIONS OF ANY PRIOR PROPOSALS, COMMITMENT LETTERS, TERM SHEETS OR OTHER AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES. THIS LEASE MAY NOT BE CONTRADICTED BY EVIDENCE OF (i) ANY PRIOR WRITTEN OR ORAL AGREEMENTS OR UNDERSTANDINGS, OR (ii) ANY CONTEMPORANEOUS OR SUBSEQUENT ORAL

AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES, AND LESSEE ACKNOWLEDGES AND CERTIFIES THAT NO SUCH ORAL OR WRITTEN AGREEMENTS OR UNDERSTANDINGS EXIST AS OF THE DATE OF THIS LEASE. THIS LEASE MAY NOT BE AMENDED, NOR MAY ANY RIGHTS UNDER THE LEASE BE WAIVED, EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTY CHARGED WITH SUCH AMENDMENT OR WAIVER.

IN WITNESS WHEREOF, this Master Equipment Lease Agreement is executed and delivered by duly authorized representatives of the parties hereto as of the date set forth below.

LESSOR:

Mentor Partner II, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: February 8, 2018

LESSEE:

Pueblo West Organics, LLC,
a Colorado limited liability company

By: /s/ Patrick Leonard
Patrick Leonard, Manager and Member

Date: February 10, 2018

By: /s/ Randy Russell
Randy Russell, Manager and Member

Date: February 11, 2018

GUARANTOR:

Patrick Leonard,
an individual

By: /s/ Patrick Leonard

Date: February 10, 2018

GUARANTOR:

Randy Russell,
an individual

By: /s/ Randy Russell

Date: February 11, 2018

EXHIBIT A

LEASE SCHEDULE NO. 1

This **LEASE SCHEDULE NO 1**, dated as of this **11th day of February, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, this "**Lease Schedule**") is entered into between Mentor Partner II, LLC, a California limited liability company ("**Lessor**"), Pueblo West Organics, LLC, a Colorado limited liability company ("**Lessee**"), and Patrick Leonard, an individual and Randy Russell, an individual, referred to as either ("**Guarantor**" or "**Guarantors**") pursuant to that certain Master Equipment Lease Agreement dated as of **February 11, 2018**, (as amended, modified, supplemented, restated and/or replaced from time to time, the "**Lease**") between Lessor and Lessee. Capitalized terms used without definition in this Lease Schedule and certain other terms that are not capitalized shall have the meanings ascribed to them in the Lease, to the extent defined therein. Likewise, the rules of construction set forth in the Lease shall apply to this Lease Schedule. The provisions of the Lease, solely as they relate to the Equipment leased hereunder, are hereby incorporated into and shall be deemed a part of this Lease Schedule; provided, however, to the extent of any conflict between the terms of the Lease and this Lease Schedule, the terms of this Lease Schedule shall govern. This Lease Schedule shall be deemed a separate instrument of lease.

1. EQUIPMENT. The Equipment leased pursuant to this Lease Schedule includes in the aggregate all the property described in each of the applicable **Equipment Schedules**, attached hereto as **EXHIBIT B**, "*Equipment Schedule*" to this Lease Schedule. The sum of the Total Invoice Cost (as defined below) for all schedules to this Lease Schedule is the "Acquisition Cost" as defined in Section 1 of the Master Lease. Each "Total Invoice Cost" for each Lease Schedule will be calculated according to the criteria for the Acquisition Cost defined therein. As of the effectiveness of each Equipment Schedule, the Equipment therein described shall automatically, without the need for further action, be deemed to constitute additional equipment for purposes of this Lease Schedule. The total invoice cost of the Equipment leased pursuant to this Lease Schedule (the "**Total Invoice Cost**") is equal to the aggregate total invoice cost of the Equipment described in each of the Equipment Schedules to this Equipment Schedule, attached hereto as **EXHIBIT B-1**, "*Equipment Description*" to this Lease Schedule. As of the effectiveness of each Equipment Schedule, the total invoice cost of the Equipment therein described shall automatically, without the need for further action, be deemed to constitute an addition to the Total Invoice Cost for purposes of this Lease Schedule.

2. TERM. Upon and after the date of execution hereof, the Equipment shall be hereby leased by Lessor to Lessee on the terms and conditions of the Lease Schedule, this Lease Schedule and any other Lease Documents entered into in connection herewith. The term of lease with respect to the Equipment (excluding any Renewal Term (hereinafter defined), if any, that is elected by Lessee in accordance with the requirements of this Lease Schedule) shall commence on **February 10, 2018** (the "**Term Commencement Date**") and the obligations of Lessee under this Lease Schedule will be amortized over a period of **seven (7) years** (the "**Term**").

3. RENT. Commencing on **March 10, 2018**, and the **10th day** of the month hereinafter, the monthly rent for the Equipment during the Term of this Lease Schedule shall be **Seven Thousand Six Hundred Eleven and 18/100 (\$7,611.18)** per month, calculated at a **Ten Percent (10%)** annual interest rate over seven (7) years in **eighty-four (84) monthly payment installments** of (i) the principal amount, computed as a percentage of the Total Invoice Cost, plus (ii) a risk premium and resale markup amount, computed at a percentage rate of **Thirty Percent (30%)** as the percentage of the balance of the Total Invoice Cost, plus (iii) an administrative fee of **Four Cents (\$0.04)** on each One Hundred and 00/100 Dollars (\$100.00) of the original Invoice Cost, as set forth in more detail in **EXHIBIT C** "*Schedule of Rent Amounts*," attached hereto as to this Lease Schedule. Notwithstanding the foregoing, the final total monthly Lease cost is Two and 20/100 Dollars (\$2.20) per One Hundred and 00/100 Dollars (\$100.00) of total, fully loaded costs, of all sorts paid by Lessor, as that number is finalized and mathematically calculated and adjusted by Lessor for the parties.

4. LESSEE'S CONFIRMATION. Lessee hereby confirms and warrants to Lessor that the Equipment: (i) is hereby accepted for all purposes of the Lease, and (ii) is a part of the "Equipment" referred to in the Lease and is taken subject to all terms and conditions therein and herein provided. Lessee acknowledges and agrees that: (i) Lessor did not select, manufacture or supply the Equipment; (ii) Lessor acquired the Equipment in connection with the Lease and this Lease Schedule; and (iii) execution and delivery of this Lease Schedule shall constitute a confirmation from Lessee that the conditions of effectiveness for this Lease Schedule, as set forth in Section 5(b) of the Lease, have been fully satisfied.

5. LOCATION OF EQUIPMENT. The initial location of the Equipment is specified on **EXHIBIT B-1**, "*Equipment Description*" of Equipment Schedule to this Lease Schedule. The Equipment leased pursuant to this Lease Schedule shall not be relocated except (a) for

maintenance, or (b) upon prior written notice to Lessor identifying such new location to the reasonable satisfaction to Lessor and then only to another location owned or leased by Lessee within the continental United States. Upon any such relocation of the Equipment pursuant to the foregoing Section 5(b), Lessee shall provide Lessor with a new Equipment location notice and arrival date for such Equipment (to the extent such new location is not described in the prior Equipment Description), the (“**Notice of Equipment Arrival Date**”) lien searches as requested by Lessor, Uniform Commercial Code financing statements and fixture filings as requested by Lessor and to the extent such Equipment is not located on premises owned by Lessee in fee simple, a landlord lien waiver regarding the Equipment at the new location.

6. LATE CHARGE RATE. Rent payments not received by the **20th day of the month** shall be considered late and will be subject to **five percent (5%)** penalty (“**Late Charge Rate**”).

7. SCHEDULES. Each Equipment Schedule with respect to this Lease Schedule is incorporated herein by reference and shall be applicable solely to the Equipment described in this Lease Schedule. Subject to the terms of Section 5 of this Lease Schedule, Lessee shall provide Lessor with a Notice of Equipment Arrival Date in order to specify the delivery of the Equipment. Concurrent with or prior to the Equipment Arrival Date, Lessor shall cause to be filed amendments to the Uniform Commercial Code financing statements, fixture filings and other filings and recordings previously filed by Lessor (or if no such filing has previously been made, initial filings as are necessary to provide for a perfected lien in favor of Lessor) with respect to the Collateral subject to this Lease Schedule with a revised description of the applicable Equipment by manufacturer, make, model and serial number, all in form reasonably satisfactory to Lessor. As of the Term commencement date, the Schedule of Rent Amounts shall be finalized and incorporated herein by reference and shall be applicable solely to the Equipment described in this Lease Schedule. To the extent Lessee and Lessor cannot agree to a rent amount prior to the Term Commencement Date, then on the Term Commencement Date Lessee shall pay to Lessor the rent due on that date plus the aggregate Total Invoice Cost for all the Equipment and any other sums due hereunder with respect to the Equipment. Upon making such payment, this Lease and the obligation to make future rental payments shall terminate solely with respect to the Equipment, and Lessee shall become entitled to such Equipment on an “AS-IS, WHERE-IS AND WITH ALL FAULTS” basis, without warranty, express or implied, with respect to any matter whatsoever. Lessor shall deliver to Lessee a Bill of Sale transferring and assigning to Lessee, without recourse to Lessor or warranty, express or implied, with respect to any matter whatsoever, all of Lessor’s interest in and to such Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment or any other matters.

8. END OF TERM PURCHASE.

Lessee shall have the option, upon the expiration of the Term with respect to the Equipment, to purchase all (but not less than all) of the Equipment upon the following terms and conditions: If Lessee desires to exercise this option, Lessee shall pay to Lessor on the last day of the Term with respect to the Equipment, in addition to all sums then due or accrued hereunder, in cash for **One and 00/100 Dollar (\$1.00)**, plus all taxes and charges upon sale and all other documented expenses incurred by Lessor in connection with such sale, including any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return the Equipment. Upon satisfaction of the conditions specified in this Section, Lessor will transfer, on an “AS IS, WHERE IS AND WITH ALL FAULTS BASIS”, without recourse or warranty, express or implied, of any kind whatsoever, all of Lessor’s interest in and to the Equipment. Lessor shall execute and deliver to Lessee such Uniform Commercial Code termination statements as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

*** SIGNATURES ON FOLLOWING PAGE ***

IN WITNESS WHEREOF, the parties hereto have caused this Lease Schedule to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner II, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: February 8, 2018

LESSEE:

Pueblo West Organics, LLC,
a Colorado limited liability company

By: /s/ Patrick Leonard
Patrick Leonard, Manager and Member

Date: February 10, 2018

By: /s/ Randy Russell
Randy Russell, Manager and Member

Date: February 11, 2018

GUARANTOR:

Patrick Leonard,
an individual

By: /s/ Patrick Leonard

Date: February 10, 2018

GUARANTOR:

Randy Russell,
an individual

By: /s/ Randy Russell

Date: February 11, 2018

THE ONE AND ONLY CHATTEL PAPER ORIGINAL OF THIS LEASE SCHEDULE IS EVIDENCED BY THE EXECUTION BY LESSOR OF THE ACCEPTANCE AND ACKNOWLEDGEMENT BELOW.

ACCEPTED AND ACKNOWLEDGED BY LESSOR TO EVIDENCE THE CHATTEL PAPER ORIGINAL:

MENTOR PARTNER II, LLC

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: February 13, 2018

EXHIBIT B

EQUIPMENT SCHEDULE

THIS EQUIPMENT SCHEDULE DATED AND EFFECTIVE AS OF FEBRUARY 11, 2018 (THE "**EQUIPMENT SCHEDULE**") IS HEREBY INCORPORATED IN AND MADE A PART OF **LEASE SCHEDULE NO. 1** (THE "**LEASE SCHEDULE**") TO MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF FEBRUARY 11, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RESTATED AND/OR REPLACED FROM TIME TO TIME, THE "**LEASE**"), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER II, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**LESSOR**") AND PUEBLO WEST ORGANICS, LLC, A COLORADO LIMITED LIABILITY COMPANY ("**LESSEE**").

a. The parties agree as follows:

The "**Equipment**" referenced herein includes the property (collectively, and including any and all contract rights, expenses approved by Lessor, equipment described in **EXHIBIT B-1**, "*Equipment Description*" attached hereto and made a part hereof) and all additions, improvements, repairs (including without limitation replacement parts), replacements purchased with insurance proceeds of such property, attachments and proceeds of any of the foregoing (cash and non-cash, including without limitation insurance proceeds from any casualty loss and proceeds arising from the sale or disposition, in each case of any of the foregoing), excluding however proceeds from the subleasing of any such property or otherwise from the provision of rights of usage of such property provided by Lessee in favor of any third party.

The Equipment is subject to a number of **Purchase Documents**, a copy of which is set forth in **EXHIBIT B-2**, "*Documents Supporting Equipment Ownership*" attached hereto and made a part hereof.

The Equipment is automatically, without the need for further action, deemed to constitute additional Equipment for purposes of the Lease Schedule.

The Total Invoice Cost of the Equipment is **Four Hundred Fifty-Eight Thousand Four Hundred Seventy-Two and 00/100 Dollars (\$458,472.00)**, and such amount shall automatically, without the need for further action, be deemed to constitute an addition to the **Total Invoice Cost** (as defined in the Lease Schedule) for purposes of the Lease Schedule.

b. Lessee hereby confirms that (i) the Equipment is, or upon completion of the assembly thereof will be, located at the street address set forth in **EXHIBIT B-1**, "*Equipment Description*."

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Schedule to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner II, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: February 8, 2018

LESSEE:

Pueblo West Organics, LLC,
a Colorado limited liability company

By: /s/ Patrick Leonard
Patrick Leonard, Manager and Member

Date: February 10, 2018

By: /s/ Randy Russell
Randy Russell, Manager and Member

Date: February 11, 2018

EXHIBIT B-1

EQUIPMENT DESCRIPTION

EQUIPMENT DESCRIPTION AND LOCATION

Item	Part	Equip		Description	Quote/Invoice	Markup	Cost to Pueblo		Vendor Purchase Terms
		Location					West (a)	Payment	
a	SFE2x10L-PP	1		Supercritical Fluid Extraction System 2 x10L, 50Kg/hr flow with co-solvent pump	340,087.45				
				Estimated Freight	Unknown				
				Estimated sales/use tax	12,583.24				
					<u>352,670.69</u>	30%	458,472.00		50% down, 50% on shipment
				Total Equipment	<u>\$ 352,670.69</u>		<u>\$ 458,472.00</u>	TOTAL INVOICE COST	
				Increase from original lease document	(12,583.24)				

* Amount does not include the administrative charge of \$0.04 per month per \$100 of original equipment cost that will be included on the monthly invoice.

EXHIBIT B-2

DOCUMENTS SUPPORTING EQUIPMENT OWNERSHIP

[Attach the Relevant Purchase Documents]

EXHIBIT C

SCHEDULE OF RENT AMOUNTS

THIS SCHEDULE OF RENT AMOUNTS DATED AND EFFECTIVE AS OF FEBRUARY 11, 2018 (THE "**SCHEDULE OF RENT AMOUNTS**") IS HEREBY INCORPORATED IN AND MADE A PART OF **LEASE SCHEDULE NO. 1** (THE "**LEASE SCHEDULE**") TO MASTER EQUIPMENT LEASE AGREEMENT DATED AS OF FEBRUARY 11, 2018 (AS AMENDED, MODIFIED, SUPPLEMENTED, RESTATED AND/OR REPLACED FROM TIME TO TIME, THE "**LEASE**"), EACH OF THE FOREGOING BETWEEN MENTOR PARTNER II, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**LESSOR**"), PUEBLO WEST ORGANICS, LLC, A COLORADO LIMITED LIABILITY COMPANY ("**LESSEE**"), AND PATRICK LEONARD, AN INDIVIDUAL AND RANDY RUSSELL, AN INDIVIDUAL (THE "**GUARANTOR**" THE OR "**GUARANTORS**").

The parties agree as follows:

LEASE AMORTIZATION SCHEDULE

ENTER VALUES	
Equipment amount	\$458,472.00
Annual interest rate	10.00%
Lease period in years	7
Number of payments per year	12
Lease Commencement	2/10/2018
First Payment	3/10/2018
Optional extra payments	\$ -

LEASE SUMMARY	
Scheduled payment	\$7,611.18
Scheduled number of payments	84
Actual number of payments	84
Total early payments	\$0.00
Total interest	\$180,666.96
LESSOR NAME	Mentor Partner II, LLC

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	Admin Fee \$0.04 per \$100 Orig Cost	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST	Chg per \$100 Mentor Cost
1	3/10/2018	\$458,472.00	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,780.58	\$3,820.60	\$454,681.42	\$3,820.60	2.2
2	4/10/2018	\$454,681.42	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,822.17	\$3,769.01	\$450,859.26	\$7,609.61	2.2
3	5/10/2018	\$450,859.26	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,854.02	\$3,757.16	\$447,005.24	\$11,366.77	2.2
4	6/10/2018	\$447,005.24	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,886.13	\$3,725.04	\$443,119.10	\$15,091.82	2.2
5	7/10/2018	\$443,119.10	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,918.52	\$3,692.66	\$439,200.58	\$18,784.48	2.2
6	8/10/2018	\$439,200.58	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,951.17	\$3,660.00	\$435,249.41	\$22,444.48	2.2
7	9/10/2018	\$435,249.41	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$3,984.10	\$3,627.08	\$431,265.31	\$26,071.56	2.2
8	10/10/2018	\$431,265.31	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,017.30	\$3,593.88	\$427,248.01	\$29,665.44	2.2
9	11/10/2018	\$427,248.01	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,050.78	\$3,560.40	\$423,197.23	\$33,225.84	2.2
10	12/10/2018	\$423,197.23	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,084.53	\$3,526.64	\$419,112.70	\$36,752.48	2.2
11	1/10/2019	\$419,112.70	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,118.57	\$3,492.61	\$414,994.13	\$40,245.09	2.2
12	2/10/2019	\$414,994.13	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,152.89	\$3,458.28	\$410,841.23	\$43,703.37	2.2
13	3/10/2019	\$410,841.23	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,187.50	\$3,423.68	\$406,653.73	\$47,127.05	2.2
14	4/10/2019	\$406,653.73	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,222.40	\$3,388.78	\$402,431.34	\$50,515.83	2.2
15	5/10/2019	\$402,431.34	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,257.58	\$3,353.59	\$398,173.75	\$53,869.42	2.2
16	6/10/2019	\$398,173.75	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,293.06	\$3,318.11	\$393,880.69	\$57,187.54	2.2
17	7/10/2019	\$393,880.69	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,328.84	\$3,282.34	\$389,551.85	\$60,469.88	2.2
18	8/10/2019	\$389,551.85	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,364.91	\$3,246.27	\$385,186.94	\$63,716.14	2.2
19	9/10/2019	\$385,186.94	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,401.29	\$3,209.89	\$380,785.65	\$66,926.03	2.2
20	10/10/2019	\$380,785.65	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,437.96	\$3,173.21	\$376,347.69	\$70,099.25	2.2
21	11/10/2019	\$376,347.69	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,474.95	\$3,136.23	\$371,872.74	\$73,235.48	2.2
22	12/10/2019	\$371,872.74	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,512.24	\$3,098.94	\$367,360.50	\$76,334.42	2.2
23	1/10/2020	\$367,360.50	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,549.84	\$3,061.34	\$362,810.66	\$79,395.75	2.2
24	2/10/2020	\$362,810.66	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,587.76	\$3,023.42	\$358,222.90	\$82,419.18	2.2
25	3/10/2020	\$358,222.90	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,625.99	\$2,985.19	\$353,596.92	\$85,404.37	2.2
26	4/10/2020	\$353,596.92	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,664.54	\$2,946.64	\$348,932.36	\$88,351.01	2.2
27	5/10/2020	\$348,932.36	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,703.41	\$2,907.77	\$344,228.97	\$91,258.78	2.2
28	6/10/2020	\$344,228.97	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,742.60	\$2,868.57	\$339,486.37	\$94,127.35	2.2
29	7/10/2020	\$339,486.37	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,782.12	\$2,829.05	\$334,704.24	\$96,956.41	2.2
30	8/10/2020	\$334,704.24	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,821.98	\$2,789.20	\$329,882.27	\$99,745.61	2.2
31	9/10/2020	\$329,882.27	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,862.16	\$2,749.02	\$325,020.11	\$102,494.63	2.2
32	10/10/2020	\$325,020.11	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,902.68	\$2,708.50	\$320,117.43	\$105,203.13	2.2
33	11/10/2020	\$320,117.43	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,943.53	\$2,667.65	\$315,173.90	\$107,870.77	2.2
34	12/10/2020	\$315,173.90	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$4,984.73	\$2,626.45	\$310,189.17	\$110,497.22	2.2
35	1/10/2021	\$310,189.17	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,026.27	\$2,584.91	\$305,162.90	\$113,082.13	2.2
36	2/10/2021	\$305,162.90	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,068.15	\$2,543.02	\$300,094.75	\$115,625.16	2.2
37	3/10/2021	\$300,094.75	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,110.39	\$2,500.79	\$294,984.36	\$118,125.95	2.2
38	4/10/2021	\$294,984.36	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,152.98	\$2,458.20	\$289,831.38	\$120,584.15	2.2
39	5/10/2021	\$289,831.38	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,195.92	\$2,415.26	\$284,635.47	\$122,999.41	2.2
40	6/10/2021	\$284,635.47	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,239.22	\$2,371.96	\$279,396.25	\$125,371.37	2.2
41	7/10/2021	\$279,396.25	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,282.88	\$2,328.30	\$274,113.37	\$127,699.67	2.2
42	8/10/2021	\$274,113.37	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,326.90	\$2,284.28	\$268,786.47	\$129,983.95	2.2
43	9/10/2021	\$268,786.47	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,371.29	\$2,239.89	\$263,415.18	\$132,223.84	2.2

(continued on the following page)

44	10/10/2021	\$263,415.18	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,416.05	\$2,195.13	\$257,999.13	\$134,418.97	2.2
45	11/10/2021	\$257,999.13	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,461.19	\$2,143.99	\$252,537.95	\$136,568.96	2.2
46	12/10/2021	\$252,537.95	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,506.70	\$2,104.48	\$247,031.25	\$138,673.44	2.2
47	1/10/2022	\$247,031.25	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,552.58	\$2,058.59	\$241,478.67	\$140,732.04	2.2
48	2/10/2022	\$241,478.67	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,598.86	\$2,012.32	\$235,879.81	\$142,744.36	2.2
49	3/10/2022	\$235,879.81	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,645.51	\$1,965.67	\$230,234.30	\$144,710.02	2.2
50	4/10/2022	\$230,234.30	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,692.56	\$1,918.62	\$224,541.74	\$146,626.64	2.2
51	5/10/2022	\$224,541.74	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,740.00	\$1,871.18	\$218,801.74	\$148,499.62	2.2
52	6/10/2022	\$218,801.74	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,787.83	\$1,823.35	\$213,013.91	\$150,323.17	2.2
53	7/10/2022	\$213,013.91	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,836.06	\$1,775.12	\$207,177.85	\$152,098.23	2.2
54	8/10/2022	\$207,177.85	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,884.70	\$1,726.48	\$201,293.15	\$153,824.77	2.2
55	9/10/2022	\$201,293.15	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,933.74	\$1,677.44	\$195,359.42	\$155,502.21	2.2
56	10/10/2022	\$195,359.42	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$5,983.18	\$1,628.00	\$189,376.24	\$157,130.21	2.2
57	11/10/2022	\$189,376.24	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,033.04	\$1,578.14	\$183,343.19	\$158,708.34	2.2
58	12/10/2022	\$183,343.19	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,083.32	\$1,527.86	\$177,253.88	\$160,236.20	2.2
59	1/10/2023	\$177,253.88	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,134.01	\$1,477.17	\$171,125.66	\$161,713.37	2.2
60	2/10/2023	\$171,125.66	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,185.13	\$1,426.05	\$164,940.73	\$163,133.42	2.2
61	3/10/2023	\$164,940.73	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,236.67	\$1,374.51	\$158,704.06	\$164,513.92	2.2
62	4/10/2023	\$158,704.06	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,288.64	\$1,322.53	\$152,415.42	\$165,836.46	2.2
63	5/10/2023	\$152,415.42	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,341.05	\$1,270.13	\$146,074.37	\$167,106.59	2.2
64	6/10/2023	\$146,074.37	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,393.89	\$1,217.29	\$139,680.48	\$168,323.87	2.2
65	7/10/2023	\$139,680.48	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,447.17	\$1,164.00	\$133,233.30	\$169,487.68	2.2
66	8/10/2023	\$133,233.30	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,500.90	\$1,110.28	\$126,732.40	\$170,598.15	2.2
67	9/10/2023	\$126,732.40	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,555.07	\$1,056.10	\$120,177.33	\$171,654.26	2.2
68	10/10/2023	\$120,177.33	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,609.70	\$1,001.48	\$113,567.63	\$172,655.73	2.2
69	11/10/2023	\$113,567.63	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,664.78	\$946.40	\$106,902.85	\$173,602.19	2.2
70	12/10/2023	\$106,902.85	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,720.32	\$890.86	\$100,182.53	\$174,492.99	2.2
71	1/10/2024	\$100,182.53	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,776.32	\$834.85	\$93,406.20	\$175,327.84	2.2
72	2/10/2024	\$93,406.20	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,832.79	\$778.39	\$86,573.41	\$176,106.23	2.2
73	3/10/2024	\$86,573.41	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,889.73	\$721.45	\$79,683.68	\$176,827.67	2.2
74	4/10/2024	\$79,683.68	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$6,947.15	\$664.03	\$72,736.53	\$177,491.70	2.2
75	5/10/2024	\$72,736.53	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,005.04	\$606.14	\$65,731.49	\$178,097.84	2.2
76	6/10/2024	\$65,731.49	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,063.42	\$547.76	\$58,668.07	\$178,645.60	2.2
77	7/10/2024	\$58,668.07	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,122.28	\$488.90	\$51,545.80	\$179,134.50	2.2
78	8/10/2024	\$51,545.80	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,181.63	\$429.55	\$44,364.17	\$179,564.05	2.2
79	9/10/2024	\$44,364.17	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,241.48	\$369.70	\$37,122.69	\$179,933.75	2.2
80	10/10/2024	\$37,122.69	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,301.82	\$309.36	\$29,820.87	\$180,243.11	2.2
81	11/10/2024	\$29,820.87	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,362.67	\$248.51	\$22,458.20	\$180,491.62	2.2
82	12/10/2024	\$22,458.20	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,424.03	\$187.15	\$15,034.17	\$180,678.77	2.2
83	1/10/2025	\$15,034.17	\$7,611.18	\$0.00	\$141.07	\$7,752.25	\$7,485.89	\$125.28	\$7,548.28	\$180,804.05	2.2
84	2/10/2025	\$7,548.28	\$7,611.18	\$0.00	\$141.07	\$7,689.34	\$7,485.37	\$62.90	\$0.00	\$180,866.96	2.18

The above is pro forma only, the following will be updated to be factual once the Equipment is delivered and the addresses and locations where the Equipment are located is provided so that the Rent may be properly calculated

*** SIGNATURES ON THE FOLLOWING PAGE ***

IN WITNESS WHEREOF, the parties hereto have caused this Schedule of Rent Amounts to be duly executed as of the day and year first above set forth.

LESSOR:

Mentor Partner II, LLC,
a California limited liability company

By: /s/ Chet Billingsley
Chet Billingsley, Chairman & Manager

Date: February 8, 2018

GUARANTOR:

Patrick Leonard,
an individual

By: /s/ Patrick Leonard

LESSEE:

Pueblo West Organics, LLC,
a Colorado limited liability company

By: /s/ Patrick Leonard
Patrick Leonard, Manager and Member

Date: February 10, 2018

By: /s/ Randy Russell
Randy Russell, Manager and Member

Date: February 11, 2018

GUARANTOR:

Randy Russell,
an individual

By: /s/ Randy Russell

Quarter ended March 31, 2018

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Chet Billingsley, certify that:

I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Chet Billingsley

Chet Billingsley

Chief Executive Officer

(Principal Executive Officer)

Quarter ended March 31, 2018

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Lori Stansfield, certify that:

I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Lori Stansfield

Lori Stansfield

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, Chief Executive Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2018 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 10, 2018

/s/ Chet Billingsley

Chet Billingsley

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Lori Stansfield, Chief Financial Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2018 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 10, 2018

/s/ Lori Stansfield

Lori Stansfield

Chief Financial Officer

(Principal Financial Officer)