MEDICINE MAN TECHNOLOGIES, INC.

FORM 10-K
(Annual Report)

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to_____.

Commission File Number **000-55450**

MEDICINE MAN TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**46-5289499**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

4880 Havana Street
Suite 201
Denver, Colorado 80239
(Address of principal executive offices)

(303) 371-0387
(Issuer's Telephone Number)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**OTCQB**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter on June 30, 2016 was $18,557,654.

As of April 13, 2017 the Registrant had 10,558,087 shares of Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE - Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 13, 2017, or such other date as may be selected in the future, are incorporated by reference in certain sections of PART III.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The statements regarding Medicine Man Technologies, Inc. contained in this Report that are not historical in nature, particularly those that utilize terminology such as "may," "will," "should," "likely," "expects," "anticipates," "estimates," "believes" or "plans," or comparable terminology, are forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements.

Important factors known to us that could cause such material differences are identified in this Report. We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any future disclosures we make on related subjects in future reports to the SEC.

PART I

ITEM 1. BUSINESS

History

Medicine Man Technologies, Inc. ("we," "us," "our" or the "Company") was incorporated on March 20, 2014, in the State of Nevada. On May 1, 2014, we entered into a non-exclusive Technology License Agreement with Futurevision, Inc., fka Medicine Man Production Corp., dba Medicine Man Denver (hereinafter, "Medicine Man Denver") whereby Medicine Man Denver granted us a license to use all of their proprietary processes they have developed, implemented and practiced at its cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical marijuana and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future) (the "License Agreement") in consideration for the issuance of 5,331,000 shares of our Common Stock. We accounted for this license in accordance with ASC 350-30-30 "Intangibles - Goodwill and Other" by recognizing the fair value of the amount paid by us for the asset at the time of purchase. Since we had a limited operating history, management elected to use the par value of our Common Stock as the value recognized for the transaction. Since the term of the License Agreement is ten (10) years, the cost of the asset will be recognized on a straight-line basis over the life of the License Agreement. In addition, we will evaluate the intangible asset for impairment every quarter. Medicine Man Denver is owned by some of our affiliates. *See "Part II, Item 8, Financial Statements and Supplementary Data" and "Part III, Item 13, Certain Relationships and Related Transactions."*

Between November 2014 and March 2015, we undertook a private offering of our Common Stock wherein we sold 270,000 shares of our Common Stock for gross proceeds of $270,000 ($1.00 per share) to 4 non-accredited and 23 "accredited" investors, as that term is defined under the Securities Act of 1933, as amended.

In April 2015, we filed a registration statement with the Securities and Exchange Commission whereby we registered an aggregate of 1,619,000 shares of our Common Stock, including the 270,000 shares sold in our aforesaid private offering. This registration statement became effective on September 30, 2015. Thereafter, an application to trade our Common Stock was filed on our behalf with FINRA (Financial Industry Regulatory Association) and our Common Stock was approved for trading on the OTCQB on December 23, 2015. See Part II, Item 5, "Market for the Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities."

From October 2016 through February 2017, we engaged in a private offering of convertible notes to 11 accredited investors (as that term is defined under Rule 501, Regulation D of the Securities Act of 1933, as amended). These loans provide for a fixed or VWAP conversion option, bear an annual interest rate of 12% (simple), with interest paid quarterly and mature on December 31, 2018. We issued notes totaling $1,000,000. As of the date of this Report Convertible Notes aggregating $254,777 were converted to 155,687 shares of our Common Stock. These conversions were computed at both the floor value of $1.75 as well as at a VWAP value as allowable under the terms of the conversion rights. See "Notes to Financial Statements".

License Agreement with Medicine Man Denver

Our license with Medicine Man Denver authorizes us to utilize certain technology relating to various proprietary processes they developed relating to the commercial growth, cultivation, marketing and dispensing of medical and recreational marijuana. These processes were assigned to us for establishing a business to monetize services and intellectual property related to the cannabis industry. These processes include what we consider to be a unique cultivation facility of a Variable Capacity, Constant Harvest aseptic design, which refers to our ability to throttle production as needed to meet demand so we can best manage our costs of operations in consideration of the ever-changing market conditions. For example, should the market begin to show signs of slowing we can slow down our production to meet demand while continuing to constantly (daily) harvest plants. This agreement allows Medicine Man Technologies, Inc. to continue to access any future improvements as may be developed by Medicine Man Denver over the duration of our licensing commitment.

In early 2016, our management recognized the business model under which we were operating had reached its initial goal in achieving a basic proof of concept. We believe this is reflected by our consulting services provided to clients in those states which have adopted legislation and regulations legalizing marijuana. We believe we have established a strong client base and reputation from which to begin expanding our 'Brand Warehouse' concept. During the second quarter of 2016, we began to implement the next stage of our business plan, the acquisition of synergistic cannabis companies, as well as the offering of new service lines and products.

ACQUISITION OF PONO PUBLICATIONS, INC. AND SUCCESS NUTRIENTS, INC.

In April 2016, we were introduced to Joshua Haupt, a Denver based business person who had established both a positive reputation as a Colorado-licensed cultivator, a creator of a proprietary nutrient line and the author of a publication for home growers. Our management immediately recognized the potential mutual value offered through a consolidation of our best practices, design skills, and general industry presence combined with Mr. Haupt's cultivation knowledge and nutrients line.

From our experience, in the cannabis industry the typical annual cultivation yields on a per square foot of indoor flower cultivation space generally have averaged 200 to 300 grams (MJardin study by Benjamin Franz published with the 2015 State of the Legal Marijuana Markets Fact Book co-published by Arc View and New Frontier). Based upon our due diligence, the process developed by Mr. Haupt currently averages more than twice that productivity at a much lower cost of operations.

By August 2016, the parties had negotiated agreeable terms for the acquisition of both of Mr. Haupt's companies, Pono Publications Inc. ("Pono") and Success Nutrients Inc. ("Success Nutrients"), and began to work together to develop an integration plan that would result in several new service and product offerings. In November 2016 we entered into a binding services contract emulating the relationship as described in our term sheet as a bridge to a final point in time wherein the acquisition could be completed.

During this interim time (November 2016 to February 2017), we began to co-market our new relationship and service lines using the new combination of design efficiencies for new licensing clients in several states as they began the application process and to implement our new business lines afforded by the acquisition of Pono and Success Nutrients, more fully described below in this section.

On February 27, 2017, we entered into a Merger Agreement with Pono Publications Ltd., as well as a Share Exchange Agreement with Success Nutrients, Inc., each a Colorado corporation, in order to facilitate our acquisition of both of these entities. The ratification of the acquisition of these companies requires the approval of the holders of a majority of our shareholders, which will be submitted for such approval at our annual shareholder meeting to be held in May 2017. If approved the relevant agreements provide that the effective date for accounting purposes will be March 1, 2016. Success Nutrients will become a wholly owned subsidiary of Medicine Man Technologies, Inc. and the business conducted by Pono will be incorporated into a newly formed wholly owned subsidiary, Medicine Man Consulting, Inc., which is also where we will continue to conduct our consulting service business.

These transactions will become effective upon the filing of Statement of Merger with the Secretary of State in Colorado and Statement of Share Exchange and Articles of Exchange with the Colorado Secretary and State and Nevada Secretary of State, respectively, which is expected to upon ratification by our shareholders. .

Upon effectiveness we will issue an aggregate of 7,000,000 shares of our Common Stock to the Pono and Success Nutrients stockholders in exchange for 100% of the issued and outstanding shares of each of their capital stock. All our current management will remain in place, but Charles Haupt will be added as a member of our Board of Directors and Josh Haupt will become our Chief Cultivation Officer.

Pono provides cultivation consulting services to the cannabis industry in Colorado and elsewhere. It is also the owner of a registered trademark, "Three A Light" through which it has published a book on how to cultivate marijuana. The Pono Publications Inc. brand includes the Three A Light™ cultivation publication with a 'Professional Grade' version used exclusively for both Three A Light™ and our current and future clients. This new cultivation protocol has already achieved yields in the 450-gram per square foot range of flowering canopy per year and is deployable in both greenhouse and indoor based cultivation facilities. *See "Three A Light Publication (Home Version)," below.*

The Success Nutrients brand provides one of the key underpinnings of the cultivation methodology and is essential to the overall Three A Light™ performance metric. With an investment of two years of research, development and intense testing, this product line was specifically formulated for the cannabis industry. *See "Nutrient Products (Group 3)," below.*

Our initial target market was directed to those states that had recently adopting regulations to allow for a state legal cannabis industry and helping groups or individuals successfully enter the marketplace. As a result of our pending acquisition of Pono and Success Nutrients, we have developed several new business lines in order to expand our market to include both new and existing cannabis businesses of any size. These new opportunities are discussed below. The combination of these two new businesses is expected to allow us to establish a cultivation improvement offering to our existing and future cultivation facility owners not yet able to achieve these performance levels. Adoption of this new methodology is also expected to allow our clients the ability to vastly improve their existing cultivation performance metrics while maintaining the highest quality product. There are no assurances this will occur.

We intend to utilize Pono's intellectual property relating to cannabis cultivation in our cannabis consulting efforts. We also hope to continue to expand the distribution channels for the nutrient products offered by Success Nutrients. While no assurances can be provided, we anticipate increased revenues from the sale of nutrients, with increased revenues derived from increased outlets, plus revenues based upon Pono and Success Nutrients' revenue history, from the sale of the book. In addition, as a result of the cannabis production historically produced from Josh Haupt's cultivation locations, we intend to develop what we are referring to as "Cultivation Max", which is a program we will be offering to both existing cannabis cultivation locations, as well as new clients generated from our cannabis consulting business. Our intention is to offer our expertise to these entities wherein we shall be paid a percentage of the increased production arising from the implementation of our systems by our clients. As of the date of this Report we have deployed our first Cultivation MAX client in Nevada.

Additional Acquisition Efforts

On July 26, 2016 we executed a non-binding Term Sheet whereby we reached an agreement to acquire Capital G Ltd., an Ohio limited liability company and its three wholly owned subsidiary companies, Funk Sac LLC, Commodogy LLC, and OdorNo LLC, in consideration for the issuance of an aggregate of 1.3 million shares of our Common Stock. The agreement was subject to our due diligence. Effective January 13, 2017, we mutually agreed not to proceed with this transaction.

As an additional incentive we provided loans to Capital G Ltd. in the aggregate principal amount of $250,000. The $250,000 loan bears 12% interest, offers an equity conversion option at our election, and matures on November 25, 2017. It is possible both parties may attempt to explore this potential acquisition opportunity again in the future. In the process of conducting our due diligence, we assisted Capital G Ltd. leadership to redefine its revenue model. The new revenue model is reported by their leadership to be very successful and helping their company's sales to grow rapidly.

OUR CURRENT BUSINESS GROUPINGS

As we evolve our various business lines and branding strategies we are working to align our service offerings and earned income into logical groupings. We have aligned them into three business units that will allow our potential clients and investors a better understanding of both our current and future operations. The specifics of these newly established groups are as follows:

Private Consultation Services; Education, Design, Business Plan, and New State Initiatives (Group 1)

In prior years, we have generated revenues from our consulting activities, as well as seminars we have conducted for prospective clients interested in entering the cannabis industry. During 2016, we began to limit these seminars and devote our resources to what we consider to be higher upside activities, including private consultation services and related matters. We expect these services to augment our existing seminar offerings and over time replace most of our local seminar offerings. Following is a description of these new services.

Two Hour Private Consulting Package

This package is designed for individuals and business owners that are interested in becoming involved in the cannabis industry but need more guidance and personal consultation when working to advance their own goals and industry knowledge to increase their chances of success in this industry. The 2-Hour Private Consultation Package includes a private one-on-one consultation with our consulting staff and/or ownership, as well as a private full tour of a medical and adult use dispensary operation and a 40,000 square foot cultivation facility owned by Medicine Man Denver.

This package sets the foundation for groups considering entering the cannabis space by providing real world examples of projects and cannabis industry marketplaces in which we have worked. The Two-Hour Private Consultation is also the main entry point for clients considering our services to have the opportunity to sit down with our team and learn more about our licensing services. Consultation fees collected are credited back to clients who proceed with our full licensing packages.

This package is recommended for individuals and business owners that need more guidance and personal consultation when working to advance their own goals in the cannabis industry and to increase their business's success.

Three Hour (Plus) Private Consulting Package

Operating in the emerging cannabis industry requires experienced partners who can help clients avoid costly mistakes. Our team of professional consultants help clients navigate the process of becoming successful cannabis operators. Using our personal experience, expertise and proven methods, we believe clients will avoid many of the costly pitfalls of entering and operating in the space while maximizing their return on investment.

The Three Hour Private Consultation Package includes a private one-on-one consultation with our consulting staff and/or ownership, a private full tour of Medicine Man Denver's medical and adult use dispensary operations and 40,000 square foot cultivation facility, a tour of the Three-A-Light facility, a basic pro forma to aid in clients financial modeling, a copy of the Three-A-Light cultivation manual written by Josh Haupt (a $500 value), and a Success Nutrients Starter Kit (a $320 Value).

This package is recommended for individuals and business owners who:

- Are current cannabis cultivators but are not producing the yields and consistency they could be and are in need of guidance from our senior consultants and lead cultivation staff members on how to improve their performance and efficiencies.

- Entrepreneurs who are interested in the cannabis industry and have the capital, connections and passion to become operators in the cannabis space but do not have intimate knowledge about the industry and need guidance in a number of areas in order to complete the state licensure process. We provide these client groups with high level guidance as it pertains to such things as complex state application processes, facility design, financial modeling, security, cultivation methodologies, pesticide and nutrient management plans, dispensary operations, inventory management, packaging and labeling and much more.

We also offer customized consulting services on an ad-hoc project basis that may include any or all elements as identified herein.

Seminar Offering Services

We offer seminars in emerging markets at our facilities in Denver, CO. The crash course seminars are designed to educate participants about the requirements associated with becoming licensed operators in their own geographic market, and include guidance and tips on navigating:

- Industry opportunities
- Medical and Recreational Market Trends
- Cultivation Methodologies and Technology
- Processing Methodologies and Technology
- Extraction Technology
- Dispensary Operations
- Operating Pros and Cons
- Security Requirements
- Banking, Tax, and Finance
- Real Estate Planning and Tips
- License Application Planning and Tips
- Advocacy, Outreach and Lobbying

The Denver-based seminars end with a tour of Medicine Man Denver's cultivation and dispensary facilities, allowing participants to get a first-hand view of a fully compliant medical and recreational cultivation and dispensary operation.

We have been asked to provide key support and informational segments for the MJ Business 'Crash Course' to be held in Washington DC in May 2017 and are expected to be providing such seminar support in various states this year. We have already scheduled specialty seminars in North Carolina, Pennsylvania, and Michigan during 2017 and expect to add additional events throughout the year.

Facility Design and Financial Modeling Services

Facility Design

Our personnel have an aggregate of 46 years' experience designing indoor, greenhouse and hybrid growing facilities as well as retail dispensaries. Our design team consists of an architect and a contracting firm that have a wealth of knowledge in the medical and recreational cannabis cultivation and retail space; having designed and constructed numerous facilities throughout the state of Colorado and other markets. Our team will collaborate with a client's local architect and general contractor to develop an optimal design and construction plan that will meet all IBC and zoning codes while supporting the Variable Capacity Continuous Harvest model. Our team will provide all blue prints, lighting, tables, shelving specs and any other pertinent intellectual property, developed and refined by Medicine Man Denver.

We have experience in supporting multiple facility layouts and deployments, including both existing and new buildings. We have worked through both deployments and have extensive knowledge within industrial building environments. Based upon this experience we believe our documented designs and floor plans will ensure that a client's facility will operate at maximum efficiency from day one, avoiding the multitude of costly mistakes made by many cannabis startups.

Financial Modeling

We help clients with financial modeling and pro forma financial statement development. This is a critical activity for every cannabis business irrespective of its age and size. For new enterprises, especially in the cannabis industry, the preparation of financial projections is integral to the business planning process.

Financial models are used to compile forecasts and budgets; to assess possible funding requirements; and to explore the likely financial consequences of alternative funding, marketing or operational strategies. They can also be used for business planning, raising finance, investment or funding appraisals, financial analysis, corporate planning etc. Used effectively, a financial model can help prevent major planning errors; identify or evaluate opportunities; attract external funding; provide strategic guidance; evaluate financial and development options and monitor progress.

New State Application Process Support Services (Template Support Based)

Our primary objective is to help clients deliver a positive customer experience with the utmost attention to product, public, and patient safety. We educate our clients on how to produce the highest quality products with the lowest cost of production, delivered to customers with great customer service on a consistent and safe basis. Through basic application support guidance elements we support our client's efforts in pursuit of state-issued operating license. Our team provides a cultivation and/or dispensary elements as needed to demonstrate sufficiency within an application.

We have experience working within both competitive and non-competitive application environments. We have navigated the application process in several states, including: Colorado, Nevada, Illinois, New York, Maryland, Hawaii, Pennsylvania and Puerto Rico. As each state handles the process differently, we believe we bring a wealth of knowledge and experience in working through an application. We engage in an "on the ground" approach – ensuring clients receive support when it matters most. As a result, our clients have successfully filed winning cultivation and dispensary applications across several states.

Once a client has secured its state-issued operating license, we support their efforts to become fully operational through the licensing of our proprietary cultivation and dispensary methodologies on an as needed basis. Our team of seasoned consultants helps applicants navigate the process of pursuing state licensure and becoming a successful cannabis operation.

This service offering is generally provided as an 'assembly needed' product wherein we provide basic guidance elements for a particular state's deployment initiative that can then be incorporated in to an application process.

Licensing Services (Full Service)

Through our licensing services we support a client's efforts within a competitive or non-competitive state application process with the goal of securing a state-issued operating license. Once licensed, we help clients deploy state of the art facilities, train staff, implement standard operating procedures, and become operational.

Entities applying for medical and recreational operating licenses will have to demonstrate their ability to provide patient, product, and public safety while also maximizing their productivity to meet the forthcoming demand with high-quality, consistent products. As a result of the Pono and Success Nutrient acquisitions discussed above we now estimate that our cultivation processes have increased the per light productivity to an average of 3 pounds of dried, cured flower per 1,000W fixture. While this is applicable to the entire cannabis industry, we believe this is particularly invaluable in states which impose limits on canopy size or plant counts, or in instances in which operators have a limited space to cultivate. We treat cultivation like manufacturing, with the underlying principal that control of inputs, process, environment, and climate will yield consistent output, enabled by our supporting process.

With the licensing services included throughout the pre-application process clients are provided with the following:

- Real estate sufficiency reviews and planning.
- Facility design plans that client design build team can utilize in the creation of architectural and construction plans.
- Pro forma for financial modeling.
- Facility equipment list.
- Organizational charts and job description information.
- List of preferred third party vendors for consideration.
- Application checklist once the final rules are published.
- Narrative of a company's operating plans for use in demonstrating qualification for state licensure.

With licensing services included throughout the post-application process clients are provided with:

- Facility shop drawings (tables, racks, lighting systems, etc.).
- Standard Operating Procedures.
- Further design and deployment support related to facility construction.
- On-site training within our Denver-based facilities.
- On-site training at their facilities once operational.
- On-going support for a period of five years including the ongoing dissemination of process improvements or adjustments to standard operating procedures.

Clients who successfully achieve state licensure may also engage us for managed facility support. This offering provides a turn-key solution for new operators, inclusive of support with pursuit of licensure, design and deployment of their facility, and ongoing management of the facility for a defined period.

Three-A-Light Publication (Home Version)

Pono was incorporated in the State of Colorado on February 16, 2015. It is the holder of all intellectual property rights relating to the cannabis cultivation of full scale commercial grow operations utilized and proposed to be utilized by our current and future clients. No patents have been filed to protect the various methods and expertise utilized for these commercial grows due to the federal prohibition on cannabis.

"Three-A-Light" is a tutorial for how to grow cannabis plants for the individual grower growing for his own benefit or caregiver growing for their patients in a limited way. The book is currently offered on Amazon at a price of $500 per copy. To date, approximately 1,100 books have been sold.

There are key differences between growing cannabis indoors and outdoors. While outdoor crops can yield more on a gross per plant basis, the quality of indoor cannabis cannot be matched and generally commands a premium price over indoor as well as greenhouse grown cannabis. This book teaches the secrets of getting the greatest yield without sacrificing quality and includes a step-by-step marijuana growing guide from seed to finished flower. It provides a simple approach to a painstaking and complex process. It contains illustrations on how to grow cannabis and covers the nine vital components of growing marijuana indoors in order to achieve the highest average yield per light.

The sale of "Three A Light" books advances the use of our cultivation techniques and our proprietary nutrients; provides brand exposure; and leads to potentially significant new service provider relationships.

It should be noted that our Three A Light Version is only made available to licensed or operational clients utilizing full cultivation support (Cultivation MAX).

As we continue to grow, amassing additional experience and knowledge (similar to our recent substantial gains in as represented by Three A Light and Success Nutrients), we believe we will continue to enjoy a competitive advantage within the industry over any other business providing a group of service offerings similar to our own. There are no assurances that this will happen.

As with our latest new product, Cultivation MAX we are now working with existing underperforming cultivation facility ownership groups wherein we provide access to our advanced knowledge and proprietary nutrients wherein we are only compensated on the delta achieved over their existing performance (generally less than 1.5 pounds a light or 350 grams of dried cured flower per square foot of flower canopy) while also guaranteeing through payment reduction that their existing cost per pound to cultivate will not increase.

We have demonstrated our commitment to excellence through continuous process improvement and readily learning from others (through acquisition and or cooperation). We believe this not only differentiates us in the marketplace, but will allow us to continue to substantially expand our client base and revenues. There are no assurances this will occur.

Existing Cultivation and Dispensary Operation (Group 2)

Cultivation Max Services

As the legal cannabis marketplace evolves and the price of products stabilizes there is an increasing need to control the cost of production and maximize a cultivation facility's performance. Through our Cultivation Max services, our objective is to optimize an existing cultivation operator's existing facilities to improve yield, consistency, quality, and efficiency in order to maximize its full production potential. The service is designed to enable existing operators to become highly efficient cultivators, allowing them to continually compete in a highly competitive landscape. Through the implementation of our proprietary cultivation methodology, facility and room design, plant and nutrient management we believe we can significantly improve existing performance within a client's facility. We understand the uniqueness of existing facilities and we customize the approach to each project to meet our objective of mutually beneficial results.

Because we believe our customized approach will provide greater product yields we have structured our pricing model to provide us to earn revenue based on the delta of performance improvement beyond the baseline performance documented at the beginning of the engagement. The term of a Cultivation Max agreement as well as the percentage of revenue is determined on a per project basis. However, in the event we are unable to increase production to the degree we believe we can, it is possible our costs of operations will increase and we will not generate the revenues to cover our costs of operations. To date, this has not occurred.

Based upon our experiences to date and as an example of this performance delta over existing indoor as well as greenhouse based performance, it is generally known that existing indoor cultivation practices are considered best practices when achieving two (2) pounds per light in terms of dried cured flower per harvest cycle or approximately one (1) gram per watt. This is based upon five (5) to six (6) harvest cycles per year. A greenhouse will likely mimic this level of performance but generally may achieve fewer harvests per year. According to a recent MJardin Study (as included in the ArcView 2015 Annual Industry Report), average yields in terms of grams per square foot of flower canopy range between 168 and 282 grams annually. Current performance for the Three-A-Light Professional cultivation practice have generated approximately 700 grams per square foot of dried cured flower per square foot of flower space annually (based upon 5.5 harvests per year utilizing a thirty-two square (32) foot table supporting eight (8) plants that yields approximately nine (9) pounds per harvest or 5.5 times nine (9) pounds times 453 grams per pound divided by thirty-two (32) square feet or a total of approximately 700 grams per square foot per annual period) which we believe represents a substantial competitive advantage to our clients. However, while we are optimistic that future results will there are no guarantees that we will continue to generate the production described herein from our cultivation techniques.

This level of superior performance is based upon a proven cultivation practice that includes a very specific feeding and integrated pest management system that is hand managed and does not (at this time) have any reliance on automated technology since the overall operating cost per pound of dried cured flower more than offsets the use of additional labor. These results are based upon use of 1,000 watt double ended lamps that are substantially more efficient than this use of other lower operating cost lamps of an LED or other nature that can be three to four times more expensive from a capital deployment perspective.

Managed Facility Services

As we have grown the volume of requests from clients and prospective clients for full facility management has increased. As a result, we have structured a service offering to include organizational setup and interim management of client's cultivation, processing, and dispensary facility(s). As part of the managed facilities services, we may provide the following:

1. Oversee the hiring and training of the primary facility General Manager. This General Manager will oversee the hiring and training of market-based Cultivation Manager, Production Manager, and Dispensary Manager, as necessary, who may all train on-site in Colorado while client facilities are under construction.
2. Provide organizational charts and job descriptions to aid client management team in hiring within their local market.

3. If desired, embed a Senior Cultivation Team Member within the client's facility for a defined period of time, beginning at a time mutually determined between us and the client. Upon completion of the service agreement, opportunity for full-time employment is typically made available to client.
4. If desired, embed a Senior Processing Team Member within the client's facility for a defined period of time, beginning at a time mutually determined between us and the client. Upon completion of the service agreement, opportunity for full-time employment is typically made available to client.
5. If desired, embed a Senior Dispensary Team Member within the client's facility for a defined period of time, beginning at a time mutually determined between us and the client. Upon completion of the service agreement, opportunity for full-time employment is typically made available to client.
6. All costs for the above services to be covered by the client including time and expense.

Revenue for managed services is derived on a fee basis for ongoing support and also incentivized by production metrics tied to overall facility performance. These services are typically provided through a custom assessment and bidding process.

Nutrient Products (Group 3)

Success Nutrients

Success Nutrients was incorporated in Colorado on May 5, 2015. Since inception it has been engaged in the manufacturing and wholesale and retail distribution of nine different plant nutrients for cannabis, each of which comes in three separate sizes and which has been primarily marketed to the cannabis industry, more specifically, cultivation experts and other growers in the cannabis industry in Colorado. Each of its nine product lines are sold in three separate sizes, with retail pricing ranging from $25-$30 for small packages up to a range of $200-$300 for large packages.

The development of Success Nutrients product line was the result of consolidation of all the micro and macro nutrients found to produce the most grams of cannabis flower per square foot while achieving the highest quality possible. Until January 2017, operations were primarily directed towards the cannabis industry in the state of Colorado. Subsequently, Success Nutrient's products were successfully registered with the state agricultural departments for California, Oregon, Washington, Arizona and Michigan, as well as in Canada. Prior to obtaining this registration these products were only able to be purchased online. As a result of being registered, all Success Nutrients products can now be displayed on retail shelves in those aforesaid states. We will continue to pursue product registration in other states and countries prioritizing those locations that provide greater market size for these products.

The Success Nutrients brand provides one of the key underpinnings of the cultivation methodology and is essential to the overall Three A Light TM performance metric, which is discussed more fully below under "Business of Pono." With an investment of two years of research, development and intense testing, this product line was specifically formulated for the cannabis industry.

Our goal is to revolutionize modern cannabis gardening as it is currently known with an emphasis on stronger plants, healthy flowers and an overall cleaner product. Generally, growers of cannabis have been able to generate approximately 1.5 lbs per grow light. By using both the nutrients offered by Success Nutrients, together with the process offered by Pono, results have more than doubled in some cases. While no assurances can be provided that we will be able to duplicate these results, if successful we believe that this will add substantial growth to our existing cannabis consulting operation, especially as the cannabis industry continues to grow and expand as additional states approve the use and cultivation of medical and recreational marijuana. We believe that if we offer prospective new clients the opportunity to learn cultivation techniques that allow them to increase production over their competitors, our business will increase. As explained above, the combination of Success Nutrients and Pono techniques have directly resulted in the creation of a new line of consulting services that improve the performance of current cultivations.

Description of our Past and Existing Client Base

We have been actively involved in the state application process on behalf of our clients. To date we have actively participated in an application process in the following states: Colorado, California, Florida, Illinois, Nevada, New York, Maryland, Hawaii, Oregon, Pennsylvania and Puerto Rico. While we have won and lost in pursuit of a license, to date we have assisted clients in securing the following:

- One Colorado cultivation license
- Three Colorado dispensary licenses (Denver, Aurora, Thornton)
- Two Illinois cultivation licenses
- Four Illinois dispensary licenses
- Two Nevada cultivation licenses
- One Maryland processing license
- One Maryland cultivation license
- Three Maryland dispensary licenses
- One Hawaii vertically integrated license noting the applicant was top scored in Kauai and was subsequently removed for investor background check violations
- One Oregon Tier II Cultivation License and One Oregon Medical Cultivation License (outdoor)

In addition we have the following pending applications:

- Eight Pennsylvania grower/processor licenses
- Four pending Pennsylvania dispensary licenses
- One Puerto Rico cultivation license

We are already generating new business opportunities in Michigan, Ohio, and Arkansas and have more recently initiated Cultivation MAX support services for a large Nevada client (500 light) which, over time may generate significant income for us.

As of the date of this Report we have or have had 41 fee generating clients in 14 different states and Puerto Rico.

MARKETING

We conduct our marketing efforts by providing a presence at specifically targeted industry based events, as well as through Medicine Man Denver's established industry presence as a successful cannabis company. We have been able to garner a substantial presence via this relationship. Because the cannabis industry is relatively new there are very few groups and companies who can identify themselves as having industry experience. We believe we are the exception as a result of our management's experience with all aspects of the industry. *See* " *Part II Item 10, Directors, Executive Officers and Corporate Governance."*

We are members of various industry groups and attend industry based conferences which are helpful to advancing our brand and skill sets. We created a marketing collateral materials bank and attended our first true marketing event in November 2014 at the Third National CannaBusiness Conference and Expo in Las Vegas and have continued to remain as Platinum Level Sponsors of those two events annually. The fall event this year (2017) will be held at the Las Vegas Convention Center and is expected to draw approximately 20,000 participants. We will continue to market our licensing and related services to the cannabis industry through participation in various trade show events, continual use of free public content through interviews with our principals such as currently provided on CNN and MSNBC, direct referrals from satisfied licensees or past clients, various web presence advertising options utilizing specific industry related web sites and google ad words, and additional measures we may choose to deploy from time to time.

We also continue to coalesce interest and a presence within the industry through participation in various events and through direct promotion which have become available to Medicine Man and the Williams family, including being featured in MSNBC's 'Pot Barons' series and detailed inclusion in other outlets such as MSNBC, Inc. Magazine, Katie Couric Live, The Today Show, the BBC, CBS, NBC, LeMonde, ABC, HBO, and many other national and international media. We work to continually develop earned media sources noting elements of our licensor, Medicine Man Denver have been mentioned or featured in various national media sources many times since our inception in March 2014. In addition, members of our team are featured regularly as subject-matter experts, and appear as guest speakers; industry panel discussion members; and have been quoted or covered in full-feature articles in publications in both the U.S. and abroad. In addition to other national and industry publications, our professionals have most recently been quoted in US News and World Report, Inc. Magazine, CBE Press, and MJ Business Daily.

Joshua Haupt, via his Success Nutrients line as well as Pono Publications (Three-A-Light) has also been featured in many trade publications as well as at various cultivation show events nationally and has more recently been referred to as the 'Steve Jobs' of Marijuana (Civilized and Dope and High Times Magazines). His experience underscored by passion has allowed him to become one of the most prolific cultivators of cannabis in the country. More information about his businesses can be found at either www.threealight.com or www.successnutrients.com.

As we grow and mature with the cannabis industry we believe we will continue to identify new opportunities to expand our service offering groups. We are already working in harmony with other consultants within the industry who lack certain experience or skills through licensure of specific cultivation technologies, with specific protections and non-disclosure agreements in place. We do not provide our operations manual of training to potential licensees until they have a state granted license in place.

We continue to enhance our web presence (http://www.medicinemantechnologies.com/), including providing updates to our home page, and links to our SEC reports (through OTC Markets) and industry partners. While no assurances can be provided, we believe these upgrades will make our Internet presence more effective in the delivery of information related to our developing business.

We also intend to evaluate new business opportunities as they come to our attention through these various marketing activities as we continue to expand our brand warehouse and national presence in the cannabis industry. *See "Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."*

GROWTH BY ACQUISITION

As described above, we have executed applicable agreements to acquire Pono and SNI and are expecting these agreements to become effective upon approval from our shareholders. In the interim, we have entered into an interim service provider contract with Pono Publications and Success Nutrients paving the way for those acquisitions. We believe these particular acquisitions will allow us to expand our service lines, in addition to offering a proprietary cannabis specific nutrient line of our own that together with the Three-A-Light brand and book, will allow us to expand its value substantially to our current and future clients.

Ultimately, our intent is to become both a nationally (mid-term goal) and internationally (longer term goal) recognized cannabis company and brand warehouse. We are continuously monitoring other public cannabis companies and their operations. It now appears there are several public companies who generate revenue from the sale of cannabis products. Previously, we believed that it would be necessary for marijuana to be legal on the federal level before this could occur. This no longer appears to be the case.

Ideally, the initial transaction we would consider is the acquisition of Medicine Man Denver cultivation and dispensaries. However, in order to do so it would be necessary that a change in the regulatory standards being imposed by the State of Colorado limiting ownership in all cannabis related businesses to preclude public company ownership be eliminated. Until this occurs we will need to engage in an acquisition of an existing cannabis business in a state where the state law allows for public ownership of a cannabis company. While no assurances can be provided, we believe there are many synergistic cannabis operations both already in business and which will enter the industry as more states continue to adopt legalization who will be interested in being acquired by us. Our ability to eliminate duplication of general and administrative expenses; provide more centralized information marketing; and eliminate overlapping services offered will result in economies of scale. As of the date of this Report, we are beginning to identify additional potential acquisition opportunities but have not conducted any discussions with these companies yet. There are no definitive agreements in place relating to our acquiring any such business, and there can be no assurances that such agreements will be executed on favorable terms, or at all in the future.

We also plan to grow through the acquisition of related, complimentary businesses. In doing so we expect to increase revenues and profits by providing a broader range of services in vertical markets which are consolidated under one parent, thus realizing synergies between the brands to increase sales on multiple fronts; reducing overhead costs by streamlining operations; and eliminating duplicitous efforts and costs. There are no assurances that we will increase profitability if we are successful in acquiring other synergistic companies.

If we are successful, the acquisition of related, complimentary businesses is expected to increase revenues and profits by providing a broader range of services in vertical markets which are consolidated under one parent, thus reducing overhead costs by streamlining operations and eliminating duplicitous efforts and costs. There are no assurances that we will increase profitability if we are successful in acquiring other synergistic companies.

Management has begun to seek out and evaluate related, complimentary businesses for acquisition. The integrity and reputation of any potential acquisition candidate will first be thoroughly reviewed to ensure it meets with management's standards. Once targeted as a potential acquisition candidate, we will enter into negotiations with the potential candidate and commence due diligence evaluation, including its financial statements, cash flow, debt, location and other material aspects of the candidate's business. One of the principal reasons for our filing of our registration statement of which this Prospectus is a part and the filing of an application to list our securities for trading is our intention to utilize the issuance of our securities as part of the consideration that we will pay for these proposed acquisitions. If we are successful in our attempts to acquire synergistic companies utilizing our securities as part or all of the consideration to be paid, our current shareholders will incur dilution.

In implementing a structure for a particular acquisition, we may become a party to a merger, consolidation, reorganization, joint venture, or licensing agreement with another corporation or entity. We may also acquire stock or assets of an existing business.

As part of our investigation, our officers and directors will meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis of verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of our limited financial resources and management expertise. The manner in which we participate in an acquisition will depend on the nature of the opportunity, the respective needs and desires of us and other parties, the management of the acquisition candidate and our relative negotiation strength.

We will participate in an acquisition only after the negotiation and execution of appropriate written agreements. Although the terms of such agreements cannot be predicted, generally such agreements will require some specific representations and warranties by all of the parties thereto, will specify certain events of default, will detail the terms of closing and the conditions which must be satisfied by each of the parties prior to and after such closing, will outline the manner of bearing costs, including costs associated with our attorneys and accountants, will set forth remedies on default and will include miscellaneous other terms.

Depending upon the nature of the acquisition, including the financial condition of the acquisition company, as a reporting company under the Securities Exchange Act of 1934 (the "34 Act"), it may be necessary for such acquisition candidate to provide independent audited financial statements. If so required, we will not acquire any entity which cannot provide independent audited financial statements within a reasonable period of time after closing of the proposed transaction. If such audited financial statements are not available at closing, or within time parameters necessary to ensure our compliance with the requirements of the 34 Act, or if the audited financial statements provided do not conform to the representations made by the candidate to be acquired in the closing documents, the closing documents will provide that the proposed transaction will be voidable, at the discretion of our present management. If such transaction is voided, the agreement will also contain a provision providing for the acquisition entity to reimburse us for all costs associated with the proposed transaction.

ADDITIONAL BUSINESS OPPORTUNITIES

The cannabis industry is developing rapidly. As it continues to develop we believe additional business opportunities will arise.

As an example, one aspect that we have identified is the opportunity to provide job placement services to our clients. We believe we are in a unique position as a result of our developing extensive contacts within the cannabis industry at all levels of operations, to utilize these contacts and industry knowledge to expand our business. As our clients move from planning to execution they have the need to fill key positions in cultivation and dispensary operations, and operations leadership. As of the date of this report we are currently taking initial steps to investigate the possibility of our providing a professional staffing function within Medicine Man Technologies to fulfill that need. However, we are not currently engaged in this aspect of the business and there are no assurances that we will expand our operations in this manner.

We are continuing to explore other opportunities as we have the resources and fit to achieve such consideration.

GOVERNMENT REGULATIONS

Recent developments in the public company sector seem to suggest that as long as such companies engaging in actual 'touching of the plant' 1) disclose as fully as possible the risks associated with the industry, 2) maintain compliance with state and local regulations, and 3) work to ensure any such products containing THC are restricted to an adult marketplace for those 21 years and older they will be able to continue on as a public company entity noting recently in Pennsylvania a new state initiative for medical cannabis included language allowing a public company to hold a Pennsylvania Permit.

In spite of the recent industry concerns related to a change in the administration and while no assurances can be provided, we believe that the industry will be allowed to continue its growth and new state adoptions as this new administration has been on record as being in support of states' rights and medical cannabis. However, in the event the federal government elects to change its current regulatory structure, including eliminating the Cole and Ogden memorandums adopted by the Obama Administration and enforce the current federal prohibition on cannabis, our business will be significantly negatively impacted.

Marijuana is a Schedule-I controlled substance and is illegal under federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal laws. We also should like to note that recently one public company (symbol TRTC) has recently acquired new business lines that do generate revenues from the direct sales of cannabis products and that should this (as well as others to be defined) practice be allowed under SEC reporting guidelines we also have begun to look at opportunities in this space.

A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule 1 controlled substances as "the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence." If the federal government decides to enforce the Controlled Substances Act in Colorado with respect to marijuana, persons that are charged with distributing, possessing with intent to distribute, or growing marijuana could be subject to fines and terms of imprisonment, the maximum being life imprisonment and a $50 million fine. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to us.

As of the date of this report, 28 states and the District of Columbia allow their citizens to use Medical Marijuana, with Texas being the most recent state to add a medical initiative. Additionally, voters in the states of Colorado, Washington, Alaska, Oregon, California, Nevada, Maine, and Massachusetts have all approved legalization of cannabis for adult use. The state laws are in conflict with the Federal Controlled Substances Act, which makes marijuana use and possession illegal on a national level. The Obama administration effectively stated that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, there is no guarantee that the Trump administration will not change the government's policy regarding the low-priority enforcement of federal laws. Additionally, any new administration that follows could change this policy and decide to rigidly enforce the federal laws. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to us.

Although cultivation and distribution of marijuana for medical use is permitted in many states, provided compliance with applicable state and local laws, rules, and regulations, marijuana is illegal under federal law. Strict enforcement of federal law regarding marijuana would likely result in the inability to proceed with our business plan and could expose us and our management to potential criminal liability and subject their properties to civil forfeiture. Though the cultivation and distribution of marijuana remains illegal under federal law, H.R. 83, enacted by Congress on December 16, 2014, provides that none of the funds made available to the DOJ pursuant to the 2015 Consolidated and Further Continuing Appropriations Act may be used to prevent states from implementing their own laws that authorize the use, distribution, possession, or cultivation of medical marijuana. However, state laws do not supersede the prohibitions set forth in the federal drug laws.

For a comprehensive and up to date perspective on this process and current states and territories cannabis laws please refer to the following link: http://www.mpp.org/states/key-marijuana-policy-reform.html

In order to participate in either the medical or recreational sides of the marijuana industry in Colorado and elsewhere, all businesses and employees must obtain licenses from the state and, for businesses, local jurisdictions. Colorado issues four types of business licenses including cultivation, manufacturing, dispensing, and testing. In addition, all owners and employees must obtain an occupational license to be permitted to own or work in a facility. All applicants for licenses undergo a background investigation, including a criminal records check for all owners and employees.

Colorado has also enacted stringent regulations governing the facilities and operations of marijuana businesses. All facilities are required to be licensed by the state and local authorities and are subject to comprehensive security and surveillance requirements. In addition, each facility is subject to extensive regulations that govern its businesses practices, which includes mandatory seed-to-sale tracking and reporting, health and sanitary standards, packaging and labeling requirements, and product testing for potency and contaminants.

The Department of Justice has stated that it will continue to enforce the Controlled Substance Act with respect to marijuana to prevent:

- the distribution of marijuana to minors;
- criminal enterprises, gangs and cartels receiving revenue from the sale of marijuana;
- the diversion of marijuana from states where it is legal under state law to other states;
- state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- violence and the use of firearms in the cultivation and distribution of marijuana;
- driving while impaired and the exacerbation of other adverse public health consequences associated with marijuana use;
- the growing of marijuana on public lands; and
- marijuana possession or use on federal property.

Laws and regulations affecting the medical marijuana industry are constantly changing, which could detrimentally affect our proposed operations. Local, state and federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our operations. It is also possible that regulations may be enacted in the future that will be directly applicable to our business. These ever changing regulations could even affect federal tax policies that may make it difficult to claim tax deductions on our returns. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

Since the use of marijuana is illegal under federal law, many banks will not accept for deposit funds from businesses involved with marijuana. Consequently, businesses involved in the marijuana industry often have trouble finding a bank willing to accept their business. The inability to open bank accounts may make it difficult for our clients to operate.

Employees

As of the date of this report we employees fifteen (15) full time employees and a number of specialty contractors providing support for various elements including media, marketing, state registration of nutrient products, website evolution and new app development.

None of our employees is represented by a labor union or a collective bargaining agreement. We consider our relations with our employees to be good.

Competition

We face competition from an ever-increasing number of consulting service providers in the cannabis industry. We currently know of at least thirty plus such providers in this space (down from 39 as noted in last year's report), not including law firms and other professional entities. We are continually monitoring their progress and presence in the industry while working to continue to demonstrate our unique licensing offering.

Trademarks-Tradenames

We rely upon our various trademark, trade name, and intellectual property of our license partner Medicine Man Denver and will, in the future and as appropriate, develop such elements as we may determine valuable to our business. We also acknowledge that certain protections normally available to us related to design or other utility patents in the cannabis industry would not currently be enforceable under federal law. We attempt to protect our intellectual property via the deployment of non-disclosure agreements with both prospects and licensees. There are no assurances that these non-disclosure agreements will prevent a third party from infringing upon our rights.

Pono and SNI uses a combination of copyright, trade secret laws and confidentiality agreements to protect its proprietary intellectual property. We intend to aggressively register for patent protection if and when the federal government eliminates cannabis prohibition. Intellectual property counsel has advised that any effort to register a patent relating to the cultivation of marijuana would currently be unsuccessful.

Industry Analysis

Nationally, the industry has continued to gain ground through the addition of many states and their passing of medical and or recreational provisions for the use of cannabis. While there certainly appears to be a trend towards acceptance of cannabis, there are no assurances offered that this business will be able to sustain itself over time if the Federal Government changes its current position related to state legalized operations.

In November 2016, the addition of eight (8) new states passing either a medical or adult use initiative pushes the number of states having active cannabis based legislation up to twenty-eight (28), not including Washington DC noting eight (8) of these states now include adult use components.

While there have been many observations and prognostications relative to the recent elections, there have been no specific new developments federally that would signal new levels of federal engagement or enforcement.

In Colorado the state has continued to set new sales growth related records, generating just over $1.3B in gross sales in FY 2016; a majority of those sales related to adult use and the robust tourist industry. It is noteworthy that these record sales occurred in a marketplace where the overall wholesale price market has experienced a significant drop off since the initiation of adult sales in early 2014. Wholesale flower has dropped from a high in early 2014 of $4,000+ a pound to approximately $1,400 a pound according to year end information provided by New Leaf Data Services.

While no assurances can be provided, we believe that over the next three to five years there will be as many as thirty-five to forty states adopting various types of cannabis legislation (medical and/or adult use) and if this happens, we believe that there will occur a certain tipping point by which the Federal Government will have to take some sort of stand on the legal status of cannabis. We also believe that due to the strong growth in the industry as a whole at the state level, the Federal Government will eventually de-schedule cannabis, similar to the alcoholic beverage prohibition repeal in the mid 1930's, and as motivated by its citizenry decriminalize cannabis and regulate it under the auspices of some existing or newly formed agency.

ITEM 1A. RISK FACTORS

We are a smaller reporting company and not required to include this disclosure in our Form 10-K annual report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal place of business is located at 4880 Havana Street, Suite 200, Denver, Colorado 80239. We moved to this location in March 2017. Our telephone number is (303) 371-0387. This space consists of 12,097 square feet of executive office space, common area, conference rooms, a kitchen, restroom and storage space. The lease term is 36 months (February 2020 expiration date). Until August 2017, we pay monthly rent of $6,479.60. From August 2017 through February 28, 2018, our rent escalates to $12,086.92 per month, increasing to $13,000 from March 2018 through February 2019 and to $14500 in June 2017 through May 2018. We also pay our percentage of base operating expenses. It is anticipated that this space shall be sufficient for our needs for the foreseeable future.

During 2016, we were located at the same address, but in Suite 101 South. This space consisted of approximately 3,500 square feet of executive offices, common work areas, conference rooms, a kitchen a restroom, and storage space located in a Class A office building. This space was subleased from ChineseInvestors.COM, formerly one of our principal shareholders, via pursuant to an oral agreement. We paid monthly rent of $1,600 for this space during 2016.

Success Nutrients Inc. is party to a lease at 6660 East 47 th Ave Drive, Denver, CO, which consists of approximately 12,800 sq. ft. of office and warehouse space. Monthly base rent for this location is currently $7,200, which increases to $7,467 in December 2017, to $7,733 in December 2018 and to $8,000 in December 2019, running through November 30, 2020. Upon effectiveness of this acquisition we will assume this space and the related obligations. *See "Part I, Item 1, Business – Acquisition of Pono and Success Nutrients Inc."*

ITEM 3. LEGAL PROCEEDINGS

To the best of our management's knowledge and belief, there are no material claims that have been brought against us nor have there been any claims threatened.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Trading of our Common Stock commenced on the OTCQB on or about January 25, 2016. It currently trades under the symbol "MDCL."

The table below sets forth the reported high and low bid prices for the periods indicated. The bid prices shown reflect quotations between dealers, without adjustment for markups, markdowns or commissions, and may not represent actual transactions in our Common Stock.

Quarter Ended	High	Low
March 31, 2016	$ 5.00	$ 1.66
June 30, 2016	$ 2.20	$ 1.36
September 31, 2016	$ 1.95	$ 1.50
December 31, 2016	$ 5.00	$ 1.55

As of April 13, 2017, the closing bid price of our Common Stock was $1.80.

Trading volume in our Common Stock varies from day to day. Because we do not have a high number of shares issued and outstanding, or eligible to trade, we believe we will continue to experience light volume that will expand over time as our revenues and profitability grow to sustainable levels. As a result, the trading price of our Common Stock is subject to significant fluctuations.

The Securities Enforcement and Penny Stock Reform Act of 1990

The Securities and Exchange Commission has also adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

As of the date of this Report, our Common Stock is defined as a "penny stock" under the Securities and Exchange Act. It is anticipated that our Common Stock will remain a penny stock for the foreseeable future. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15g-1 through 15g-10 of the Securities and Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to sell penny stock.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Commission, which:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of the Securities Act of 1934, as amended;
- contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;
- contains a toll-free telephone number for inquiries on disciplinary actions;
- defines significant terms in the disclosure document or in the conduct of trading penny stocks; and
- contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation;

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, to the customer:

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements will have the effect of reducing the trading activity in the secondary market for our stock because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling their securities.

HOLDERS

As of the date of this report we had 220 holders of record of our Common Stock, not including those persons who hold their shares in a "street name."

STOCK TRANSFER AGENT

The stock transfer agent for our securities is Globex Transfer, LLC, 780 Deltona Blvd., Suite 202, Deltona, FL 32725, phone (813) 344-4490.

DIVIDENDS

We have not paid any dividends since our incorporation and do not anticipate the payment of dividends in the foreseeable future. At present, our policy is to retain earnings, if any, to develop and market our products. The payment of dividends in the future will depend upon, among other factors, our earnings, capital requirements, and operating financial conditions.

REPORTS

We are subject to certain reporting requirements and furnish annual financial reports to our stockholders, certified by our independent accountants, and furnish unaudited quarterly financial reports in our quarterly reports filed electronically with the SEC. All reports and information filed by us can be found at the SEC website, www.sec.gov , as well as on our website,www.medicinemantechnologies.com

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our audited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this Report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward looking statements.

OVERVIEW AND HISTORY

We were incorporated on March 20, 2014, in the State of Nevada. On May 1, 2014, we entered into an exclusive Technology License Agreement with Medicine Man Denver, Inc., f/k/a Medicine Man Production Corporation, a Colorado corporation ("Medicine Man Denver") whereby Medicine Man Denver granted us a license to use all of their proprietary processes they have developed, implemented and practiced at its cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future) (the "License Agreement") in consideration for the issuance of 5,331,000 shares of our Common Stock. *See Notes 2 and 3 to our financial statements.* Medicine Man Denver is owned by some of our affiliates. *See "Part III, Item 13, Certain Relationships and Related Transactions."*

We commenced our business on May 1, 2014, and currently generate revenues derived from licensing agreements with cannabis related entities, as well as sponsoring seminars offered to the cannabis industry . *See "Part I, Item I, Business."* On February 27, 2017, we entered into a Merger Agreement with Pono Publications Ltd. ("Pono"), as well as a Share Exchange Agreement with Success Nutrients, Inc. ("Success Nutrients"), each a Colorado corporation, in order to facilitate our acquisition of both of these entities. Upon ratification of these two agreements by our shareholders, which is expected to occur at our annual shareholder meeting to be held in May 2017, and the filing of various documents in Nevada and Colorado these agreements will become effective. The agreements provide for an effective date of March 1, 2017 for accounting purposes. See " *Part I, Item 1, Business – Acquisition of Pono Publications and Success Nutrients."* Upon effectiveness of these acquisitions we expect to generate revenue from the sale of plant nutrients and book sales.

We have never been subject to any bankruptcy proceeding. Our executive offices are located at 4880 Havana Street, Suite 200, Denver, Colorado 80239, telephone (303) 371-0387 **.** Our website address is www.medicinemantechnologies.com .

RESULTS OF OPERATIONS

Comparison of Results of Operations for our fiscal years ended December 31, 2016 and 2015

During our fiscal year ended December 31, 2016, we generated revenues of $631,456, including licensing fees of $589,721 and seminar fees of $41,735, compared to revenues of $835,777 during 2015, including licensing fees of $766,957 and seminar fees of $68,820, a decrease of $204,321. Revenues decreased during 2016 as a result of fewer clients, which we believe is a result of fewer new states adopting cannabis as a legal commodity and the related initial consulting work required to be successful in securing clients in these emerging markets. At the end of 2016 we had 27 active clients compared to 29 clients in 2015. Seminar revenues decreased due to a decrease in the number of scheduled seminars from 11 in 2015 to four in 2016, as we shifted our focus to the development of new business lines in addition to adding individual consultations which we believe will potentially replace all but the larger seminar events. Though we do not view training seminars as a primary source of revenue, we have found them to be a productive method to obtain new licensing clients.

While there are no assurances, we expect to see a significant increase in revenue in 2017 as the billing cycle of several clients we have worked with in the past will hit completion allowing us to recognize the revenues for the work we have been engaged in for those clients in early 2017. In addition, the new service lines provided by our acquisition of Pono and Success Nutrients are expected to significantly increase revenues.

We recognize income for licensing revenues upon set milestones being achieved, such as license approval or receiving the required business license. This can cause certain billing periods to be lower if those milestones are not achieved until after milestone is achieved, regardless of how close we may be to reaching the milestone and completing billings.

During 2016 our cost of services was $462,182, compared to $209,745 during 2015, an increase of $252,437. The primary cause of this increase was that we added several additional employees as well as moved two employees from part time to full time. In addition, we hired a subcontractor to assist us with several clients during an application time period that was compressed related to servicing our clients in Hawaii. We expect that our cost of goods sold will continue to increase as our total revenues increase.

General and administrative expenses increased slightly from $372,869 in 2015, to $382,641 in 2016. A portion of this increased cost was related to higher office rents. We utilized a larger space for the entire year in 2016 whereas we had used only a portion of the office space in 2015.

Operating expense also increased in 2016 compared to 2015. In 2016, we incurred total operating expense of $1,321,363, compared to $535,879, an increase of $785,484. This increase was primarily as a result of stock compensation expense, which was $627,200 in 2016, compared to $79,725 in 2015, an increase of $547,475 (687%). Advertising expenses increased by 274% to $311,522 in 2016, from $83,285 in 2015, an increase of $228,237. We also invested heavily in marketing as well as industry related event participation in FY 2016, participating in 14 different events as compared with 7 events in FY 2015. Our investment in brand awareness in these events generated significant new business for us in late 2016 that we believe will add to our revenue growth moving into 2017. This increase was expected as we continue to execute ours plan of becoming a brand warehouse. We intend to continue to invest heavily to strengthen our brand awareness and value.

Other expenses increased in 2016 to $312,184, from other income of $8,071 in 2015, due to several factors. We earned $14,016 in interest income from the Funk Sack note receivable in 2016 compared to interest income of $8,017 in 2015. However,, we recognized a net loss of $9,950 in 2016 upon the liquidation of an investment in a cannabis related stock. In 2016 we also recognized an aggregate of $123,179 in interest expense, with $102,907 of that expense as well as the entire $191,095 of loss on derivative liability being caused by the embedded derivative related to the $810,000 in convertible debt that was raised in 2016. Due to the provision in these notes that the price they will convert into stock at is based upon the trading price of the stock, we recognized these expenses though they have no cash impact. Excluding the noncash transactions related to the convertible note imbedded derivative and stock based compensation, our net loss would have been only $543,071.

As a result, we generated a net loss in 2016 of $1,464,273 (approximately $0.14 per share), compared to a net income of $85,749 ($0.01 per share) in 2015.

Liquidity and Capital Resources

As of December 31, 2016, we had cash and cash equivalents of $351,524.

Net cash used by operating activities was $741,477 during the year ended December 31, 2016, compared to $301,843 earned in 2015, a decrease of $1,043,320 from 2015. While no assurances can be provided, we anticipate we will transition back to generating positive cash flow from operations in 2017.

Cash flows provided by investing activities was $20,855 in 2016, compared to cash used of $104,207 in 2015.

Cash flows from financing activities was $810,000 in 2016, compared to $10,000 in 2015. In 2016 we undertook a private offering of convertible debt wherein we raised $810,000 by December 31, 2016. In 2015, we only sold shares of our Common Stock for gross proceeds of $10,000 ($1.00 per share) to 1 “accredited” investor, as that term is defined under the Securities Act of 1933.

This increase in debt was anticipated by management’s forecast of operational needs in the summer of 2016 as the result of our additional growth in our staffing and marketing costs moving ahead to better position us as we completed our acquisitions of Pono Publications and Success Nutrients.

From October 2016 through February 2017, we engaged in a private offering of convertible notes to 11 accredited investors (as that term is defined under Rule 501, Regulation D of the Securities Act of 1933, as amended). These loans provide for a fixed or VW AP conversion option, bear an annual interest rate of 12% (simple), with interest paid quarterly and mature on December 31, 2018. We issued notes totaling $1,000,000. As of the date of this Report, Convertible Notes aggregating $254,777 were converted to 155,687 shares of our Common Stock. These conversions were computed at both the floor value of $1. 75 as well as at a VW AP value as allowable under the terms of the conversion rights. See "Notes to Financial Statements."

As we continue to grow we expect to continue to raise additional capital through the issuance of debt, equity or the combination of the two. As of the date of this report we have not identified any additional potential acquisition and as a result, do not know the amount of additional capital we will need, if any, to successfully consummate such an acquisition. We have no agreement with any third party to provide us any additional financing and there can be no assurances that we will be able to raise any capital, either debt or equity on commercially reasonable terms, or at all. If we require additional capital and are unable to raise the same, it could have a material negative impact on our continued development and expansion. Separate from these potential acquisitions, we currently expect to continue to grow revenues through the development of new clients as additional states successfully adopt laws and regulations legalizing medical and/or recreational marijuana.

Inflation

Although our operations are influenced by general economic conditions, we do not believe that inflation had a material effect on our results of operations during the year ended December 31, 2016.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Leases – We follow the guidance in SFAS No. 13 " *Accounting for Leases* ," as amended, which requires us to evaluate the lease agreements we enter into to determine whether they represent operating or capital leases at the inception of the lease.

Recently Adopted Accounting Standards - Financial Accounting Standards Board, or FASB, Accounting Standards Update, or FASB ASU 2016-15 "Statement of Cash Flows (Topic 230)" – In August 2016, the FASB issued 2016-15. Stakeholders indicated that there is a diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. Adoption of this ASU will not have a significant impact on our statement of cash flows.

FASB ASU 2016-12 "Revenue from Contracts with Customers (Topic 606)" – In May 2016, the FASB issued 2016-12. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2016-12 provides clarification on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our results of operations, cash flows and financial position.

FASB ASU 2016-11 "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815)" – In May 2016, the FASB issued 2016-11, which clarifies guidance on assessing whether an entity is a principal or an agent in a revenue transaction. This conclusion impacts whether an entity reports revenue on a gross or net basis. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our results of operations, cash flows and financial position.

FASB ASU 2016-10 "Revenue from Contracts with Customers (Topic 606)" – In April 2016, the FASB issued ASU 2016-10, clarify identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our results of operations, cash flows and financial position.

FASB ASU 2016-09 "Compensation – Stock Compensation (Topic 718)" – In March 2016, the FASB issued ASU 2016-09, which includes multiple provisions intended to simplify various aspects of accounting for share-based payments. While aimed at reducing the cost and complexity of the accounting for share-based payments, the amendments are expected to significantly impact net income, earnings per share, and the statement of cash flows. Implementation and administration may present challenges for companies with significant share-based payment activities. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. We are currently evaluating the potential impact this standard will have on our financial statements and related disclosures.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MEDICINE MAN TECHNOLOGIES INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Medicine Man Technologies, Inc.:

We have audited the accompanying balance sheet of Medicine Man Technologies, Inc. ("the Company") as of December 31, 2016 and 2015, and the related statement of operations, stockholders' equity and cash flows for the years ended December 31, 2016 and 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medicine Man Technologies, Inc., as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the year ended December 31, 2016 and 2015, in conformity with generally accepted accounting principles in the United States of America.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control over financial reporting. Accordingly, we express no such opinion.

/s/ B F Borgers CPA PC

B F Borgers CPA PC
Lakewood, CO
April 14, 2017

MEDICINE MAN TECHNOLOGIES, INC.
BALANCE SHEET
Expressed in U.S. Dollars

	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 351,524	$ 262,146
Accounts receivable	25,000	83,739
Available for sale securities	13,998	40,000
Short-term note receivable	264,016	–
Other assets	27,479	38,721
Total current assets	682,017	424,606
Non-current assets		
Property and equipment, net	42,126	48,119
Intangible assets: license agreement, net	3,708	4,240
Total non-current assets	45,834	52,359
Total assets	$ 727,851	$ 476,965
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ –	$ 8,715
Other liabilities	175	13,200
Derivative liability	294,002	–
Total current liabilities	294,177	21,915
Long-term liabilities		
Convertible loan	810,000	–
Total long-term liabilities	810,000	–
Total liabilities	1,104,177	21,915
Commitments and contingencies, note 5		
Shareholders' equity		
Preferred stock $0.001 par value, 10,000,000 authorized, none issued and outstanding at December 31, 2106 or 2015		
Common stock $0.001 par value, 90,000,000 authorized, 10,402,500 and 9,972,500 were issued and outstanding December 31, 2016 and December 31, 2015, respectively	10,403	9,973
Additional paid-in capital	1,026,052	399,282
Accumulated other comprehensive (loss)	(4,303)	(10,000)
Accumulated deficit	(1,408,478)	55,795
Total shareholders' (deficit) equity	(376,326)	455,050
Total liabilities and stockholders' equity	$ 727,851	$ 476,965

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES, INC.
STATEMENT OF COMPREHENSIVE (LOSS) AND INCOME
For the Twelve Months Ended December 31, 2016 and 2015
Expressed in U.S. Dollars

	Twelve Months Ended December 31,	
	2016	**2015**
Operating revenues		
Licensing fees	$ 589,721	$ 766,957
Seminar fees	41,735	68,820
Total revenue	631,456	835,777
Cost of services	462,182	209,745
Gross profit	169,274	626,032
Operating expenses		
General and administrative	382,641	372,869
Stock based compensation expense	627,200	79,725
Advertising	311,522	83,285
Total operating expenses	1,321,363	535,879
(Loss) income from operations	(1,152,089)	90,153
Other (income)/expense		
Interest (income)	(14,016)	(8,071)
Net loss on derivative liability	191,095	–
Net loss on available for sale securities	9,950	–
Interest expense related to convertible notes	22,248	–
Interest expense related to derivative liability	102,907	–
Total other expense	312,184	(8,071)
Net (loss) income before income taxes	(1,464,273)	98,224
Income tax expense (refund)	–	12,475
Net (loss) income	$ (1,464,273)	$ 85,749
Earnings per share attributable to common shareholders:		
Basic and diluted earnings per share	$ (0.14)	$ 0.01
Weighted average number of shares outstanding - basic and diluted	10,226,086	9,906,250
Net (loss) income	$ (1,464,273)	$ 85,749
Other comprehensive income (loss), net of tax		
Net unrealized (loss) on available for sale securities	1,200	(10,000)
Total other comprehensive income (loss), net of tax		
Comprehensive (loss) income	$ (1,463,073)	$ 75,749

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Twelve Months Ended December 31, 2016 and 2015
Expressed in U.S. Dollars

	Common Shares	Common Stock	Additional Paid-in Capital	Unrealized loss on AFS	Accumulated Earnings (Loss)	Total Equity
Balance - December 31, 2014	**9,840,000**	**$ 9,840**	**$ 309,690**	**$ –**	**$ (29,954)**	**$ 289,576**
Stock issued for cash	10,000	10	9,990	–	–	10,000
Stock issued for services	122,500	123	79,602	–	–	79,725
Unrealized gain/(loss) AFS	–	–	–	(10,000)	–	(10,000)
Net income for the period	–	–	–	–	85,749	85,749
Balance - December 31, 2015	**9,972,500**	**9,973**	**399,282**	**(10,000)**	**55,795**	**455,050**
Stock issued as compensation	430,000	430	626,770	–	–	627,200
Unrealized gain/(loss) AFS	–	–	–	5,697	–	5,697
Net income/(loss) for the period	–	–	–	–	(1,464,273)	(1,464,273)
Balance - December 31, 2016	**10,402,500**	**$ 10,403**	**$ 1,026,052**	**$ (4,303)**	**$ (1,408,478)**	**$ (376,326)**

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES, INC.
STATEMENT OF CASH FLOWS
For the Twelve Months Ended December 31, 2016 and 2015
Expressed in U.S. Dollars

	2016	2015
Cash flows from operating activities		
Net (loss) income for the period	$ (1,464,273)	$ 85,749
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Initial fair value of derivative convertible note liability included as interest expense	102,907	–
Loss on derivative liability, net	191,095	–
Stock based compensation	627,200	79,725
Depreciation and amortization	17,370	6,618
Changes in operating assets and liabilities		
Accounts Receivable	58,739	(83,739)
Prepaid Expenses	13,013	(29,137)
Prepaid Rent	(1,771)	(9,584)
Proceeds from note receivable	(264,016)	253,123
Accounts payable	(8,715)	(9,785)
Other liabilities	(13,026)	8,873
Net cash (used)/earned from operating activities	(741,477)	301,843
Cash flows from investing activities		
Purchase of fixed assets	(10,844)	(54,207)
AFS Securities Investment, net	31,699	(50,000)
Net cash used in investing activities	20,855	(104,207)
Cash flows from financing activities		
Long-term convertible debt	810,000	–
Common stock	–	10,000
Net cash provided by financing activities	810,000	10,000
Net decrease in cash and cash equivalents	89,378	207,636
Cash and cash equivalents - beginning of year	262,146	54,510
Cash and cash equivalents - end of year	$ 351,524	$ 262,146
Supplemental disclosures		
Interest paid	$ –	$ –
Income taxes paid	$ 12,475	$ –
Non-Cash Transactions		
Derivative convertible liability recorded	$ 294,002	$ –

See accompanying notes to the financial statements

Organization and Nature of Operations:

Business Description – Business Activity: Medicine Man Technologies Inc. (the "Company") is a Colorado corporation incorporated on March 20, 2014. The Company is a cannabis consulting company providing consulting services for cannabis growing technologies and methodologies, as well as retail operations of cannabis products.

1. **Liquidity and Capital Resources** :

Cash Flows – During the years ending December 31, 2016 and 2015, the Company primarily utilized cash and cash equivalents, long-term convertible debt and revenue from operations to fund its operations.

Cash and cash equivalents are carried at cost and represent cash on hand, deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date. The Company had $351,524 and $262,146 classified as cash and cash equivalents as of December 31, 2016 and December 31, 2015, respectively.

The Company has recently elected to accelerate its organic growth path through additional marketing, team development, intelligent acquisition, and other corporate activities wherein it expects to generate negative cash flow and an additional demand for capital to fuel such growth as described in it subsequent events notes.

2. **Critical Accounting Policies and Estimates** :

Basis of Presentation: These accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission for annual financial statements.

Fair Value Measurements: Fair value is defined as the exchange price that would be received for 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. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities.

Our financial instruments include cash, accounts receivable, note receivable, accounts payables and tenant deposits. The carrying values of these financial instruments approximate their fair value due to their short maturities. The carrying amount of our debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to us. Our derivative liability was adjusted to fair market value at the end of each reporting period, using Level 3 inputs.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Accounts receivable: The Company extends unsecured credit to its customers in the ordinary course of business. Accounts receivable related to licensing revenues are recorded at the time the milestone result in the funds being due being achieved, services are delivered and payment is reasonably assured. Licensing revenues are generally collected from 30 to 60 days after the invoice is sent. As of December 31, 2016, and 2015, the Company had accounts receivable of $25,000 and $83,739, respectively. The company wrote off $5,792 of its accounts receivable in 2016. Allowance for doubtful accounts is currently zero as all receivables are less than 60 days old. The company will continue to evaluate the need for recognizing an additional allowance in the future.

AFS Securities: Investments available for sale is comprised of publicly traded stock purchased as an investment. The Company considers the securities to be liquid and convertible to cash in under a year. The Company has the ability and intent to liquidate any security that the Company holds to fund operations over the next twelve months, if necessary, and as such has classified all its marketable securities as short-term. Our investment securities at December 31, 2016 consist of available-for-sale instruments which include $13,998 of equity in publicly traded companies. All our available-for-sale securities are Level 2 due to limited trading volume. Realized gains and losses on these securities will be included in "other income (expense)" in the consolidated statements of income using the specific identification method. Unrealized gains and losses, net of tax, on available-for-sale securities are recorded in accumulated other comprehensive income (accumulated OCT). At December 31, 2015 the Company held AFS securities with a value of $40,000 and a basis of $50,000. In the fourth quarter of 2016 the Company sold the 50,000 shares of Mass Roots, Inc. stock with a basis of $50,000 for $40,050 resulting in the company recognizing a $9,950 loss on the other income/expense section of the financial statements. During the 2016 year the company purchased stock in three public companies for a cost of $18,300 which it held at year end with a value of $13,998 and an unrealized loss of $4,303.

Debt and derivative liability: If we issue convertible debt with certain terms, such as conversion into stock based upon the closing price of the company stock, the convertible feature of the debt is considered to be a derivative that is recorded as a liability at fair value. If the initial value of the warrant derivative liability is higher than the fair value of the associated debt, the excess is recognized immediately as interest expense. Due to the complexity of such warrant derivative, we use the Black Scholes model to estimate their fair value. The derivative warrant liability is a level three fair value measurement.

Short term note receivable: Note receivable were comprised of a $250,000 loan with $14,016 of accrued interest for a total loan value of $264,016 issued to the organization that owns Funk Sack, Inc. This loan was extended with the option of negotiating an agreement to acquire the entirety of the company through a stock swap. However, in the fourth quarter of 2016 the Company determined that it would not complete the acquisition of the company and instead will hold the investment and it will be repaid. The loan was issued May 6, 2016 and was is due to be repaid November 1, 2017. As the note is still current and the Funk Sacks organization is continuing to operate and grow this note is considered to be fully collectable.

Other assets: Other assets at December 31, 2016 and December 31, 2015 were $27,479 and $38,721, respectively and included prepaid registrations fees for major cannabis events the Company is sponsoring and advertising costs.

Accounts payable: Accounts payable at December 31, 2016 and December 31, 2015 was $0 and $8,715, respectively and were comprised of operating accounts payable for various professional services incurred during the ordinary course of business.

Other liabilities: Accrued tax and other liabilities at December 31, 2016 and 2015 were $175 and $13,200, respectively. The balance in 2016 was comprised of $175 in accrued interest and the balance in 2015 of $13,200 was comprised of taxes owed.

Fair Value of Financial Instruments: The carrying amounts of cash and current assets and liabilities approximate fair value because of the short-term maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. Available for sale securities are recorded at current market value as of the date of this report.

Revenue recognition and related allowances: Revenue from licensing services is recognized when the obligations to the client are fulfilled which is determined when milestones in the contract are achieved. Revenue from seminar fees is related to one day seminars and is recognized as earned at the completion of the seminar. All revenue are measured at fair value.

Costs of Services Sold – Costs of services sold are comprised of direct salaries and related expenses incurred while supporting the implementation of licensing agreements and related services.

General & Administrative Expenses – General and administrative expense are comprised of all expenses not linked to the production or advertising of the Company's services.

Advertising and Marketing Costs: Advertising and marketing costs are expensed as incurred and were $311,522 and $15,997 during the year ended December 31, 2016 and 2015, respectively.

Stock based compensation: The Company accounts for share-based payments pursuant to ASC 718, "Stock Compensation" and, accordingly, the Company records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock and restricted stock awards using the Black-Scholes option pricing model.

Stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 and EITF 96-18 when stock or options are awarded for previous or current service without further recourse. The Company issued stock options to contractors and external companies that had been providing services to the Company upon their termination of services. Under ASC 718 and EITF 96-18 these options were recognized as expense in the period issued because they were given as a form of payment for services already rendered with no recourse.

Share based expense paid to through direct stock grants is expensed as occurred. Since the Company's stock has become publicly traded, the value is determined based on the number of shares issued and the trading value of the stock on the date of the transaction. Prior to the company's stock being traded the Company used the most recent valuation. The company recognized $627,200 in expenses for stock based compensation to employees through direct stock grants of 430,000 shares in the year ended December 31, 2016 and $79,725 in expenses from the issuance of 122,500 shares in the year ended December 31, 2015.

The Stock issuance were as follows:

	# of shares	Price per Share	Expense
Issuance #1	120,000	$ 0.41	$ 49,200
Issuance #2	260,000	$ 1.74	453,000
Issuance #3	50,000	$ 2.5	125,000
	430,000		$ 627,200

Income taxes: The Company has adopted SFAS No. 109 – "Accounting for Income Taxes". ASC Topic 740 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method of ASC Topic 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

3. **Recent Accounting Pronouncements**

Financial Accounting Standards Board, or FASB, Accounting Standards Update, or FASB ASU 2016-15 "Statement of Cash Flows (Topic 230)" – In August 2016, the FASB issued 2016-15. Stakeholders indicated that there is a diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. Adoption of this ASU will not have a significant impact on our statement of cash flows.

FASB ASU 2016-12 "Revenue from Contracts with Customers (Topic 606)" – In May 2016, the FASB issued 2016-12. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2016-12 provides clarification on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our consolidated results of operations, cash flows and financial position.

FASB ASU 2016-11 "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815)" – In May 2016, the FASB issued 2016-11, which clarifies guidance on assessing whether an entity is a principal or an agent in a revenue transaction. This conclusion impacts whether an entity reports revenue on a gross or net basis. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our consolidated results of operations, cash flows and financial position.

FASB ASU 2016-10 "Revenue from Contracts with Customers (Topic 606)" – In April 2016, the FASB issued ASU 2016-10, clarify identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our consolidated results of operations, cash flows and financial position.

FASB ASU 2016-09 "Compensation – Stock Compensation (Topic 718)" – In March 2016, the FASB issued ASU 2016-09, which includes multiple provisions intended to simplify various aspects of accounting for share-based payments. While aimed at reducing the cost and complexity of the accounting for share-based payments, the amendments are expected to significantly impact net income, earnings per share, and the statement of cash flows. Implementation and administration may present challenges for companies with significant share-based payment activities. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. We are currently evaluating the potential impact this standard will have on our consolidated financial statements and related disclosures.

4. **Stockholders' Equity** :

The Company's initial authorized stock at inception was 1,000,000 common shares, par value $0.001 per share. In 2015 the Company amended its Articles of Incorporation to increase its authorized shares to 90,000,000 Common Shares, par value $0.001 per share and 10,000,000 preferred shares, par value $0.001 per share.

During the time in which the Company was establishing its operations it issued 4,199,000 shares of Common Stock to various individuals as founders for prior services completed which was valued at par value, resulting in the Company booking stock based expense of $4,199.

During the time in which the Company was establishing it operations it issued 5,331,000 shares of Common Stock to various individuals for a license agreement valued at par value resulting in the Company recognizing a purchased asset of $5,331.

Commencing in November 2014, the Company commenced a private offering of its Common Stock at an offering price of $1.00 per share. At December 31, 2014, it had accepted subscription from 26 investors and received net proceeds of $260,000 therefrom.

In December 2014, the Company issued 50,000 shares of its Common Stock for legal fees and recognized an expense for this issuance of $50,000 based upon the prior sale in November 2014 of its Common Stock.

At December 31, 2014, the Company had 9,840,000 shares outstanding.

On March 17, 2015, 10,000 shares of Common Stock were sold to one investor as part of the private offering commencing in November 2014 in exchange for $10,000 cash.

During the second quarter of 2015, the Company issued 50,000 shares of Common Stock to an individual in consideration for their services rendered in support of the Company resulting in the Company recognizing compensation expense of $50,000 based upon a per share price of $1.00 per share realized in the most recent private offering.

On July 1, 2015, the Company issued 72,500 shares of Common Stock to four different individuals in consideration for their services rendered in support of the Company, resulting in recognizing compensation expense of $29,725 based upon an independent valuation determining the value of shares at $0.41 per share.

At December 31, 2015, the Company had 9,972,500 shares outstanding.

On January 4, 2016, the Company issued 120,000 shares of Common Stock to various individuals in consideration of their services rendered in support of the Company resulting in recognizing compensation expense of $49,200 based upon an independent valuation determining the value of shares at $0.41 per share.

On October 13, 2016, the Company issued 260,000 shares of Common Stock to various individuals in consideration of their services rendered in support of the Company resulting in recognizing compensation expense of $452,400 based upon a closing stock price of $1.74 per share.

On December 26, 2016, the Company issued 50,000 shares of Common Stock to various individuals in consideration of their services rendered in support of the Company resulting in recognizing compensation expense of $136,000 based upon a closing stock price of $2.72 per share.

At December 30, 2016, the Company had 10,402,500 Common Shares outstanding.

5. **Property and Equipment** :

Property and equipment are recorded at cost, net of accumulated depreciation and are comprised of the following:

	December 31, 2016	December 31, 2015
Furniture & Fixtures	$ 11,526	$ 11,526
Marketing Display	42,681	42,681
Office Equipment	10,838	–
	65,045	54,207
Less: Accumulated Depreciation	(22,919)	(6,088)
	$ 42,126	$ 48,119

Depreciation on equipment is provided on a straight-line basis over its expected useful lives at the following annual rates. Depreciation expense for the year ending December 31, 2016 and 2015 was $16,833 and $6,087, respectively.

6. **Intangible Asset**

On May 1, 2014, the Company entered into a non-exclusive Technology License Agreement with Futurevision, Inc., f/k/a Medicine Man Production Corporation, a Colorado corporation, dba Medicine Man Denver ("Medicine Man Denver"), a company owned and controlled by affiliates of the Company, whereby Medicine Man Denver granted a license to use all of their proprietary processes they have developed, implemented and practiced at its cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical marijuana and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future). As payment for the license rights the Company issued Medicine Man Denver (or its designees) 5,331,000 shares of the Company's common stock. The Company accounted for this license in accordance with ASC 350-30-30 "Intangibles – Goodwill and Other by recognizing the fair value of the amount paid by the company for the asset at the time of purchase. Since the Company has a limited operating history, management determined to use par value as the value recognized for the transaction. Since the term of the initial license agreement is ten (10) years, the cost of the asset will be recognized on a straight-line basis over the life of the agreement. In addition, each period the Company will evaluate the intangible asset for impairment. As of December 31, 2016, no impairment was deemed necessary.

	December 31, 2016	December 31, 2015
License Agreement	$ 5,300	$ 5,300
Less: accumulated amortization	(1,592)	(1,060)
	$ 3,708	$ 4,240

Amortization expense for the periods ending December 31, 2016 and 2015 was $532 and $530, respectively.

7. **Convertible Notes and Derivative Liability:**

In the year ended December 31, 2016 the Company raised $810,000 through a private placement of promissory convertible notes with certain accredited investors, bearing interest at 12%, with interest and principal due January 1, 2019. Upon issuance, each of the notes is immediately convertible at the noteholders election into the company's common stock at $1.75 per share or 90% of the VWAP of the five days following the notice of conversion, whichever is lower. Since the conversion rate can be tied to an underlying item, the warrants are considered to be a derivative that is recorded as a liability at fair value and adjusted to fair value at the conclusion of each reporting period. The underlying assumptions used in the Black Scholes model to determine the fair value of the derivative liability were based on the individual date the notes were closed and were the following:

	Upon issuance	December 31, 2016
Current stock price	$1.66 to $4.35	$2.74
Risk-free interest rate	0.67%	0.67%
Expected dividend yield	0	0
Expected term (in years)	2.39 to 2.09	2
Expected volatility	85% to 114%	116%

The initial fair value of the derivative liability was recorded as interest expense of $102,907.

Changes in the derivative liability were as follows:

January 1, 2016	$	–
Initial fair value of warrants issued		102,907
Increase in fair value		191,095
December 31, 2016	$	294,002

The total liability of $294,002 is presented on the current liability section of the balance sheet as the conversion can be exercised at any time at the note holders' request. The initial fair value of warrants issued of $102,907 is recognized as interest expense in the other income/expense section of the income statement. The increase in fair value is recognized as a loss of $191,095 on derivative liabilities also in the other income/expense section of the income statement.

8. **Related Party Transactions:**

Through March 1, 2017, the Company operated from offices at 4880 Havana St, Suite 101 South, Denver CO 80239 via a sub-lease with one of its shareholders and founding partners, ChineseInvestors.COM.

During 2015 and 2016, the Company had a verbal agreement with Chineseinvestors.com Inc. and Futurevistion to share employee's time while the majority of their salary was covered by these related companies. The Company also paid the individuals a modest stipend for their time. While this agreement was in place through the 3 rd quarter of 2016, the Company converted these two common contributors directly to its own payroll.

During 2016, the Company received two short term loans bearing 12% annual interest from related parties, which were repaid in full along with interest. The Company borrowed $25,000 from Chineseinvestors.com, Inc. in July, which was repaid along with $250 interest in August. In that same period the Company borrowed $50,000 from Brett Roper, the COO and director, which was repaid along with $1,299 in interest in October.

9. **Net Income (Loss) per Share**

In accordance with ASC Topic 280 – "Earnings per Share", the basic earnings per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. The Company's quarterly earnings for the period ended December 31, 2016 and 2015 basic and diluted earnings/(loss) per share $(.14) and $0.01, respectively.

10. **Commitments and Concentrations** :

Office Lease – Denver, Colorado – The Company entered into a sub-lease for office space in Denver, Colorado whereby it took over 100% of the lease obligation for the office space in Denver, CO from Chineseinvestors.com, Inc. The lease period started June 1, 2015 and was scheduled to terminate May 31, 2018, resulting in the following future commitments at year end:

2017 fiscal year	$	95,947
2018 fiscal year		154,174
2019 fiscal year		171,000
2020 fiscal year		29,000

11. **Tax Provision:**

The Company is registered in the State of Colorado and is subject to the United States of America tax law. As of December 31, 2016, the Company had incurred no income on a tax basis resulting in the Company calculating that it owed $0 to the federal government at December 31, 2016 and $9,744 at December 31, 2015. In addition, the Company owed the State of Colorado $0 in 2016 and $2,731 at December 31, 2015. The Federal tax is shown on the income statement as tax expense and was accrued as a current accrued liability on the balance sheet in 2015.

As the Company generated a loss from operations in the year ended December 31, 2016 the Company did not recognize any additional tax expense.

The company utilizes FASB ASC 740, "Income Taxes" which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company generated a deferred tax credit through net operating loss carry forwards. As of December 31, 2016 the Company had federal and state net operating loss carry forwards of approximately $293,000 ($0 in 2015) that can be used to offset future taxable income. The carry forwards will begin to expire in 2027 unless utilized in earlier years.

	December 31, 2016	December 31, 2015
Net operating losses carryforward	$ 293,000	$ –
Less: valuation allowance	(293,000)	–
Net deferred tax assets	$ –	$ –

12. **Subsequent events:**

In January 2017, the Company added three new fulltime positions that will be charged with providing additional support for the various service groupings offered by the Company, specifically a cultivation specialist, a dispensary specialist, and an administrative and events specialist.

In February 2017, the Company entered into a Merger Agreement with Pono Publications Ltd. ("Pono"), as well as a Share Exchange Agreement with Success Nutrients, Inc. ("SN"), each a Colorado corporation, in order to facilitate our acquisition of both of these entities. The ratification of the acquisition of these companies requires the approval of the holders of a majority of the Company's shareholders, which will be submitted for such approval at the Company's annual shareholder meeting to be held in May 2017. If approved the relevant agreements provide that the effective date for accounting purposes will be March 1, 2016. Success Nutrients will become a wholly owned subsidiary of Medicine Man Technologies, Inc. and the business conducted by Pono will be incorporated into a newly formed wholly owned subsidiary, Medicine Man Consulting, Inc., which is also where we will continue to conduct the Company's consulting service business.

In March 2017, the Company moved its principal place of business to 4880 Havana Street, Suite 200, Denver, Colorado 80239. This space consists of 12,097 square feet of executive office space, common area, conference rooms, a kitchen, restroom and storage space. The lease term is 36 months (February 2020 expiration date). Until August 2017, the Company will pay monthly rent of $6,479.60. From August 2017 through February 28, 2018, rent escalates to $12,086.92 per month, increasing to $13,000 from March 2018 through February 2019 and to $14500 in June 2017 through May 2018. The Company also pays its percentage of base operating expenses.

In March 2017, the Company integrated Pono Publications and Success Nutrients into its operations including a lease for approximately 10,000 square feet of space located at 6660 East 47th Street, Denver, CO 80216. This integration also included four (4) full time team members as well as several independent contractors.

In March, 2017, the Company entered into an employment agreement with Joshua Haupt's to serve as its Chief Cultivation Officer

On March 1, 2017, the Company added its initial Cultivation MAX client relationship having a 500-light facility in southern Nevada. That service agreement's baseline performance factor as assigned (wherein the Company is able to re-define its cultivation practices and nutrient management systems) allows the Company to receive payments for such services based upon the delta it is able to achieve for their cultivation at that location as well as future locations based upon the client's wholesale price points as achieved throughout the duration of the agreement.

On April 3, 2017, the Company entered into its second substantial Cultivation MAX client relationship having a 400-light facility in Las Vegas Nevada. This relationship will follow the same performance principles described in the preceding paragraph.

As of the date of this Report holders of five of the outstanding convertible notes elected to convert their notes into shares of the Company's Common Stock. Convertible Notes aggregating $254,777 were converted to 155,687 shares of the Company's Common Stock. These conversions were computed at both the floor value of $1.75 as well as at a VWAP value as allowable under the terms of the conversion rights.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure Controls and Procedures – Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this Report.

These controls are designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our CEO and CFO to allow timely decisions regarding required disclosure.

Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of December 31, 2016, at the reasonable assurance level. We believe that our financial statements presented in this annual report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows for all periods presented herein.

Inherent Limitations – Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. In particular, many of our current processes rely upon manual reviews and processes to ensure that neither human error nor system weakness has resulted in erroneous reporting of financial data.

Changes in Internal Control over Financial Reporting – There were no changes in our internal control over financial reporting during our fiscal year ended December 31, 2016, which were identified in conjunction with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, our management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the 2013 Treadway Commission (COSO).

Based on an assessment carried out March 10, 2017, management believes that, as of December 31, 2016, our internal control over financial reporting was effective.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning our directors and officers is incorporated by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning our directors and officers is incorporated by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning our directors and officers is incorporated by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information concerning our directors and officers is incorporated by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Information concerning our directors and officers is incorporated by reference to our Definitive Proxy Statement on Schedule 14A to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following exhibits are included herewith:

Exhibit No.	Description
10.4	Share Exchange Agreement between the Company and Success Nutrients, Inc.
10.5	Merger Agreement between the Company and Pono Publications, Inc.
10.6	Lease Agreement – 1440 Havana St., Suite 200, Denver, CO
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
99.1	Copy of Press Release dated April 17, 2017.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

Following are a list of exhibits which we previously filed in other reports which we filed with the SEC, including the Exhibit No., description of the exhibit and the identity of the Report where the exhibit was filed.

Exhibit Number	Description
3.1	Articles of Incorporation*
3.2	By-Laws and amendment thereto*
3.3	Articles of Amendment to Articles of Incorporation*
3.4	Specimen Stock Certificate *
10.1	License Agreement with Medicine Man Denver dated May 1, 2014*
10.2	Agreement with Breakwater Corporate Finance*
10.3	Form of Consulting Agreement*
14.1	Code of Ethics*

* Previously filed in our S-1 Registration Statement filed with the SEC on April 14, 2015

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunder duly authorized.

Dated: April 17, 2017

MEDICINE MAN TECHNOLOGIES, INC.

By : s/ Andrew Williams
Andrew Williams, Principal Executive Officer

By: s/ Paul Dickman
Paul Dickman, Principal Financial and Accounting Officer

In accordance with the Exchange Act, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on April 14, 2017.

s/ Andrew Williams
Andrew Williams, Director

s/ Brett Roper
Brett Roper, Director

/s/ James S. Toreson
James S. Toreson, Director

Exhibit 10.4

SHARE EXCHANGE AGREEMENT

BY AND AMONG

MEDICINE MAN TECHNOLOGIES INC.,

SUCCESS NUTRIENTS INC.

AND

THE SHAREHOLDERS OF SUCCESS NUTRIENTS INC.

THIS SHARE EXCHANGE AGREEMENT (the "Agreement") is made and entered into as of February 27, 2017, by and among MEDICINE MAN TECHNOLOGIES, INC. a Nevada corporation ("MMT"), whose principal place of business is located at 4880 Havana Street, Suite 102 South, Denver, Colorado 80239; SUCCESS NUTRIENTS INC., a Colorado corporation ("SN"), with its principal place of business located at 1850 Bassett St., No 1211, Denver, CO 80202; and all of the shareholders of SN (the "Shareholders"), jointly and severally, who hereby agree as follows.

RECITALS

WHEREAS , Shareholders own all of the issued and outstanding Common Shares (as defined in Section 1.1) of SN (the "SN Shares"), which constitute all of the issued and outstanding securities of SN as of the date hereof; and

WHEREAS , MMT desires to acquire all of the SN Shares from the Shareholders and the Shareholders desire to exchange their SN Shares for shares of MMT's common stock on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

EXCHANGE OF SHARES

1.1 Exchange of Shares . At the Effective Time (as defined below), and subject to and upon the terms and conditions of this Agreement, the Shareholders agree to exchange, sell, transfer and assign to MMT, and MMT agrees to acquire from the Shareholders, all of their SN Shares in exchange for an aggregate of 3.5 million shares of MMT's common stock (the "MMT Shares"). As of Closing, the SN Shares shall constitute one hundred percent (100%) of the issued and outstanding securities of SN in the aggregate. The exchange of the SN Shares for the MMT shares of common stock contemplated hereunder shall be referred to herein as the "Transaction."

1.2 Closing ; Effective Time .

(a) The closing of the Transaction (the "Closing") shall take place at the offices of counsel to MMT, or such other location as the parties may so agree on or before March 1, 2017, after the satisfaction or waiver of the conditions set forth in Article VI, or at such other time, date and location as the parties hereto agree in writing (the "Closing Date" or the "Closing"). As soon as is practicable after the Closing, the parties hereto shall cause the Transaction to be consummated by delivering to the Secretary of State of the State of Colorado Statement of Share Exchange (the "Statement of Share Exchange"), in such form as required by, and executed and acknowledged in accordance with, the relevant provisions of the Colorado Business Corporations Act ("CBCA"), and delivering to the Secretary of State of the State of Nevada Articles of Exchange (the "Articles of Exchange"), in such form as required by, and executed and acknowledged in accordance with the Nevada Revised Statutes. The Transaction shall become effective as of the date and at such time (the "Effective Time") as the Nevada Articles of Exchange is filed with the Secretary of State of the State of Nevada and the Colorado Statement of Share Exchange is filed with the Secretary of State of the State of Colorado.

(b) The Parties hereto hereby agree that, for accounting purposes, the effective date of the Merger shall be March 1, 2017 (the " **Effective Time** ").

1.3 Delivery of Certificates Representing the SN Shares . On the Effective Time, the Shareholders shall deliver their certificates representing their SN Shares, duly endorsed to MMT or accompanied by stock powers or other assignments or documents to effectuate transfer of the SN Shares duly endorsed to MMT, with (i) all such other documents as may be required to vest in MMT good and marketable title to the SN Shares free and clear of any and all Liens (as defined in Section 2.3 hereof), and (ii) all necessary stock transfer and any other required documentary stamps. The Shareholders shall cause SN to recognize and record the transfers described in this Section 1.3 on its transfer books.

1.4 Issuance of Certificates Representing the MMT Shares . On the Effective Time, or as soon thereafter as practical, MMT shall cause the MMT Shares to be issued to the Shareholders as provided in Section 1.1 above, pro rata to their respective ownership of the SN Shares or as the Shareholders shall direct, so long as such direction is acceptable to legal counsel of MMT. Thirty-five (35) shares of MMT's common stock shall be issued for each shares of SN common stock issued and outstanding at the Effective Time. A list of the Shareholders and their respective shares owned in SN, as well as the number of MMT Shares to be issued in the Transaction, is attached hereto as Exhibit "B."

The MMT Shares, when issued, shall be "restricted" shares (as that term is defined under the Securities Act of 1933, as amended) (the "Act") and may not be sold, transferred or otherwise disposed of by the Shareholders without registration under the Act or an available exemption from registration under the Act. The certificates representing the MMT Shares will contain the appropriate restrictive legends. MMT shall cause its Transfer Agent to recognize and record the transfers described in this Section 1.4 on its transfer books, and MMT shall issue appropriate stop-transfer instructions to the Transfer Agent with respect to the MMT Shares.

1.5 Taking of Necessary Action; Further Action . If, at any time after the Closing, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest MMT with full right, title and possession to the SN Shares, the Shareholders will take all such lawful and necessary action.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SN AND SHAREHOLDERS

SN and the Shareholders hereby represent and warrant to their respective knowledge, and covenant with, MMT with respect to those matters set forth in this Article II. For purposes of this Agreement, the disclosure of any matter in a schedule to this Agreement (the "Disclosure Schedule") shall serve as a sufficient disclosure for purposes of any and all representations and warranties in this Agreement to which such matter logically relates and where such deemed inclusion can be reasonably inferred from the matter and shall be deemed to modify such representation and warranty to the full extent of the disclosure. It is understood that the listing (or inclusion of a copy) of a document or other item on the Disclosure Schedule shall be deemed adequate disclosure of the document or item and its contents. The Seller shall make a good faith effort to list or cross reference matters on the Disclosure Schedule to which the matter logically relates.

2.1 Ownership of Shares. Shareholders are the record and beneficial owners of all of the issued and outstanding SN Shares.

2.2 Authority . The Shareholders have full power and authority and are competent to (i) execute, deliver and perform this Agreement, and each ancillary document which Shareholders have executed or delivered or are to execute or deliver pursuant to this Agreement, and (ii) carry out Shareholders obligations hereunder and thereunder, without the need for any Governmental Action/Filing (as defined herein). The execution, delivery and performance by the Shareholders to this Agreement and each ancillary document does not and will not conflict with, result in a breach of, or constitute a default or require a consent or action under, any agreement or other instrument to or by which such Shareholders are a party or are bound or to which any of the properties or assets of the Shareholders are subject, or any Legal Requirement (as defined herein) to which such Shareholders are subject, or result in the creation of any Lien (as defined in Section 2.3) on the Shares. This Agreement, and Shareholders ancillary document to be executed and delivered by such Shareholders at the Closing, have been duly executed and delivered by such Shareholders (and each ancillary document to be executed and delivered by Shareholders at or after the Closing will be duly executed and delivered by Shareholders), and this Agreement constitutes, and each ancillary document, when executed and delivered by Shareholders will constitute such Shareholders' legal, valid and binding obligation, enforceable against Shareholders in accordance with its terms. For purposes of this Agreement, (x) the term "Governmental Action/Filing" shall mean any franchise, license, certificate of compliance, authorization, consent, order, permit, approval, consent or other action of, or any filing, registration or qualification with, any federal, state, municipal, foreign or other governmental, administrative or judicial body, agency or authority, and (y) the term "Legal Requirements" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity (as defined in Section 2.8(b)), and all requirements set forth in applicable Contracts (as defined in Section 2.18(a)).

2.3 Title to Shares . The Shareholders have and shall transfer to MMT at the Closing good and marketable title to all of their SN Shares, free and clear of all liens, claims, charges, encumbrances, pledges, mortgages, security interests, options, rights to acquire, proxies, voting trusts or similar agreements, restrictions on transfer (other than federal and state securities laws restrictions on transfer) or adverse claims of any nature whatsoever ("Liens").

2.4 Acquisition of MMT Shares for Investment .

(a) The Shareholders are acquiring the MMT Shares to be issued to them for investment for Shareholders own account and not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and neither Shareholder has any present intention of selling, granting any participation in, or otherwise distributing the same. Each Shareholder further represents that he/she does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the MMT Shares.

(b) The Shareholders understand that the MMT Shares are not and will not be registered under the Securities Act, that the sale and the issuance of the MMT Shares is intended to be exempt from registration under the Act pursuant to Section 4(2) thereof, and that MMT's reliance on such exemption is predicated on each Shareholders' representations set forth herein. The Shareholders represent and warrant that: (i) he or she can bear the economic risk of their investment, and (ii) he or she possesses such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the investment in the MMT Shares.

(c) The Shareholders acknowledge that neither the US Securities and Exchange Commission, nor the securities regulatory body of any state or other nation has received, considered or passed upon the accuracy or adequacy of the information and representations made in this Agreement.

(d) The Shareholders acknowledge that they have carefully reviewed such information as they deemed necessary to evaluate an investment in the MMT Shares. To their full satisfaction the Shareholders have been furnished all materials requested relating to MMT and the issuance of the MMT Shares hereunder, and the Shareholders has been afforded the opportunity to ask questions of MMT's representatives to obtain any information necessary to verify the accuracy of any representations or information made or given to the Shareholders. Notwithstanding the foregoing, nothing herein shall derogate from or otherwise modify the representations and warranties of MMT set forth in this Agreement, on which the Shareholders have relied in making an exchange of their Shares for the MMT Shares.

(e) The Shareholders understand that the MMT Shares may not be sold, transferred, or otherwise disposed of without registration under the Act or an exemption therefrom, and that in the absence of an effective registration statement covering the MMT Shares or any available exemption from registration under the Act, the MMT Shares must be held indefinitely. Shareholders further acknowledge that the MMT Shares may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of Rule 144 are satisfied, or the MMT Shares have been registered with the US Securities and Exchange Commission.

2.5 Organization and Qualification of SN .

(a) SN is a corporation duly organized, validly existing and in good standing under the laws of Colorado and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being or currently planned by SN to be conducted. SN is in possession of all franchises, grants, authorizations, licenses, permits, easements, consents, certificates, approvals and orders ("Approvals") necessary to own, lease and operate the properties it purports to own, operate or lease and to carry on its business as it is now being or currently planned by SN to be conducted, except where the failure to have such Approvals could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (as defined in Section 8.2(b)) on SN. Complete and correct copies of the Articles of Incorporation, Bylaws and all corporate minutes (or other comparable governing instruments with different names) (collectively referred to herein as "Charter Documents") of SN, as amended and currently in effect, are attached hereto as Schedule 2.5. SN is not in violation of any of the provisions of its Charter Documents.

(b) SN is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed and in good standing that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on SN.

(c) The minute books of SN contain true, complete and accurate records of all meetings and consents in lieu of meetings of its Board of Directors (and any committees thereof), similar governing bodies and Shareholders ("Corporate Records") since the time of SN's organization. Copies of such Corporate Records of SN have been heretofore delivered to MMT.

(d) The transfer records of SN contain true, complete and accurate records of Shareholders transfers involving the SN Shares ("Shareholders Records") of SN since the time of SN's organization.

2.6 Subsidiaries . SN has no subsidiary companies. SN does not own, directly or indirectly, any other ownership, equity, profits or voting interest in any other entity or Person or has any agreement or commitment to purchase any such interest, and SN has not agreed and is not obligated to make nor is bound by any written, oral or other agreement, contract, subcontract, lease, binding understanding, instrument, note, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan, commitment or undertaking of any nature, as of the date hereof or any date hereafter, under which it may be obligated to make any future investment in or capital contribution to any other entity or Person.

For purposes of this Agreement, (i) the term "Subsidiary" shall mean any entity in which SN, directly or indirectly, owns beneficially securities or interests representing 50% or more of (x) the aggregate equity or profit interests, or (y) the combined voting power of voting interests ordinarily entitled to vote for management or otherwise, and (ii) the term "Person" shall mean and include an individual, a corporation, a partnership (general or limited), a joint venture, an association, a trust or any other organization or entity, including a government or political subdivision or an agency or instrumentality thereof.

2.7 Capitalization of SN .

(a) All issued and outstanding SN shares are legally issued, fully paid and non-assessable, and are not issued in violation of the preemptive or other rights of any person.

(b) There are no equity securities, partnership interests or similar ownership interests of any class of any equity security of SN, or any securities exchangeable or convertible into or exercisable for such equity securities, partnership interests or similar ownership interests, issued, reserved for issuance or outstanding. There are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which SN is a party or by which it is bound obligating SN to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any Shares or similar ownership interests of SN or obligating SN to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity security, call, right, commitment or agreement.

(c) There are no registration rights, and there is no voting trust, proxy, rights plan, anti-takeover plan or other agreement or understanding to which SN is a party or by which SN is bound with respect to any equity security of any class of SN.

2.8 No Conflict; Required Filings and Consents .

(a) The execution and delivery of this Agreement by the Shareholders does not, and the performance of this Agreement by the Shareholders shall not, (i) conflict with or violate SN's Charter Documents, (ii) subject to obtaining the adoption of this Agreement and the Transaction by the Shareholders, conflict with or violate any Legal Requirements, or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair SN's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of SN pursuant to, any Contracts, except, with respect to clauses (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually and in the aggregate, have a Material Adverse Effect on SN.

(b) The execution and delivery of this Agreement by the Shareholders does not, and the performance of their obligations hereunder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any court, administrative agency, commission, governmental or regulatory authority, self-regulatory organization, domestic or foreign (a "Governmental Entity"), except (i) for applicable requirements, if any, of the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), state securities laws ("Blue Sky Laws"), and the rules and regulations thereunder, and appropriate documents with the relevant authorities of other jurisdictions in which SN is qualified to do business, (ii) consents, approvals, authorizations, permits, filings and notices to be obtained or made prior to Closing, and (iii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on SN or, after the Closing, MMT, or prevent consummation of the Transaction or otherwise prevent the parties hereto from performing their obligations under this Agreement.

2.9 Compliance . SN has complied with, is not in violation of, any Legal Requirements with respect to the conduct of its business, or the ownership or operation of its business, except for failures to comply or violations that, individually or in the aggregate, have not had and are not reasonably likely to have a Material Adverse Effect on SN. The businesses and activities of SN have not been and are not being conducted in violation of any Legal Requirements. SN is not in default or violation of any term, condition or provision of any applicable Charter Documents or Contracts. Neither SN nor the Shareholders have received any notice of non-compliance with any Legal Requirement (and the Shareholders have no Knowledge of any such notice delivered to any other Person). The Shareholders are not in violation of any term of any contract or covenant (either with SN or another entity) relating to employment, patents, proprietary information disclosure, non-competition or non-solicitation.

2.10 Financial Statements of SN .

(a) SN has delivered to MMT copies of its unaudited financial statements for the period from its inception through December 31, 2016. The SN Financial Statements present fairly the financial condition and results of operations of SN at the dates and for the periods covered by the SN Financial Statements. SN represents and warrants that there has been no material adverse change in the financial condition of SN subsequent to December 31, 2016.

(b) The SN Financial Statements and any notes related thereto comply as to form in all material respects with applicable accounting requirements, have been prepared in accordance with United States generally accepted accounting principles (“ **GAAP** ”) applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects (subject, in the case of the unaudited interim financial statements, to normal, recurring year-end adjustments none of which are or will be material in amount, individually or in the aggregate) the consolidated financial position of SN as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

(c) SN does not have any direct or indirect liabilities that were not fully and adequately reflected or reserved against on the balance sheet or described in the notes to the audited financial statements of SN. SN has no Knowledge of any circumstance, condition, event or arrangement that has taken place at any time that may hereafter give rise to any liabilities.

2.11 No Undisclosed Liabilities . SN has no liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet which are, individually or in the aggregate, material to the business, results of operations or financial condition of SN.

2.12 Litigation . There are no claims, suits, actions, proceedings pending or, to Shareholders Knowledge, threatened against SN, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by this Agreement or which could reasonably be expected, either singularly or in the aggregate with all such claims, actions or proceedings, to have a Material Adverse Effect on SN or have a Material Adverse Effect on the ability of the parties hereto to consummate the Transaction.

2.13 Restrictions on Business Activities . There is no agreement, commitment, judgment, injunction, order or decree binding upon SN or to which SN is a party which has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of SN, any acquisition of property by SN or the conduct of business by SN as currently conducted other than such effects, individually or in the aggregate, which have not had and could not reasonably be expected to have a Material Adverse Effect on SN.

2.14 Title to Property . Other than as described in Schedule 2.14 hereto, SN owns no other properties.

2.15 Taxes .

(a) Filing of Tax Returns . SN has timely filed, or have had timely filed on their behalf, with the appropriate Taxing authorities all Tax Returns in respect of Taxes required to be filed by them. The Tax Returns filed (including any amendments thereof) are complete and accurate in all material respects. SN has not requested any extension of time within which to file any Tax Return in respect of any Taxes, which Tax Return has not since been filed in a timely manner. To the Knowledge of SN, no claim has ever been made by any Taxing authority in a jurisdiction where SN does not file Tax Returns, or has Tax Returns filed on their behalf, that they are or may be subject to taxation by that jurisdiction, or liable for Taxes owing to that jurisdiction.

(b) Payment of Taxes . All Taxes owed by SN (whether or not shown as due on any Tax Returns) have been paid in full or adequate reserves on their respective books and/or records have been established. SN has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party. SN has made all required estimated Tax payments sufficient to avoid any underpayment penalties. The unpaid Taxes of SN (A) do not, as of the Closing Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect the timing differences between book and Tax income) set forth on the face of SN's most recent balance sheets (rather than any notes thereto) and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of SN in filing, or having filed on their behalf, their Tax Returns. The charges, accruals and reserves on the books of SN in respect of any liability for Taxes (x) based on or measured by net income for any years not finally determined, (y) with respect to which the applicable statute of limitations has not expired or (z) that has been previously deferred, are adequate to satisfy any assessment for such Taxes for any such years.

(c) Audits, Investigations or Claims . There is no dispute or claim which has not been resolved concerning any Tax liability of SN either (A) claimed or raised by any Taxing authority in writing or (B) as to which any of the directors and officers (and employees responsible for Tax matters) of SN has Knowledge. There is no currently pending audit of any Tax Return of SN by any Taxing authority, and SN has not ever been notified in writing that any Taxing authority intends to audit any Tax Return of SN. SN has not executed any outstanding waivers or consents regarding the application of the statute of limitations with respect to any Taxes or Tax Returns.

(d) Lien . There are no encumbrances for Taxes (other than for current Taxes not yet due and payable) on any assets of SN.

(e) Tax Elections . SN (i) has not agreed, or are required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise; (ii) have not made an election pursuant to Code Sections 338 or 336(e) or the regulations thereunder or any comparable provisions of any foreign or state or local income tax law; (iii) is not subject to any constructive elections under Code Section 338 or the regulations thereunder; (iv) has not made any payments, are obligated to make any payments, or are a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under §280G and §162(m) of the Code; and (v) has not made any of the foregoing elections or are required to apply any of the foregoing rules under any comparable state or local income Tax provision.

(f) Prior Affiliated Groups . SN (A) has never been a member of an affiliated group of corporations within the meaning of Section 1504 of the Code and (B) does not have any liability for the Taxes of any person under Treas. Reg. §1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(g) Tax Sharing Agreements . SN is not a party to any Tax allocation, indemnity or sharing or similar agreement.

(h) Section 355 . SN has not distributed the stock of a “controlled corporation” (within the meaning of that term as used in Section 355(a) of the Code) in a transaction subject to Section 355 of the Code within the past two years.

(i) Partnerships . SN does not own an interest in a partnership for Tax purposes.

2.16 Brokers; Third Party Expenses . The Shareholders have not incurred, nor will they incur, directly or indirectly, any liability for brokerage or finders' fees or agent's commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

2.17 Intellectual Property . For the purposes of this Agreement, the following terms have the following definitions:

"Intellectual Property" shall mean any or all of the following and all worldwide common law and statutory rights in, arising out of, or associated therewith: (i) patents and applications therefore and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof ("Patents"); (ii) inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (iii) copyrights, copyrights registrations and applications therefore, and all other rights corresponding thereto throughout the world; (iv) domain names, uniform resource locators ("URLs") and other names and locators associated with the Internet ("Domain Names"); (v) industrial designs and any registrations and applications therefore; (vi) trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefore (collectively, "Trademarks"); (vii) all databases and data collections and all rights therein; (viii) all moral and economic rights of authors and inventors, however denominated, and (ix) any similar or equivalent rights to any of the foregoing (as applicable).

"Company Intellectual Property" shall mean any Intellectual Property that is owned by, or exclusively licensed to, SN or MMT, as applicable.

"Registered Intellectual Property" means all Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any private, state, government or other legal authority.

"Company Registered Intellectual Property" means all of the Registered Intellectual Property owned by, or filed in the name of, SN or MMT, as applicable.

"Company Products" means all current versions of products or service offerings of SN or MMT, as applicable.

(a) No Company Intellectual Property or Company Product is subject to any material proceeding or outstanding decree, order, judgment, contract, license, agreement or stipulation restricting in any manner the use, transfer or licensing thereof by SN, or which may affect the validity, use or enforceability of such Company Intellectual Property or Company Product, which in any such case could reasonably be expected to have a Material Adverse Effect on SN.

(b) SN owns and has good and exclusive title to, each material item of Company Intellectual Property owned by it free and clear of any Liens (excluding non-exclusive licenses and related restrictions granted in the ordinary course); and SN is the exclusive owner of all material Trademarks used in connection with the operation or conduct of the business of SN, including the sale of any products or the provision of any services by SN.

(c) The operation of the business of SN as such business currently is conducted, including (i) the design, development, manufacture, distribution, reproduction, marketing or sale of the products or services of SN (including Products), and (ii) SN's use of any product, device or process, to SN's Knowledge and except as could not reasonably be expected to have a Material Adverse Effect, has not and does not and will not infringe or misappropriate the Intellectual Property of any third party or constitute unfair competition or trade practices under the laws of any jurisdiction.

2.18 Agreements, Contracts and Commitments .

(a) Schedule 2.18 hereto sets forth a complete and accurate list of all Material Contracts (as hereinafter defined), specifying the parties thereto. For purposes of this Agreement:

"Contracts" shall mean all contracts, agreements, leases, mortgages, indentures, note, bond, liens, license, permit, franchise, purchase orders, sales orders, arbitration awards, judgments, decrees, orders, documents, instruments, understandings and commitments, or other instrument or obligation (including without limitation outstanding offers or proposals) of any kind, whether written or oral, to which SN is a party or by or to which any of the properties or assets of SN may be bound, subject or affected (including without limitation notes or other instruments payable to SN).

"Material Contracts" shall mean (x) each Contract (I) providing for payments (past, present or future) to SN in excess of $50,000 in the aggregate or (II) under which or in respect of which SN presently has any liability or obligation of any nature whatsoever (absolute, contingent or otherwise) in excess of $50,000, (y) each Contract which otherwise is or may be material to the businesses, operations, assets, condition (financial or otherwise) or prospects of SN and (z) without limitation of subclause (x) or subclause (y), each of the following Contracts:

(i) any mortgage, indenture, note, installment obligation or other instrument, agreement or arrangement for or relating to any borrowing of money by or from SN, any Subsidiary, or any officer, director or 5% or more stockholder ("Insider") of SN;

(ii) any guaranty, direct or indirect, by SN or any Insider of SN of any obligation for borrowings, or otherwise, excluding endorsements made for collection in the ordinary course of business;

(iii) any Contract made other than in the ordinary course of business or (x) providing for the grant to any preferential rights to purchase or lease any asset of SN, or (y) providing for any right (exclusive or non-exclusive) to sell or distribute, or otherwise relating to the sale or distribution of, any product or service of SN;

(iv) any obligation to register any Shares or other securities of SN with the U.S. Securities and Exchange Commission ("SEC") or any state securities commission or agency;

(v) any obligation to make payments, contingent or otherwise, arising out of the prior acquisition of the business, assets or stock of other Persons;

(vi) any collective bargaining agreement with any labor union;

(vii) any lease or similar arrangement for the use by SN of Personal Property; and

(viii) any Contract to which any Insider of SN is a party.

(b) Each Contract was entered into at arms' length and in the ordinary course, is in full force and effect and is valid and binding upon and enforceable against each of the parties thereto. True, correct and complete copies of all Material Contracts (or written summaries in the case of oral Material Contracts) and of all outstanding offers or proposals of SN have been heretofore delivered to MMT.

(c) Neither SN nor any other party thereto is in breach of or in default under, and no event has occurred which with notice or lapse of time or both would become a breach of or default under, any Contract, and no party to any Contract has given any notice of any claim of any such breach, default or event, which, individually or in the aggregate, are reasonably likely to have a Material Adverse Effect on SN. Each Contract to which SN is a party or by which it is bound that has not expired by its terms is in full force and effect, except where such failure to be in full force and effect is not reasonably likely to have a Material Adverse Effect on SN.

2.19 Interested Party Transactions . No employee, officer, director or Shareholder of SN or a Shareholder’s of his immediate family is indebted to SN, nor is SN indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of SN, and (iii) for other employee benefits made generally available to all employees. To each Shareholders Knowledge, none of such individuals has any direct or indirect ownership interest in any Person with whom SN is affiliated or with whom SN has a contractual relationship, or any Person that competes with SN, except that each employee, Shareholders, officer and director of SN and Shareholders of their respective immediate families may own less than 5% of the outstanding stock in publicly traded companies that may compete with SN. To each Shareholders Knowledge, no manager or Shareholders or any Shareholders of their immediate families is, directly or indirectly, interested in any material contract with SN (other than such contracts as relate to any such individual ownership of Shares or other securities of SN).

2.20 Representations and Warranties Complete . The representations and warranties of the Shareholders included in this Agreement and any list, statement, document or information set forth in, or attached to, any Schedule provided pursuant to this Agreement or delivered hereunder, are true and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, under the circumstance under which they were made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF MMT

Except as set forth on the disclosure schedules, MMT hereby represents and warrants to SN and the Shareholders as follows:

3.1 Organization and Qualification; MMT is a corporation, duly incorporated or organized, validly existing and in good standing under the laws of Nevada, has requisite power and authority and governmental approvals to own, lease and operate its properties and to carry on its business as currently conducted. MMT is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification or licensing, except where the failure to be so qualified or licensed or in good standing would not, individually or in the aggregate, have a Material Adverse Effect on MMT.

3.2 Authority to Execute and Perform Agreement . MMT has the requisite power and all authority required to enter into, execute and deliver this Agreement and the Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transaction. The execution, delivery and performance of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action.

3.3 Binding Effect . This Agreement has been validly executed and delivered by MMT and, assuming the due execution and delivery hereof by SN, constitutes a valid and binding obligation of MMT, enforceable against MMT in accordance with its terms, except to the extent such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability affecting or relating to enforcement of creditors' rights generally, and (ii) general equitable principles (regardless of whether such enforceability is considered in equity or at law).

3.4 Capitalization of MMT .

(a) As of the date hereof, the authorized capital stock of MMT consists of (i) Ninety Million (90,000,000) shares of Common Stock, par value $0.001 per share, of which 10,470,944 shares of Common Stock are issued and outstanding, all of which are validly issued, fully paid and non-assessable, and all of which have been issued and granted in compliance with all applicable securities laws and (in all material respects) other applicable Legal Requirements; and (ii) 10,000,000 shares of Preferred Stock, par value $0.001 per share, none of which has been issued or is outstanding. MMT has no other authorized, issued or outstanding class of capital stock.

(b) Obligations . There are no obligations, contingent or otherwise, of MMT to repurchase, redeem or acquire shares of MMT.

(c) Options, Warrants, etc . As of the date hereof MMT has issued an aggregate of $870,000 in convertible notes, convertible into 497,143 shares of MMT's common stock at a conversion price of $1.75 per share. There are no other existing options, rights, subscriptions, warrants, unsatisfied preemptive rights, calls or commitments relating to (i) the authorized and unissued capital stock of MMT, or (ii) any securities or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire from MMT any shares of capital stock of MMT and no such convertible or exchangeable securities or obligations are outstanding.

(d) Registration . The outstanding shares of the capital stock of MMT have been issued in full compliance with the registration and prospectus delivery requirements of the Securities Act or in compliance with applicable exemptions therefrom, and the registration and qualification requirements of all applicable securities laws of states of the United States.

(e) MMT Shares . The MMT Shares, when issued as provided in this Agreement, will be duly authorized and validly issued, fully paid and non-assessable, and will be free of any Liens or encumbrances and of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws or the Transaction documents.

3.5 Board Approval . The Board of Directors of MMT, by resolutions duly adopted at a meeting duly called and held at which a quorum was present or by the written consent in lieu of such a meeting, has approved this Agreement and the Transaction in accordance with the requirements of the State of Nevada.

3.6 No Material Adverse Change . There has been no change in the business, properties, assets, operations or condition (financial or otherwise) which has resulted or reasonably could be expected to result in or which MMT has reason to believe could reasonably be expected to result in a Material Adverse Effect on it, and MMT has no Knowledge of any such change that is threatened, nor has there been any damage, destruction or loss affecting the assets, properties, business, operations or condition (financial or otherwise), whether or not covered by insurance which has resulted or reasonably could be expected to result in or which MMT has reason to believe could reasonably be expected to result in a Material Adverse Effect on MMT.

3.7 Books and Records . The books and records, financial and otherwise, of MMT are in all material respects complete and correct and have been maintained in accordance with sound business and bookkeeping practices so as to accurately and fairly reflect, in reasonable detail, the transactions and dispositions of the assets and liabilities of MMT.

3.8 Litigation . There are no Legal Proceedings pending or, to the Knowledge of MMT, threatened against or involving MMT, or any of its respective property or assets. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, governmental or regulatory body or arbitration tribunal against or involving MMT.

3.9 No Undisclosed Liabilities . MMT has no liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet or in the related notes to the financial statements which are, individually or in the aggregate, material to the business, results of operations or financial condition of SN.

3.10 Title to Properties; Absence of Liens . MMT has good and marketable title to all of its respective assets and properties, whether real, personal or fixed, free and clear of all Liens, except for Liens for Taxes not yet due and payable or which MMT is contesting in good faith and for which adequate reserves have been established.

3.11 Compliance with Laws . MMT is not in violation of, default under, or conflict with, any applicable Order or any Applicable Law, except for any such violations that would not, individually or in the aggregate, have a Material Adverse Effect on MMT.

3.12 Intellectual Property . On the Effective Date MMT will not own, license or otherwise have any rights in or to any Intellectual Property.

3.13 Non-Contravention . The execution and delivery of this Agreement and the Transaction documents by MMT, the performance by MMT of its obligations hereunder and thereunder, and the consummation of the Transaction contemplated hereby and thereby by such entities (A) do not and will not conflict with, or result in a breach or violation of (i) any provision of the charter or bylaws of any of MMT, (ii) any applicable laws, (iii) any material agreement, contract, lease, license or instrument to which MMT is a party or by which MMT or any of each of its properties or assets are bound and (B) will not result in the creation or imposition of any Lien upon any of the property or assets of MMT pursuant to any provision of any contract or Lien.

3.14 Consents and Approvals . Except for (i) those consents, approvals, authorizations, filings or notices set forth on Schedule 3.15 , (ii) applicable requirements of the Securities Act or the Exchange Act, (iii) notices and filings in connection with the Transaction, no consent, approval or authorization of, filing with, or notice to, any Governmental Body is required by MMT in connection with the execution, delivery and performance by MMT of this Agreement, each and every agreement contemplated hereby, and the consummation by MMT of the Transaction.

3.15 Material Contracts . MMT is not in default under any Material Contract, nor to the Knowledge of MMT, does any condition exist that, with notice or lapse of time or both, would constitute a default thereunder. To the Knowledge of MMT, no other party to any such Material Contract of MMT is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute a default thereunder. No approval or consent of any person is needed in order that the Material Contracts of MMT shall continue in full force and effect following the consummation of the transactions contemplated by this Agreement.

3.16 Taxes .

(a) Filing of Tax Returns . MMT has timely filed, or have had timely filed on their behalf, with the appropriate Taxing authorities all Tax Returns in respect of Taxes required to be filed by them. The Tax Returns filed (including any amendments thereof) are complete and accurate in all material respects. MMT has not requested any extension of time within which to file any Tax Return in respect of any Taxes, which Tax Return has not since been filed in a timely manner. To the Knowledge of MMT, no claim has ever been made by any Taxing authority in a jurisdiction where MMT does not file Tax Returns, or has Tax Returns filed on their behalf, that they are or may be subject to taxation by that jurisdiction, or liable for Taxes owing to that jurisdiction.

(b) Payment of Taxes . All Taxes owed by MMT (whether or not shown as due on any Tax Returns) have been paid in full or adequate reserves on their respective books and/or records have been established. MMT has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party. MMT has made all required estimated Tax payments sufficient to avoid any underpayment penalties. The unpaid Taxes of MMT (A) do not, as of the Closing Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect the timing differences between book and Tax income) set forth on the face of MMT's most recent balance sheets (rather than any notes thereto) and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of MMT in filing, or having filed on their behalf, their Tax Returns. The charges, accruals and reserves on the books of MMT in respect of any liability for Taxes (x) based on or measured by net income for any years not finally determined, (y) with respect to which the applicable statute of limitations has not expired or (z) that has been previously deferred, are adequate to satisfy any assessment for such Taxes for any such years.

(c) Audits, Investigations or Claims . There is no dispute or claim which has not been resolved concerning any Tax liability of MMT either (A) claimed or raised by any Taxing authority in writing or (B) as to which any of the directors and officers (and employees responsible for Tax matters) of MMT has Knowledge. There is no currently pending audit of any Tax Return of MMT by any Taxing authority, and MMT has not ever been notified in writing that any Taxing authority intends to audit any Tax Return of MMT. MMT has not executed any outstanding waivers or consents regarding the application of the statute of limitations with respect to any Taxes or Tax Returns.

(d) Lien . There are no encumbrances for Taxes (other than for current Taxes not yet due and payable) on any assets of MMT.

(e) Tax Elections . MMT (i) has not agreed, or are required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise; (ii) have not made an election pursuant to Code Sections 338 or 336(e) or the regulations thereunder or any comparable provisions of any foreign or state or local income tax law; (iii) is not subject to any constructive elections under Code Section 338 or the regulations thereunder; (iv) has not made any payments, are obligated to make any payments, or are a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under §280G and §162(m) of the Code; and (v) has not made any of the foregoing elections or are required to apply any of the foregoing rules under any comparable state or local income Tax provision.

(f) Prior Affiliated Groups . MMT (A) has never been a member of an affiliated group of corporations within the meaning of Section 1504 of the Code and (B) does not have any liability for the Taxes of any person under Treas. Reg. §1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(g) Tax Sharing Agreements . MMT is not a party to any Tax allocation, indemnity or sharing or similar agreement.

(h) Section 355 . MMT has not distributed the stock of a "controlled corporation" (within the meaning of that term as used in Section 355(a) of the Code) in a transaction subject to Section 355 of the Code within the past two years.

(i) Partnerships . MMT does not own an interest in a partnership for Tax purposes.

3.18 Environmental Matters . (i) MMT is in compliance in all material respects with applicable Environmental Laws; (ii) MMT has all Permits required pursuant to Environmental Laws and are in compliance in all material respects with the terms thereof; (iii) there are no past or present events, activities, practices, incidents, actions or plans in connection with the operations of MMT which have given rise to or are reasonably likely to give rise to any liability on the part of MMT under any Environmental Law; (iv) MMT has not generated, used, transported, treated, stored, released or disposed of, or has suffered or permitted anyone else to generate, use, transport, treat, store, release or dispose of any Hazardous Substance in violation of any Environmental Laws; and (v) there has not been any generation, use, transportation, treatment, storage, release or disposal of any Hazardous Substance in connection with the conduct of the business of MMT or the use of any property or facility by MMT, or to the Knowledge of MMT, any nearby or adjacent properties, in each case, which has created or might reasonably be expected to create any material liability under any Environmental Law or which would require reporting to or notification of any Governmental Body.

3.19 Real Property . MMT has not owned any real property or any interest in any real property.

3.20 Broker's Fees . No broker, finder, agent or similar intermediary has acted on behalf of MMT in connection with this Agreement or the Transaction, and there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any agreement, arrangement or understanding with MMT.

3.21 Labor Matters . MMT is not now, and has not been in the last five years, bound by or party to any collective bargaining agreement and, to the Knowledge of MMT, no application for certification of a collective bargaining agent is pending. MMT is in compliance with all Applicable Laws applicable to MMT affecting employment practices and terms and conditions of employment.

3.22 Full Disclosure . This Agreement (including the information contained in the disclosure schedules) and the Reports, do not (i) with respect to MMT, contain any representation, warranty or information that is false or misleading with respect to any material fact, or (ii) with respect to MMT, omit to state any material fact necessary in order to make the representations, warranties and information contained herein (including the information contained in the disclosure schedules) and the Reports, in the context in which made or provided, not false or misleading.

ARTICLE IV

CONDUCT PRIOR TO THE EFFECTIVE TIME

4.1 Conduct of Business by SN and MMT . During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing Date (as herein defined), the Shareholders, on behalf of SN, and MMT shall, except to the extent that the other party shall otherwise consent in writing, carry on its business in the usual, regular and ordinary course consistent with past practices, in substantially the same manner as heretofore conducted and in compliance with all applicable laws and regulations (except where noncompliance would not have a Material Adverse Effect), pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, and use its commercially reasonable efforts consistent with past practices and policies to (i) preserve substantially intact its present business organization, (ii) keep available the services of its present managers, officers and employees, and (iii) preserve its relationships with customers, suppliers, distributors, licensors, licensees, and others with which it has significant business dealings. In addition, except as permitted or required by the terms of this Agreement, without the prior written consent of the other party, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing, SN and MMT shall not do any of the following:

(a) Waive any stock repurchase rights, accelerate, amend or change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans;

(b) Grant any severance or termination pay to any officer or employee except pursuant to applicable law, written agreements outstanding, or policies existing on the date hereof and as previously or concurrently disclosed in writing or made available to the other party, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement existing on the date hereof;

(c) Transfer or license to any person or otherwise extend, amend or modify any material rights to any Intellectual Property of SN or MMT, or enter into grants to transfer or license to any person future patent rights, other than in the ordinary course of business consistent with past practices provided that in no event shall SN or MMT license on an exclusive basis or sell any Intellectual Property of SN or MMT, as applicable;

(d) Declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock;

(e) Purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock or Shareholders interest of SN and MMT, as applicable;

(f) Issue, deliver, sell, authorize, pledge or otherwise encumber, or agree to any of the foregoing with respect to, any shares of capital stock, or any securities convertible into or exchangeable for shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock or Shares, or enter into other agreements or commitments of any character obligating it to issue any such shares of capital stock, shares or convertible or exchangeable securities;

(g) Except as provided herein or as disclosed to the other party, amend its Charter Documents;

(h) Acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of MMT or SN, as applicable, or enter into any joint ventures, strategic partnerships or alliances or other arrangements that provide for exclusivity of territory or otherwise restrict such party's ability to compete or to offer or sell any products or services;

(i) Sell, lease, license, encumber or otherwise dispose of any properties or assets, except sales of inventory in the ordinary course of business consistent with past practice and, except for the sale, lease or disposition (other than through licensing) of property or assets which are not material, individually or in the aggregate, to the business of such party;

(j) Incur any indebtedness for borrowed money in excess of $1,000 in the aggregate, except for indebtedness incurred in connection with the purchase of endoscopy equipment, or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of MMT or SN, as applicable, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing;

(k) Adopt or amend any employee benefit plan, policy or arrangement, any employee stock purchase or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any manager, director or employee, or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its managers, directors, officers, employees or consultants, except in the ordinary course of business consistent with past practices;

(l) (i) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), or litigation (whether or not commenced prior to the date of this Agreement) other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practices or in accordance with their terms, or liabilities recognized or disclosed in the most recent financial statements (or the notes thereto) of SN or of MMT, as applicable, or incurred since the date of such financial statements, or (ii) waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar agreement to which SN is a party or of which SN is a beneficiary or to which MMT is a party or of which MMT is a beneficiary, as applicable;

(m) Except in the ordinary course of business consistent with past practices, modify, amend or terminate any Contract of SN or MMT, as applicable, or other material contract or material agreement to which SN or MMT is a party or waive, delay the exercise of, release or assign any material rights or claims thereunder;

(n) Except as appropriate to fairly represent SN’s financial condition or results of operations, revalue any of its assets or adjust its revenue or expenses;

(o) Incur or enter into any agreement, contract or commitment requiring such party to pay in excess of $10,000 in any 12 month period;

(p) Settle any litigation for a total sum of greater than $10,000;

(q) Make or rescind any Tax elections that, individually or in the aggregate, could be reasonably likely to adversely affect in any material respect the Tax liability or Tax attributes of such party, settle or compromise any material income tax liability or, except as required by applicable law, materially change any method of accounting for Tax purposes or prepare or file any Return in a manner inconsistent with past practice;

(r) Form, establish or acquire any Subsidiary;

(s) Permit any Person to exercise any of its discretionary rights under any Plan to provide for the automatic acceleration of any outstanding options, the termination of any outstanding repurchase rights or the termination of any cancellation rights issued pursuant to such plans; or

(t) Agree in writing or otherwise agree, commit or resolve to take any of the actions described in Section 4.1 (a) through (s) above.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1. Compliance with Laws. The Shareholders, SN and MMT shall cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on their part under this Agreement and applicable laws to consummate the Transaction and the other transactions contemplated hereby as soon as practicable, including preparing and filing as soon as practicable of all documentation to effect all necessary notices, reports and other filings and to obtain as soon as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transaction or any of the other transactions contemplated hereby. Subject to applicable laws relating to the exchange of information and the preservation of any applicable attorney-client privilege, work-product doctrine, self-audit privilege or other similar privilege, each of the Shareholders and MMT shall have the right to review and comment on in advance, and to the extent practicable each will consult the other on, all the information relating to such party, and any Subsidiaries, that appear in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the Transaction and the other transactions contemplated hereby. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable.

5.2 Required Information . The Shareholders, on behalf of SN, and MMT each shall, upon request by the other, furnish the other with all information concerning themselves, their respective Subsidiaries, managers, directors, officers and Shareholders and such other matters as may be reasonably necessary or advisable in connection with the Transaction, or any other statement, filing, notice or application made by or on behalf of SN and MMT to any third party and/or any Governmental Entity in connection with the Transaction and the other transactions contemplated hereby. Each party warrants and represents to the other party that all such information shall be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.3 Reasonable Efforts; Notification .

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transaction and the other transactions contemplated by this Agreement, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article VI to be satisfied, (ii) the obtaining of all necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental Entity, (iii) the obtaining of all consents, approvals or waivers from third parties required as a result of the transactions contemplated in this Agreement, (iv) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, and (v) the execution or delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. In connection with and without limiting the foregoing, if any takeover statute or similar statute or regulation is or becomes applicable to the Transaction, this Agreement or any of the transactions contemplated by this Agreement, the parties hereto shall use commercially reasonable efforts to enable the Transaction and the other transactions contemplated by this Agreement to be consummated as promptly as practicable on the terms contemplated by this Agreement. Notwithstanding anything herein to the contrary, nothing in this Agreement shall be deemed to require either of the parties hereto to agree to any divestiture by itself or any of its affiliates of shares of capital stock, Shareholders interest or of any business, assets or property, or the imposition of any material limitation on the ability of any of them to conduct their business or to own or exercise control of such assets, properties and stock.

(b) The Shareholders agree to monitor and amend the Disclosure Schedule through Closing as information becomes available which warrants inclusion in the Disclosure Schedule.

(c) MMT shall give prompt notice to the Shareholders upon becoming aware that any representation or warranty made by it contained in this Agreement has become untrue or inaccurate, or of any failure of MMT to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, in each case, such that the conditions set forth in Article VI would not be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

5.4 Business Records . At Closing, SN shall cause to be delivered to MMT all records and documents relating to SN including, without limitation, books, records, government filings, Returns, Charter Documents, Corporate Records, Stock Records, consent decrees, orders, and correspondence, director and stockholder minutes and resolutions, stock ownership records, financial information and records, electronic files containing any financial information and records, and other documents used in or associated with SN ("Business Records").

5.5 Employment Agreement. At Closing MMT and Josh Haupt shall enter into an employment agreement for Josh Haupt to serve as Chief Cultivation Officer of Medicine Man Consulting, Inc. following the Effective Date. A copy of the Employment Agreement is attached as Exhibit “A” to this Agreement and incorporated herein as if set forth.

ARTICLE VI

CONDITIONS TO THE TRANSACTION

6.1 Conditions to Obligations of Each Party to Effect the Transaction . The respective obligations of each party to this Agreement to effect the Transaction shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) *No Order* . No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the Transaction illegal or otherwise prohibiting consummation of the Transaction, substantially on the terms contemplated by this Agreement. All waiting periods, if any, in any jurisdiction in which SN or MMT has material operations relating to the transactions contemplated hereby will have expired or terminated early.

(b) *Failure to Deliver Audit.* SN shall fail to deliver the independent audit of its financial statements discussed above in Section 2.10.

6.2 Additional Conditions to Obligations of Shareholders . The obligations of the Shareholders to consummate and effect the Transaction shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by the Shareholders:

(a) *Representations and Warranties* . Each representation and warranty of MMT contained in this Agreement (i) shall have been true and correct as of the date of this Agreement and (ii) shall be true and correct on and as of the Closing Date with the same force and effect as if made on the Closing Date.

(b) *Agreements and Covenants* . MMT shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them on or prior to the Closing Date, except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of MMT) does not, or will not, constitute a Material Adverse Effect with respect to MMT taken as a whole.

(c) *Consents* . MMT shall have obtained all consents, waivers and approvals required in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on MMT taken as a whole.

(d) *Material Adverse Effect* . No Material Adverse Effect with respect to MMT shall have occurred since the date of this Agreement.

(e) *Other Deliveries* . At Closing, MMT shall have delivered to the Shareholders: (i) certificates representing the MMT Shares of Common Stock to Shareholders in accordance with Section 1.4, (ii) the Employment Agreement in the form attached as Exhibit “A”, and (iii) such other documents or certificates as shall reasonably be required by the Shareholders and their counsel in order to consummate the transactions contemplated hereunder.

6.3 Additional Conditions to the Obligations of MMT . The obligations of MMT to consummate and effect the Transaction shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by MMT:

(a) *Representations and Warranties* . Each representation and warranty of the Shareholders contained in this Agreement (i) shall have been true and correct as of the date of this Agreement and (ii) shall be true and correct on and as of the Effective Date with the same force and effect as if made on and as of the Closing.

(b) *Agreements and Covenants* . The Shareholders shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them at or prior to the Closing Date except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of Shareholders) does not, or will not, constitute a Material Adverse Effect on SN.

(c) *Consents* . SN shall have obtained all consents, waivers and approvals required in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on SN.

(d) *Material Adverse Effect* . No Material Adverse Effect with respect to SN shall have occurred since the date of this Agreement.

(e) *Other Deliveries* . At Closing, the Shareholders shall have delivered to MMT: (i) certificates representing the Shares owned by the Shareholders, together with stock powers or other assignments or documents to effectuate transfer of the SN Shares in accordance with Section 1.3; (ii) evidence of properly conducted meetings or legally authorized consents of SN's Shareholders and Directors authorizing the matters referenced herein, including the approval of the share exchange herein; and (iii) such other documents or certificates as shall reasonably be required by MMT and its counsel in order to consummate the transactions contemplated hereunder.

6.4 Additional Conditions to the Obligations of SN and Shareholders . The obligations of SN and Shareholders to consummate and effect the Transaction shall be subject to the satisfaction at or prior to the Effective Date of each of the following conditions, any of which may be waived, in writing, exclusively by SN and Shareholders:

(a) *Representations and Warranties* . Each representation and warranty of MMT contained in this Agreement (i) shall have been true and correct as of the date of this Agreement and (ii) shall be true and correct on and as of the Effective Date with the same force and effect as if made on and as of the Closing.

(b) *Agreements and Covenants* . MMT shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them at or prior to the Effective Date except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of MMT) does not, or will not, constitute a Material Adverse Effect on MMT.

(c) *Consents* . MMT shall have obtained all consents, waivers and approvals required in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on MMT.

(d) *Material Adverse Effect* . No Material Adverse Effect with respect to MMT shall have occurred since the date of this Agreement.

(e) *Other Deliveries* . At Closing, MMT shall have delivered to SN and the Shareholders: (i) the stock certificates for the MMT Shares (ii) such other documents or certificates as shall reasonably be required by SN and its counsel in order to consummate the transactions contemplated hereunder.

6.5 Shareholders' Indemnification Obligation with Respect to Representations . The Shareholders hereby indemnify and hold harmless, and agree to indemnify and hold harmless (from and after the Closing) MMT and its respective directors, officers, Shareholders, employees and agents (collectively, the "MMT Indemnified Parties") against (i) any and all liabilities, obligations, losses, damages, claims, actions, Liens and deficiencies which exist, or which may be imposed on, incurred by or asserted against any one or more of the MMT Indemnified Parties based upon, resulting from or arising out of, or as to which there was, any breach or inaccuracy of any representation or warranty contained in Article II of this Agreement by the Shareholders which is not set forth on the Disclosure Schedule, or any statement, agreement or covenant made by the Shareholders in or pursuant to this Agreement, any Exhibit or Schedule hereto or thereto, or any certificate or document delivered by such Shareholders at the Closing, and (ii) any cost or expense (including reasonable attorneys' fees and court costs) incurred by the MMT Indemnified Parties or any of them in connection with the foregoing (including, without limitation, any cost or expense incurred by the MMT Indemnified Parties in enforcing their rights pursuant to this Section 6.5) (collectively, the "Damages" for purposes of this Section 6.5).

An MMT Indemnified Party may apply all demands or claims for indemnification under this Article against any payment to be made by or on behalf of such MMT Indemnified Party or any of its Affiliates to or for the account of the Shareholders by means of set-off, reduction or otherwise. No MMT Indemnified Party shall be required to make any claim or demand against any other Person prior to the making of any claim or demand for indemnification or at any other time. The rights of the MMT Indemnified Parties under this Section 6.5 are in addition to such other rights and remedies which they may have under this Agreement or otherwise. The amount of any and all Damages suffered by MMT Indemnified Parties under this Section 6.5 shall be recovered, and all claims of MMT Indemnified Parties pursuant to this Section 6.5 shall be brought by MMT on behalf of such MMT Indemnified Parties.

Notwithstanding any other provision of this Agreement, no demand or claim for indemnification under this Section 6.5 may be made (i) after the date six (6) months following the Closing Date, or (ii) if such claim or demand is covered by existing MMT or SN business insurance policy(ies).

For purposes of this Agreement, (1) the term "Misrepresentation Claim" means a claim or demand for indemnification based upon, resulting from or arising out of any material breach or inaccuracy of a warranty or representation and such material breach or inaccuracy was the direct and primary cause of the Damages for which indemnification is sought; and (2) the term "Knowledge" means in respect of any Misrepresentation Claim, as of the Closing Date or at any time prior thereto, (a) actual knowledge by one of the Shareholders of the material breach or inaccuracy upon which such Misrepresentation Claim is based or (b) actual knowledge of facts which would cause a reasonable person, having knowledge and a full understanding of the terms of this Agreement, to be aware of or recognize the material breach or inaccuracy upon which the Misrepresentation Claim is based.

6.6 Indemnification Obligation with Respect to MMT Representations . MMT hereby indemnifies and hold harmless, and agree to indemnify and hold harmless, the Shareholders, and their respective heirs, representatives and agents (collectively, the "Shareholders Indemnified Parties") from and after the Closing, against (i) any and all liabilities, obligations (including Guaranty Obligations, as defined below), losses, damages, claims, actions, Liens and deficiencies which exist, or which may be imposed on, incurred by or asserted against any one or more of the Shareholders Indemnified Parties, based upon, resulting from or arising out of, or as to which there was, any breach or inaccuracy of any representation or warranty by MMT contained in this Agreement, or any agreement or covenant made by MMT in or pursuant to this Agreement, or in any Exhibit or Schedule hereto or thereto, or any certificate or document delivered by MMT at the Closing hereof, whether caused by the actions or inactions MMT following Closing), and (ii) any cost or expense (including reasonable attorneys' fees and court costs) incurred by the Shareholders Indemnified Parties in connection with the foregoing (including, without limitation, any cost or expense incurred by the Shareholders Indemnified Parties in enforcing his rights pursuant to this Section 6.6) (collectively, the "Damages").

MMT's indemnification obligation set forth in this Section 6.6 extends to any personal guaranty of any SN obligation by either of the Shareholders ("Guaranty Obligations"). As such, MMT shall (i) pay off the Wells Fargo LOC at Closing, and (ii) make reasonable efforts to remove the Shareholders as personal guarantor(s) of any SN obligations. Furthermore, in the event that any assets of either Shareholder are posted as security for any SN obligation, MMT shall also make reasonable efforts to pay off such obligation or shall post its own assets to replace those posted by Shareholders.

The Shareholders Indemnified Parties shall not be required to make any claim or demand against any other Person prior to the making of any claim or demand for indemnification or at any other time. The rights of the Shareholders Indemnified Parties under this Section 6.6 are in addition to such other rights and remedies which they may have under this Agreement or otherwise.

Notwithstanding any other provision of this Agreement, except for any Misrepresentation Claim with respect to which MMT had Knowledge, no demand or claim for indemnification under this Section 6.6 may be made after six (6) months following the Closing Date. No demand or claim for indemnification under this Section 6.6 for any Misrepresentation Claim may be made after the first anniversary of the Closing Date if MMT had Knowledge with respect to such Misrepresentation Claim.

6.7 Procedure for Indemnification Claims .

(a) The MMT Indemnified Parties and the Shareholders Indemnified Parties are referred to collectively herein as "Indemnified Parties", and the Persons from whom indemnification is sought pursuant to this Article VI are referred to herein as "Indemnifying Parties."

(b) If at any time an Indemnified Party determines to assert a right to indemnification hereunder, the Indemnified Party shall give to the Indemnifying Party written notice describing the matter for which indemnification is sought in reasonable detail. In the event that a demand or claim for indemnification is made hereunder with respect to a matter the amount or extent of which is not yet known or certain, the notice of demand for indemnification shall so state, and, where practicable, shall include an estimate of the amount of the matter. The failure of an Indemnified Party to give notice of any matter to the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party may have to any Indemnified Party.

(c) Within 15 days after receipt of the notice referred to in clause (b) above, the Indemnifying Party from whom indemnification is sought shall (i) if true, acknowledge in writing his responsibility for all or part of such matter, and shall pay or otherwise satisfy the portion of such matter as to which responsibility is acknowledged or take such other action as is reasonably satisfactory to the Indemnified Party to resolve any such matter that involves anyone not a party hereto, or (ii) give written notice to the Indemnified Party of his intention to dispute or contest all or part of such responsibility. Upon delivery of such notice of intention to contest, the parties shall negotiate in good faith to resolve as promptly as possible any dispute as to responsibility for, or the amount of, any such matter. Failure to respond to a notice claiming indemnification shall be deemed a denial of responsibility therefore.

(d) In the event that the Indemnified Party is required to expend any amount in enforcing his, her or its rights of indemnification hereunder, the Indemnifying Parties will, jointly and severally, promptly upon request, pay such amounts to the Indemnified Party if indemnification is required to be made hereunder.

(e) Each Indemnifying Party shall have the right to employ separate counsel in any action or claim which is brought against any Indemnified Party in respect of which indemnity may be sought from it, and to participate in the defense of such action or claim, if such Indemnifying Party confirms in writing its responsibility for such action or claim; provided, however, that (i) the Indemnified Party or Parties shall retain control of such action or claim and (ii) the fees and expenses of such separate counsel shall be at the expense of the Indemnifying Party.

ARTICLE VII

TERMINATION, AMENDMENT AND WAIVER

7.1 Termination . This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of MMT and the Shareholders;

(b) by either MMT or the Shareholders if the Transaction shall not have been consummated by _____, 2017 (“Closing Deadline”) for any reason;

(c) by either MMT or the Shareholders if a Governmental Entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Transaction, which order, decree, ruling or other action is final and nonappealable;

(d) by the Shareholders, upon a material breach of any representation, warranty, covenant or agreement on the part of MMT set forth in this Agreement, or if any representation or warranty of MMT shall have become materially untrue, in either case such that the conditions set forth in Section 6.2(a) or Section 6.2(b) would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in MMT's representations and warranties or breach by MMT is curable by MMT prior to the Closing Date, then the Shareholders may not terminate this Agreement under this Section 7.1(d) for thirty (30) days after delivery of written notice from Shareholders to MMT of such breach, provided MMT continues to exercise commercially reasonable efforts to cure such breach (it being understood that Shareholders may not terminate this Agreement pursuant to this Section 7.1(d) if they shall have also materially breached this Agreement or if such breach by MMT is cured during such thirty (30)-day period); or

(e) by MMT, upon a material breach of any representation, warranty, covenant or agreement on the part of the Shareholders set forth in this Agreement, or if any representation or warranty of the Shareholders shall have become materially untrue, in either case such that the conditions set forth in Section 6.3(a) or Section 6.3(b) would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in the Shareholders' representations and warranties or breach by the Shareholders is curable by the Shareholders prior to the Closing Date, then MMT may not terminate this Agreement under this Section 7.1(e) for thirty (30) days after delivery of written notice from MMT to the Shareholders of such breach, provided the Shareholders continue to exercise commercially reasonable efforts to cure such breach (it being understood that MMT may not terminate this Agreement pursuant to this Section 7.1(e) if it shall have materially breached this Agreement or if such breach by the Shareholders is cured during such thirty (30)-day period).

(f) by MMT, in its sole and absolute discretion, if following the Effective Date, the net assets or the annual revenue of SN as included in the independent audit of SN to be provided within seventy (70) days from the Effective Date, deviate by more than ten percent (10%) from the unaudited financial information provided by SN pursuant to Section 2.10 herein.

7.2 Notice of Termination; Effect of Termination . Any termination of this Agreement under Section 7.1 above will be effective immediately upon (or, if the termination is pursuant to Section 7.1(d) or Section 7.1(e) and the proviso therein is applicable, thirty (30) days after the party in breach fails to cure the breach) the delivery of written notice of the terminating party to the other parties hereto. In the event of the termination of this Agreement as provided in Section 7.1, this Agreement shall be of no further force or effect and the Transaction shall be abandoned, except (i) as set forth in this Section 7.2, Section 7.3 and Article VIII (General Provisions), each of which shall survive the termination of this Agreement, and (ii) nothing herein shall relieve any party from liability for any intentional or willful breach of this Agreement.

7.3 Fees and Expenses . All fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses whether or not the Transaction is consummated.

7.4 Amendment . This Agreement may be amended by the parties hereto at any time by execution of an instrument in writing signed on behalf of each of MMT, SN and the Shareholders.

7.5 Extension; Waiver . At any time prior to the Closing, any party hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. Delay in exercising any right under this Agreement shall not constitute a waiver of such right.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Notices . All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or sent via telecopy (receipt confirmed) to the parties at the addresses indicated above, or such other address as a party may so designate in the future, in writing.

8.2 Interpretation .

(a) When a reference is made in this Agreement to Exhibits, such reference shall be to an Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement. Unless otherwise indicated the words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(b) For purposes of this Agreement, the term "Material Adverse Effect" when used in connection with an entity means any change, event, violation, inaccuracy, circumstance or effect, individually or when aggregated with other changes, events, violations, inaccuracies, circumstances or effects, that is materially adverse to the business, assets (including intangible assets), revenues, financial condition or results of operations of such entity, if any, taken as a whole, it being understood that neither of the following alone or in combination shall be deemed, in and of itself, to constitute a Material Adverse Effect: (a) changes attributable to the public announcement or pendency of the transactions contemplated hereby, (b) changes in general national or regional economic conditions, or (c) changes affecting the industry generally in which SN or MMT operate.

(c) For purposes of this Agreement, the term "Person" shall mean any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Governmental Entity.

8.3 Counterparts Facsimile Execution . For purposes of this Agreement, a document (or signature page thereto) signed and transmitted electronically or by facsimile machine or telecopier is to be treated as an original document. The signature of any party thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party, an electronic, facsimile or telecopy document is to be re-executed in original form by the parties who executed the facsimile or telecopy document. No party may raise the use of a computer, facsimile machine or telecopier machine as a defense to the enforcement of the Agreement or any amendment or other document executed in compliance with this Section .

8.4 Entire Agreement; Third Party Beneficiaries . This Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein, including the Schedules hereto constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

8.5 Severability . In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

8.6 Survival . All representations, warranties, agreements and covenants contained in or made pursuant to this Agreement, or any Exhibit or Schedule hereto or thereto or any certificate delivered at the Closing, shall survive (and not be affected by) the Closing, but all claims made by virtue of such representations, warranties, agreements and covenants shall be made under, and subject to the limitations set forth in this Article VIII.

8.7 Other Remedies; Specific Performance . Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

8.8 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

8.9 Rules of Construction . The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

8.10 Assignment . No party may assign either this Agreement or any of his, her or its rights, interests, or obligations hereunder without the prior written approval of the other parties. Subject to the first sentence of this Section 8.10, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

8.11 Attorneys Fees . The prevailing party in any litigation, arbitration, insolvency or other proceeding ("Proceeding") relating to the enforcement or interpretation of this Agreement may recover from the unsuccessful party all costs, expenses, and attorney's fees (including expert witness and other consultants' fees and costs) relating to or arising out of (a) the Proceeding (whether or not the Proceeding proceeds to judgment), and (b) any post-judgment or post-award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and attorney's fees.

(Balance of page intentionally left blank – signature page follows.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

MEDICINE MAN TECHNOLOGIES INC.

By: s/ Andrew Williams
Andrew Williams, President

SUCCESS NUTRIENTS, INC.

By: s/ Joshua Haupt
Joshua Haupt, President

SHAREHOLDERS:

s/ Nicholas F. Costello
Nicholas F. Costello

s/ Angelo Harris
Angelo Harris

s/ Terence A. Fitch
Terence A. Fitch

s/ Gregory S. Schneider
Gregory S. Schneider

s/ Michael J. Walsh
Michael J. Walsh

s/ Brent D. Emerson
Brent D. Emerson

s/ Gregory E. Gluckman
Gregory E. Gluckman

s/ Maxwell J. Statler
Maxwell J. Statler

s/ Jorge M. Vivanco
Jorge M. Vivanco

s/ Brian T. Herrmann
Brian T. Herrmann

s/ Paul E. Dowell
Paul E. Dowell

s/ Christopher E. Freiboth
Christopher E. Freiboth

s/ Brenda Billings
Brenda Billings

s/ Paula D. Upton
Paula D. Upton

s/ Christopher J. Lynch
Christopher J. Lynch

s/ Micah L. Mitchell
Micah L. Mitchell

s/ Adam A. Delorme
Adam A. Delorme

s/ Sean E. McMechen
Sean E. McMechen

s/ Cole R. Marone
Cole R. Marone

s/ Scott A. Rickard
Scott A. Rickard

Exhibit 10.5

MERGER AGREEMENT

BY AND AMONG

MEDICINE MAN TECHNOLOGIES, INC.,

MEDICINE MAN CONSULTING INC.

and
PONO PUBLICATIONS LTD.

AGREEMENT AND PLAN OF MERGER (" **Agreement** ") entered into and effective as of February __, 2017 by and among MEDICINE MAN TECHNOLOGIES, INC., a Nevada corporation (" **MMT** "), MEDICINE MAN CONSULTING INC., a Colorado corporation (the " **Merger Sub** ") (MMT and the Merger Sub hereinafter jointly referred to as the " **MMT Companies** ") and PONO PUBLICATIONS LTD., a Colorado corporation (the " **Company** ") (MMT, the Merger Sub and the Company hereinafter jointly referred to as the " **Parties** ").

WHEREAS , the Parties hereto desire to cause the Company to merge with and into the Merger Sub, a wholly-owned subsidiary of MMT, with the Merger Sub as the surviving corporation in such merger (the " **Merger** ") upon the terms and subject to the conditions of this Agreement and in accordance with the Colorado Business Corporation Act (the " **CBCA** ");

WHEREAS , the Board of Directors of the Company has (a) determined that the Merger is advisable and is fair to and in the best interests of the holders of its common stock, no par value per share (the " **Company Common Stock** "), and (b) approved this Agreement, the Merger and the transactions contemplated hereby and thereby, and recommended that the holders of the Company Common Stock adopt this Agreement and approve the Merger;

WHEREAS , the Board of Directors of MMT has (a) determined that the Merger is advisable and is fair to and in the best interests of the holders of its common stock, par value $.001 per share; (b) approved this Agreement, the Merger and the transactions contemplated hereby and thereby, and recommended that the holders of a majority of the MMT issued and outstanding Common Stock adopt this Agreement and approve the Merger; and (iii) as the sole stockholder of the Merger Sub, has determined that the Merger is advisable and in the best interests of Merger Sub and has adopted this Agreement and approved the Merger and the transactions contemplated hereby and thereby;

WHEREAS , holders of a majority of both the Company's issued and outstanding securities and MMT's issued and outstanding securities have agreed to the terms and condition contained herein and have voted their respective securities in favor of the adoption of this Agreement and the approval of the Merger;

WHEREAS , the Parties hereto desire to make certain representations, warranties, covenants and agreements in respect of the Merger and to prescribe various conditions thereto, all as hereinafter set forth; and

WHEREAS , it is the intention of the Parties that, for United States federal income tax purposes, (i) the Merger shall constitute a "tax-free reorganization" within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the " **Code** "), and (ii) this Agreement shall constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Code.

NOW, THEREFORE , in consideration of the premises and the mutual representations, warranties, covenants and agreements contained herein, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
THE MERGER

SECTION 1.01 The Merger

Upon the terms and subject to the conditions set forth herein and in accordance with the CBCA, at the Effective Time, the Company shall be merged with and into the Merger Sub , whereupon the separate corporate existence of the Company shall cease and the Merger Sub shall continue as the surviving corporation (the " **Surviving Corporation** ").

SECTION 1.02 Effective Time; Closing

As promptly as practicable following the execution of this Agreement, immediately after the satisfaction of the condition set forth in Article V and herein, the Parties hereto shall cause the Merger to be consummated by filing a statement of merger (the " **Statement of Merger** ") with the Secretary of State of the State of Colorado, in such form as is required by and executed in accordance with the CBCA (the " **Effective Time** "). Immediately prior to the filing of the Statement of Merger, a closing will be held at the offices of Andrew I. Telsey, P.C., 12835 E Arapahoe Road, Tower 1 #803, Centennial, CO 80112 (the " **Closing** "), or such other place, date and time as the Parties mutually may agree.

SECTION 1.03 Effect of the Merger

From and after the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, disabilities and duties of each of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation.

SECTION 1.04 Certificate of Incorporation; By-Laws .

(a) At or prior to the Effective Time, the articles of incorporation of the Surviving Corporation shall be the articles of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by the CBCA.

(b) At or prior to the Effective Time, the by-laws of the Surviving Corporation shall be the by-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by the CBCA.

SECTION 1.05 Directors

At the Effective Time, Charles Haupt shall be appointed to the Board of Directors of both MMT and the MMT Sub. All other officers and directors of both MMT and the MMT Sub shall remain in place.

SECTION 1.06 Tax Consequences

The Parties intend that, for United States federal income tax purposes, (a) the Merger shall constitute a tax-free reorganization within the meaning of Section 368 of the Code, and MMT, Merger Sub and the Company each shall be a party within the meaning of Section 368(b) of the Code to such reorganization, (b) this Agreement shall constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Code, and (c) the MMT Merger Stock shall be treated as a "common stock" under Section 305 of the Code.

ARTICLE II
MERGER OF PONO INTO MMC; CONVERSION OF SECURITIES

SECTION 2.01 Merger .

(a) At the Effective Time the Company shall be merged with and into Merger Sub, which shall be the Surviving Corporation and the Company shall cease to then exist. By virtue of the Merger and without any action on the part of the holder of any shares of Company Stock, MMT or Merger Sub ***all*** shares of Company Common Stock which are issued and outstanding immediately prior to the Effective Time, shall collectively be converted into an aggregate of Three Million Five Hundred Thousand Shares of MMT Common Stock, $.001 par value per share (the " **MMT Merger Stock** ") on a 35:1 basis equal to such aggregate number of shares of Company Common Stock.

(b) At the Effective Time, each share of Company Stock no longer shall be deemed outstanding and automatically shall be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Company Stock shall cease to have any rights with respect thereto.

(c) At the Effective Time all of the assets and liabilities of the Company shall be assigned by MMT to the Merger Sub.

SECTION 2.02 Issuance of Certificates .

(a) **Certificates.** As soon as reasonably practicable after the Effective Time, MMT shall mail to each holder of record a certificate or certificates (the " **Certificates** ") that immediately prior to the Effective Time evidenced outstanding shares of Company Stock which were converted into the right to receive such holder's ratable portion of the MMT Merger Stock instructions for use in effecting the surrender of the Certificates in exchange for such holder's ratable portion of the MMT Merger Stock. Upon surrender of a Certificate for cancellation to MMT or to other agent or agents as may be appointed by MMT, together with such letter of transmittal, duly executed, and such other documents as reasonably may be required by MMT, the holder of such Certificate shall be entitled to receive in exchange therefore the ratable portion of the MMT Merger Stock into which the shares of Company Stock theretofore evidenced by such Certificate shall have been converted pursuant to this Agreement, and the Certificate so surrendered forthwith shall be canceled. In the event of a transfer of ownership of Company Stock that is not registered in the transfer records of the Company, delivery may be made to a Person other than the Person in whose name the Certificate so surrendered is registered, if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such delivery shall pay all transfer and other Taxes required by reason of the payment to a Person other than the registered holder of such Certificate or establish to the satisfaction of MMT that such Tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.02 , each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the ratable portion of the MMT Merger Stock into which the shares of Company Stock theretofore evidenced by such Certificate shall have been converted pursuant to Section 2.01 . No interest shall be paid or accrue on any MMT Merger Stock payable upon surrender of any Certificate.

(b) **Lost Certificates** . If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by MMT, the posting by such Person of an indemnity bond, in such reasonable amount as the Surviving Corporation may direct, as collateral security against any claim that may be made against it with respect to such Certificate, MMT shall issue in exchange for such lost, stolen or destroyed Certificate the applicable number of shares of MMT Merger Stock.

(c) **Further Assurances** . If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of the Merger Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of the Merger Sub and the Company or otherwise, all such deeds, bills of sale, assignments and assurances and to take and do, in such names and on such behalves or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out the purposes of this Agreement.

SECTION 2.03 Stock Transfer Books

At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of shares of Company Common Stock thereafter on the records of the Company. From and after the Effective Time, the holders of Certificates shall cease to have any rights with respect to such shares of Company Stock, except as otherwise provided herein or by law. At or after the Effective Time, any Certificates presented to the Surviving Corporation or MMT, for any reason shall represent only the right to receive the applicable MMT Merger Stock, without any interest thereon.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND
COVENANTS OF THE MMT COMPANIES

As an inducement to, and to obtain the reliance of the Company, the MMT Companies hereby represents, warrants and covenants as follows:

SECTION 3.01 Organization

MMT is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada. The Merger Sub is a corporation duly organized, validly existing, and in good standing under the laws of the State of Colorado. The MMT Companies have the corporate power and are duly authorized, qualified, franchised, and licensed under all applicable laws, regulations, ordinances, and orders of public authorities to own all of their properties and assets and to carry on their business as it is now being conducted, including qualification to do business as a foreign corporation in any states in which the character and location of the assets owned by it or the nature of the business transacted by it requires qualification, except where such failure would not have a material adverse effect on business or financial condition of either of the MMT Companies.

SECTION 3.02 Capitalization and Ownership .

(a) **MMT Capitalization** . As of the date hereof, the authorized capitalization of MMT consists of 90,000,000 shares of Common Stock, par value $.001 per share, of which 10,470,944 shares are currently issued and outstanding. All of the issued and outstanding shares of MMT Common Stock are validly issued, fully paid, and non-assessable. There are 521,429 shares of MMT Common Stock reserved for issuance underlying conversion of outstanding convertible securities. The MMT Common Stock is not owned or held in violation of any preemptive right of any other person or entity. There is no commitment, plan, subscription rights, or arrangement to issue, no preemptive right to acquire, and no outstanding option, warrant, or other right calling for the issuance of, any shares of MMT Common Stock.

(b) **Assumption of Liabilities** . Effective as of the Effective Time, the Merger Sub will absolutely, unconditionally and irrevocably assume all obligations and liabilities of the Company that exist prior to the Closing, whether vested or contingent, accrued or unaccrued, liquidated or unliquidated, arising out of contract, tort, statute, common law or otherwise.

SECTION 3.03 Subsidiaries

On the Effective Date MMT shall have two wholly owned subsidiaries, Success Nutrients, Inc. and the Merger Sub. MMT does not have any other subsidiaries and does not own, beneficially or of record, any shares of any other corporation.

SECTION 3.04 Financial Condition

MMT has delivered to the Company MMT's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (" **Form 10-K** ") and its Quarterly Reports on Form 10-Q for the periods ended March 31, 2016, June 30, 2016 and September 30, 2016 (in the aggregate, the " **Form 10-Qs** "). Each of the Form 10-K and Form 10-Qs presents fairly and accurately the information contained therein and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; each such statement of income and statement of retained earnings presents fairly and accurately the results of operations of MMT for the period indicated; and each such statement of changes in financial position presents fairly and accurately the information purported to be shown therein. The financial statements (including the notes thereto) referred to in this Section 3.04 have been prepared in accordance with United States generally accepted accounting principles (" **GAAP** ") consistently applied throughout the periods involved are in compliance with all applicable rules and regulations promulgated by the Securities and Exchange Commission (the " **SEC** "), are correct and complete and are in accordance with the books and records of MMT.

SECTION 3.05 Reports .

MMT has filed all forms, reports and documents with the SEC required to be filed by it pursuant to the federal securities laws and SEC rules and regulations thereunder, and all such forms, reports and documents, as amended, filed with the SEC have complied with all applicable requirements of the federal securities laws and the SEC rules and regulations promulgated thereunder.

SECTION 3.06 Tax and Other Liabilities .

(a) MMT has filed all state and federal Tax returns that it was required to file, and has paid all Taxes shown thereon as owing, except where the failure to file Tax returns or to pay Taxes would not have a material adverse effect on the financial condition of MMT and its subsidiaries taken as a whole.

(b) MMT has not waived any statute of limitations in respect of any Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency.

(c) MMT is not a party to any Tax allocation or sharing agreement.

As used herein " **Taxes** " shall include all federal, state, local or foreign taxes, including but not limited to income, gross receipts, windfall profits, goods and services, value added, severance, property, production, sales, use, license, excise, franchise, employment, withholding or similar taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

SECTION 3.07 Absence of Certain Changes or Events

Except as set forth in this Agreement or in the Form 10-Q, since September 30, 2016:

(a) To the best of MMT's knowledge, there has not been (i) any adverse change in the business, operations, properties, assets, or condition of MMT; or (ii) any damage, destruction, or loss to MMT (whether or not covered by insurance) adversely affecting the business, operations, properties, assets, or condition of MMT;

(b) Except as disclosed to the Company, MMT has not (i) amended its articles of incorporation or bylaws; (ii) declared or made, or agreed to declare or make, any payment of dividends or distributions of any assets of any kind whatsoever to stockholders or purchased or redeemed, or agreed to purchase or redeem, any of its capital stock; (iii) waived any rights of value which in the aggregate are extraordinary or material considering the business of MMT; (iv) made any change in its method of management, operation, or accounting; (v) entered into any other transaction; (vi) made any accrual or arrangement for payment of bonuses or special compensation of any kind or any severance or termination pay to any present or former officer or employee; (vii) increased the rate of compensation payable or to become payable by it to any of its officers, directors or employees or (viii) made any increase in any profit sharing, bonus, deferred compensation, insurance, pension, retirement, or other employee benefit plan, payment, or arrangement made to, for, or with its officers, directors, or employees; and

(c) MMT has not (i) borrowed or agreed to borrow any funds or incurred, or become subject to, any obligation or liability (absolute or contingent); (ii) paid any obligation or liability (absolute or contingent) other than current liabilities reflected in or shown on the most recent MMT balance sheet; (iii) sold or transferred, or agreed to sell or transfer, any of its assets, properties, or rights (except (A) the transactions contemplated by the Purchase Agreement, and (B) assets, properties, or rights not used or useful in its business which, in the aggregate have a value of less than $10,000), or canceled, or agreed to cancel, any debts or claims (except debts or claims which in the aggregate are of a value of less than $10,000); or (iv) made or permitted any amendment or termination of any contract, agreement, or license to which it is a party if such amendment or termination is material, considering the business of MMT.

SECTION 3.08 Issuance

The shares of MMT Common Stock issued as consideration hereunder are duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, and shall not be subject to preemptive rights or other similar rights of stockholders of MMT.

SECTION 3.09 Approval of Agreement

The board of directors of MMT has authorized the execution and delivery of this Agreement and has approved the transactions contemplated hereby, and approved the submission of this Agreement and the transactions contemplated hereby to the stockholders of MMT for their approval with the recommendation that the transaction be accepted if it has been deemed necessary.

SECTION 3.10 Litigation and Proceedings

There are no actions, suits, proceedings, or investigations pending or, to the best of MMT's knowledge, threatened by or against MMT or affecting MMT or its properties, at law or in equity, before any court or other governmental agency or instrumentality, domestic or foreign, or before any arbitrator that would have a material adverse effect on its business. MMT does not have any knowledge of any default on its part with respect to any judgment, order, writ, injunction, decree, award, rule, or regulation of any court, arbitrator, or governmental agency or instrumentality or of any circumstances which, after reasonable investigation, would result in the discovery of such a default.

SECTION 3.11 Contracts .

(a) Except as disclosed to the Company, there are no material contracts, agreements, franchises, license agreements, or other commitments to which MMT is a party or by which it or any of its assets, products, or properties are bound outside of the ordinary course of business;

(b) Except as disclosed to the Company or in its SEC reports, MMT is not a party to any oral or written (i) contract for the employment of any officer or employee which is not terminable on 30 days or less notice; (ii) profit sharing, bonus, deferred compensation, stock option, severance pay, pension benefit or retirement plan, agreement, or arrangement covered by Title IV of the Employee Retirement Income Security Act, as amended; (iii) agreement, contract, or indenture relating to the borrowing of money; (iv) guaranty of any obligation, other than one on which MMT is a primary obligor, for the borrowing of money or otherwise, excluding endorsements made for collection and other guaranties of obligations, which, in the aggregate do not exceed more than one year or providing for payments in excess of $10,000 in the aggregate; (vi) collective bargaining agreement; (vii) agreement with any present or former officer or partner of MMT or (viii) contract, agreement, or other commitment involving payments by it of more than $10,000 in the aggregate.

SECTION 3.12 Material Contract Defaults

To the best of MMT's knowledge, MMT is not in default under the terms of any outstanding contract, agreement, lease, or other commitment which is material to the business, operations, properties, assets, or condition of MMT and there is no event of default in any material respect under any such contract, agreement, lease, or other commitment in respect of which MMT has not taken adequate steps to prevent such a default from occurring.

SECTION 3.13 No Conflict With Other Instruments

The execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of, or constitute an event of default under, any material indenture, mortgage, deed of trust, or other material contract, agreement, or instrument to which MMT is a party or to which any of its properties or operations are subject.

SECTION 3.14 Governmental Authorizations

To the best of MMT's knowledge, MMT has all licenses, franchises, permits, and other governmental authorizations that are legally required to enable it to conduct its business in all material respects as conducted on the date hereof; except for compliance with federal and state securities and corporation laws, as hereinafter provided, no authorization, approval, consent, or order of, or registration, declaration, or filing with, any court or other governmental body is required in connection with the execution and delivery by MMT of this Agreement and the consummation by MMT of the transactions contemplated hereby.

SECTION 3.15 Compliance With Laws and Regulations

To the best of MMT's knowledge, MMT has complied with all applicable statutes and regulations of any federal, state, or other governmental entity or agency thereof, except to the extent that noncompliance would not materially and adversely affect the business, operations, properties, assets, or condition of MMT or except to the extent that noncompliance would not result in the incurrence of any material liability for MMT.

SECTION 3.16 Insurance

All the insurable properties of MMT are insured in their full replacement value against all risks customarily insured against by persons operating similar properties in localities where such properties are located and under valid and enforceable policies by insurers of recognized responsibility. Such policy or policies containing substantially equivalent coverage will be outstanding on the date of consummation of the transactions contemplated by this Agreement.

SECTION 3.17 Environmental Matters .

(a) To the best of MMT's knowledge, MMT has no liability under, and each are presently in compliance in all material respects with all Environmental Laws applicable to MMT, its assets or business.

(b) MMT has no knowledge of the releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping of Hazardous Substances into the soil, surface waters, ground waters, land, stream sediments, surface of subsurface strata, ambient air, sewer system, or any environmental medium at or from any property or asset owned, used or occupied by MMT (**"Environmental Condition"**) in violation of any applicable Environmental Law.

SECTION 3.18 No Undisclosed Liabilities

To the best of MMT's knowledge, MMT has no liabilities or obligations of any nature (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due), including without limitation any liability for Taxes or any obligations or liabilities of the nature or type required to be disclosed under GAAP, which are, individually or in the aggregate, material to the business, results of operations, assets or financial condition of MMT, taken as a whole, other than such liabilities or obligations that have been specifically disclosed in the Form 10-K or Form 10-Qs.

SECTION 3.19 Materiality

To the best of MMT's knowledge, no representation or warranty in this Article III contains any materially untrue statement of a material fact or omits to state any material fact required to make the statements contained therein not materially misleading or materially necessary in order to provide Company with reasonably complete information as to MMT' business or financial condition.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

As an inducement to, and to obtain the reliance of MMT, the Company hereby represents, warrants and covenants as follows:

SECTION 4.01 Organization

(a) As of the date hereof, the authorized capitalization of the Company consists of 1,000,000 shares of Common Stock, no par value per share (the " **Pono Common Stock** "), of which 100,000 shares of Pono Common Stock are currently issued and outstanding. All of the issued and outstanding shares of Pono Common Stock are validly issued, fully paid, and non-assessable. There are no shares of Pono Common Stock reserved for issuance underlying conversion of outstanding Company convertible securities or outstanding options and warrants. Pono Common Stock is not owned or held in violation of any preemptive right of any other person or entity. There is no commitment, plan, subscription rights, or arrangement to issue, no preemptive right to acquire, and no outstanding option, warrant, or other right calling for the issuance of, any shares of Pono Common Stock or any security or other instrument convertible into, exercisable for, or exchangeable for Pono Common Stock.

(b) The Company has furnished to MMT complete and correct copies of the certificate of incorporation, and bylaws of Company as in effect on the date hereof. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement in accordance with the terms hereof will not, violate any provision of such certificates of incorporation or bylaws. The Company has taken all action required by law, its certificate of incorporation, bylaws, or otherwise to authorize the execution and delivery of this Agreement. The Company has full power, authority, and legal right and has taken all action required by law, its incorporation and bylaws, and otherwise to consummate the transactions herein contemplated.

SECTION 4.02 No Conflict With Other Instruments

The execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of, or constitute an event of default under, any material indenture, mortgage, deed of trust, or other material contract, agreement, or instrument to which the Company is a party or to which any of its properties or operations are subject.

SECTION 4.03 Approval of Agreement

The board of directors of the Company has authorized the execution and delivery of this Agreement and has approved the transactions contemplated hereby, and approved the submission of this Agreement and the transactions contemplated hereby to the stockholders of the Company for their approval with the recommendation that the transaction be accepted if it has been deemed necessary.

SECTION 4.04 Financial Condition

The Company has delivered to MMT its unaudited financial statements through December 31, 2016 (the " **Pono Financial Statements** "). The Pono Financial Statements presents fairly and accurately the information contained therein and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; each such statement of income and statement of retained earnings presents fairly and accurately the results of operations of the Company for the period indicated; and each such statement of changes in financial position presents fairly and accurately the information purported to be shown therein. The Pono Financial Statements (including the notes thereto) referred to in this Section 4.04 have been prepared in accordance with United States generally accepted accounting principles (" **GAAP** "), are correct and complete and are in accordance with the books and records of the Company.

SECTION 4.05 Tax and Other Liabilities .

(a) The Company has filed all state and federal Tax returns that it was required to file, and has paid all Taxes shown thereon as owing, except where the failure to file Tax returns or to pay Taxes would not have a material adverse effect on the financial condition of the Company;

(b) the Company has not waived any statute of limitations in respect of any Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency.

(c) the Company is not a party to any Tax allocation or sharing agreement.

As used herein " **Taxes** " shall include all federal, state, local or foreign taxes, including but not limited to income, gross receipts, windfall profits, goods and services, value added, severance, property, production, sales, use, license, excise, franchise, employment, withholding or similar taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

SECTION 4.06 Absence of Certain Changes or Events

Except as set forth in this Agreement, since December 31, 2016:

(a) To the best of the Company's knowledge, there has not been (i) any adverse change in the business, operations, properties, assets, or condition of the Company; or (ii) any damage, destruction, or loss to the Company (whether or not covered by insurance) adversely affecting the business, operations, properties, assets, or condition of the Company;

(b) Except as disclosed to MMT, the Company has not (i) amended its articles of incorporation or bylaws; (ii) declared or made, or agreed to declare or make, any payment of dividends or distributions of any assets of any kind whatsoever to stockholders or purchased or redeemed, or agreed to purchase or redeem, any of its capital stock; (iii) waived any rights of value which in the aggregate are extraordinary or material considering the business of the Company; (iv) made any change in its method of management, operation, or accounting; (v) entered into any other transaction; (vi) made any accrual or arrangement for payment of bonuses or special compensation of any kind or any severance or termination pay to any present or former officer or employee; (vii) increased the rate of compensation payable or to become payable by it to any of its officers, directors or employees or (viii) made any increase in any profit sharing, bonus, deferred compensation, insurance, pension, retirement, or other employee benefit plan, payment, or arrangement made to, for, or with its officers, directors, or employees; and

(c) the Company has not (i) borrowed or agreed to borrow any funds or incurred, or become subject to, any obligation or liability (absolute or contingent); (ii) paid any obligation or liability (absolute or contingent) other than current liabilities reflected in or shown on the most recent Company balance sheet; (iii) sold or transferred, or agreed to sell or transfer, any of its assets, properties, or rights not used or useful in its business which, in the aggregate have a value of less than $10,000), or canceled, or agreed to cancel, any debts or claims (except debts or claims which in the aggregate are of a value of less than $10,000); or (iv) made or permitted any amendment or termination of any contract, agreement, or license to which it is a party if such amendment or termination is material, considering the business of the Company.

SECTION 4.07 No Undisclosed Liabilities

To the best of the Company's knowledge, the Company has no liabilities or obligations of any nature (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due), including without limitation any liability for Taxes or any obligations or liabilities of the nature or type required to be disclosed under GAAP, which are, individually or in the aggregate, material to the business, results of operations, assets or financial condition of the Company

SECTION 4.08 Litigation and Proceedings

There are no actions, suits, proceedings, or investigations pending or, to the best of the Company's knowledge, threatened by or against the Company or affecting the Company or its properties, at law or in equity, before any court or other governmental agency or instrumentality, domestic or foreign, or before any arbitrator that would have a material adverse effect on its business. the Company does not have any knowledge of any default on its part with respect to any judgment, order, writ, injunction, decree, award, rule, or regulation of any court, arbitrator, or governmental agency or instrumentality or of any circumstances which, after reasonable investigation, would result in the discovery of such a default.

SECTION 4.09 Contracts .

(a) Except as disclosed to MMT, there are no material contracts, agreements, franchises, license agreements, or other commitments to which the Company is a party or by which it or any of its assets, products, or properties are bound outside of the ordinary course of business;

(b) Except as disclosed to MMT, the Company is not a party to any oral or written (i) contract for the employment of any officer or employee which is not terminable on 30 days or less notice; (ii) profit sharing, bonus, deferred compensation, stock option, severance pay, pension benefit or retirement plan, agreement, or arrangement covered by Title IV of the Employee Retirement Income Security Act, as amended; (iii) agreement, contract, or indenture relating to the borrowing of money; (iv) guaranty of any obligation, other than one on which the Company is a primary obligor, for the borrowing of money or otherwise, excluding endorsements made for collection and other guaranties of obligations, which, in the aggregate do not exceed more than one year or providing for payments in excess of $10,000 in the aggregate; (vi) collective bargaining agreement; (vii) agreement with any present or former officer or partner of the Company or (viii) contract, agreement, or other commitment involving payments by it of more than $10,000 in the aggregate.

SECTION 4.10 Material Contract Defaults

To the best of the Company's knowledge, the Company is not in default under the terms of any outstanding contract, agreement, lease, or other commitment which is material to the business, operations, properties, assets, or condition of the Company and there is no event of default in any material respect under any such contract, agreement, lease, or other commitment in respect of which the Company has not taken adequate steps to prevent such a default from occurring.

SECTION 4.11 No Conflict With Other Instruments

The execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of, or constitute an event of default under, any material indenture, mortgage, deed of trust, or other material contract, agreement, or instrument to which the Company is a party or to which any of its properties or operations are subject.

SECTION 4.12 Governmental Authorizations

To the best of the Company's knowledge, the Company has all licenses, franchises, permits, and other governmental authorizations that are legally required to enable it to conduct its business in all material respects as conducted on the date hereof; except for compliance with federal and state securities and corporation laws, as hereinafter provided, no authorization, approval, consent, or order of, or registration, declaration, or filing with, any court or other governmental body is required in connection with the execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby.

SECTION 4.13 Compliance With Laws and Regulations

To the best of the Company's knowledge, the Company has complied with all applicable statutes and regulations of any federal, state, or other governmental entity or agency thereof, except to the extent that noncompliance would not materially and adversely affect the business, operations, properties, assets, or condition of the Company or except to the extent that noncompliance would not result in the incurrence of any material liability for the Company.

SECTION 4.14 Insurance

All the insurable properties of the Company are insured in their full replacement value against all risks customarily insured against by persons operating similar properties in localities where such properties are located and under valid and enforceable policies by insurers of recognized responsibility. Such policy or policies containing substantially equivalent coverage will be outstanding on the date of consummation of the transactions contemplated by this Agreement.

SECTION 4.15 Environmental Matters .

(a) To the best of the Company's knowledge, the Company has no liability under, and each are presently in compliance in all material respects with all Environmental Laws applicable to the Company, its assets or business.

(b) The Company has no knowledge of the releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping of Hazardous Substances into the soil, surface waters, ground waters, land, stream sediments, surface of subsurface strata, ambient air, sewer system, or any environmental medium at or from any property or asset owned, used or occupied by the Company (**"Environmental Condition"**) in violation of any applicable Environmental Law.

SECTION 4.16 No Undisclosed Liabilities

To the best of the Company's knowledge, the Company has no liabilities or obligations of any nature (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due), including without limitation any liability for Taxes or any obligations or liabilities of the nature or type required to be disclosed under GAAP, which are, individually or in the aggregate, material to the business, results of operations, assets or financial condition of the Company.

SECTION 4.17 Materiality

To the best of the Company's knowledge, no representation or warranty in this Article IV contains any materially untrue statement of a material fact or omits to state any material fact required to make the statements contained therein not materially misleading or materially necessary in order to provide MMT with reasonably complete information as to the Company's business or financial condition.

ARTICLE V
DELIVERIES AT CLOSING

SECTION 5.01 Effective Time.

The Effective Time of the Merger shall be the date on which the Statement of Merger and Articles of Merger are filed with the Secretary of State for the State of Colorado and Nevada, which shall be so filed no less than twenty (20) days following the dissemination of the MMT Information Statement applicable hereto.

SECTION 5.02 Taking of Necessary Action

An the Effective Time the Parties hereto shall take all such actions as may be necessary or appropriate in order to effectuate the transactions contemplated by this Agreement, including the following:

a. Pono shall deliver all of its stock certificates to MMT and MMT shall cause to be issued certificates representing the Merger Stock to all of the shareholders of Pono. If, at any time after the execution hereof, any further action is necessary or desirable to carry out the purposes of this Agreement, to (a) vest the Merger Sub with title to 100% of the issued and outstanding shares of Company Stock, or (b) vest the Company Stockholders with title to 100% of the issued and outstanding shares of MMT Merger Stock, the officers and directors of Company or MMT, as the case may be, shall take such necessary or desirable action in order to effectuate the transactions contemplated by this Agreement.

SECTION 5.03 Stock Legends

Certificates representing all shares of MMT Merger Stock shall bear a legend restricting transfer of the shares of MMT Merger Stock represented by such certificate in substantially the form set forth below:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY BE OFFERED AND SOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION THEREUNDER IS AVAILABLE, THE AVAILABILITY OF WHICH MUST BE ESTABLISHED TO THE SATISFACTION OF THE COMPANY.

MMT shall, from time to time, make stop transfer notations in its records to ensure compliance in connection with any proposed transfer of the shares with the Securities Act, and all applicable state securities laws.

SECTION 5.04 Fees and Expenses

Each of the Parties hereto shall be responsible for all of their respective fees and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and the transactions contemplated hereby, including, without limitation, the professional fees of counsel for each of the Parties incurred in connection with this Agreement.

SECTION 5.05 Closing Events

At the Closing, each of the respective Parties hereto shall execute, acknowledge, and deliver (or shall cause to be executed, acknowledged, and delivered) any and all certificates, opinions, financial statements, schedules, agreements, resolutions, rulings, or other instruments required by this Agreement to be so delivered at or prior to the Closing, together with such other items as may be reasonably requested by the Parties hereto and their respective legal counsel in order to effectuate or evidence the transactions contemplated hereby. Deliveries at Closing shall include, without limitation, the certificates representing the MMT Merger Stock required to be delivered at Closing pursuant to Section 2.02 hereof.

ARTICLE VI
SPECIAL COVENANTS AND AGREEMENTS OF THE PARTIES

SECTION 6.01 Required Filings

MMT shall timely file with the SEC any forms, statements, reports and documents required to be filed by it pursuant to the federal securities laws and SEC rules and regulations thereunder as a result of the Merger, this Agreement or any of the transactions contemplated hereby, and shall use its best efforts to cause all such forms, statements, reports and documents to be declared or become effective as soon as practicable thereafter.

SECTION 6.02 Access to Properties and Records

MMT and the Company will each afford to the officers and authorized representatives of the other full access to the properties, books, and records of each other as the case may be, in order that each may have full opportunity to make such reasonable investigation as it shall desire to make of the affairs of the other, and each will furnish the other with such additional financial and operating data and other information as to the business and properties of each other, as the case may be, as the other shall from time to time reasonably request.

SECTION 6.03 Special Covenants and Representations Regarding Issuance of MMT Merger Stock

The consummation of this Agreement and the transactions herein contemplated, including the issuance of MMT Merger Stock to the Company Stockholders as contemplated hereby, constitutes the offer and sale of securities under the Securities Act and applicable state statutes. Such transaction shall be consummated in reliance on exemptions from the registration and prospectus delivery requirements of such statutes which depend, inter alia, upon the circumstances under which the Company Stockholders acquire such securities. In connection with reliance upon exemptions from the registration and prospectus delivery requirements for such transactions, at the Closing the Company Stockholders shall deliver to MMT customary investment letters of representation.

SECTION 6.04 Third party Consents and Certificates

MMT and the Company agree to cooperate with each other in order to obtain any required third party consents to this Agreement and the transactions herein and therein contemplated.

SECTION 6.05 Indemnification Provisions .

(a) **By Company .** The Company hereby agrees to indemnify and hold harmless MMT and its officer, directors and shareholders, against and in respect of any loss, claim, liability, obligation or damage suffered or incurred by MMT resulting from or arising in connection with any misrepresentation (in this Agreement or the Memorandum), breach of warranty, or non-fulfillment of any covenant or agreement on the part of the Company contained in this Agreement.

(b) **By MMT .** MMT hereby agrees to indemnify and hold harmless the Company and its officer, directors and shareholders, against and in respect of any loss, claim, liability, obligation or damage suffered or incurred by the Company resulting from or arising in connection with any misrepresentation (in this Agreement or the Memorandum), breach of warranty, or non-fulfillment of any covenant or agreement on the part of MMT contained in this Agreement;

(c) **Survival of Obligation to Indemnify** . The indemnity obligations of this Section 6.05 shall survive the Closing and the payment of the consideration therefor for a period of one (1) year from the Closing and shall continue thereafter with respect to: (a) matters which the party seeking indemnity hereunder shall have given the other party written notice of as provided herein prior to one (1) year from the Closing; and (b) any claims, actions, suits, investigations or proceedings based on fraud or willful misconduct, willful misrepresentation or willful breach of warranty.

(d) **Notice and Procedure** . Any party claiming indemnity hereunder (hereinafter referred to as the " **Indemnified party** ") shall give the party against whom indemnity is sought (hereinafter referred to as the " **Indemnifying party** ") prompt written notice after obtaining knowledge of any claim or the existence of facts as to which recovery may be sought against it in respect of which the Indemnifying party may be liable because of the indemnity provisions set forth in this Section 6.05 . If such claim for indemnity arises in connection with a legal action instituted by a third party (hereinafter a " **Third Party Claim** "), the Indemnified party hereby agrees that, within ten (10) Business Days after it is served with notice of the assertion of any Third Party Claim for which it may seek indemnity hereunder, the Indemnified party will notify the Indemnifying party in writing of such Third Party Claim.

The Indemnifying party shall, within ten (10) Business Days after the date that the Indemnified party gives notice of a claim (whether a Third Party Claim or otherwise) as provided above, notify the Indemnified party whether it accepts or contests its obligation of indemnity hereunder as claimed by the Indemnified party.

If the claim for indemnity arises in connection with a Third Party Claim and the Indemnifying party accepts its indemnity obligation hereunder, the Indemnifying party shall have the right, after conceding in writing its obligation of indemnity hereunder, to conduct the defense of such action at its sole expense through counsel reasonably acceptable to the Indemnified party. The Indemnified party shall cooperate in such defense as reasonably necessary to enable the Indemnifying party to conduct its defense, including providing the Indemnifying party with reasonable access to such records as may be relevant to its defense. The Indemnifying party shall be entitled to settle any such Third Party Claim without the prior written consent of the Indemnified party provided that the Indemnifying party provides the Indemnified party with reasonable assurances that the Indemnified party will be fully indemnified by the Indemnifying party in connection with any such Third Party Claim. The Indemnified party shall be entitled to retain its own counsel at its own expense in connection with any Third Party Claim that the Indemnifying party has elected to defend. If the Indemnifying party accepts its indemnity obligations hereunder in connection with a Third Party Claim but elects not to conduct the defense thereof, the Indemnified party may defend and/or settle such Third Party Claim and shall be entitled to be indemnified for the full amount of such claim and all costs and expenses, including attorneys' fees, incurred in connection therewith pursuant to this Section 6.05 .

If the claim for indemnity arises in connection with a Third Party Claim and the Indemnifying party contests or does not accept its indemnity obligation hereunder, the Indemnified party shall have the right to defend and/or settle such Third Party Claim and thereafter seek indemnity from the other party pursuant to this Section 6.06 ; provided , however , that the Indemnified party shall not settle any such claim without the prior written consent of the Indemnifying party, which consent shall not be unreasonably withheld.

If the claim for indemnity arises other than in connection with a Third Party Claim and the Indemnifying party accepts its indemnity obligation hereunder, the Indemnifying party shall, upon the request of the Indemnified party, pay the full amount of such claim to the Indemnified party or to the third party asserting such claim as directed by the Indemnified party. If the claim for indemnity arises other than in connection with a Third Party Claim and the Indemnifying party contests its indemnity obligation hereunder, the Indemnified party shall have the right to defend, settle or take any other action with respect to such claim and thereafter seek indemnity pursuant to this Section 6.05 ; provided , however , that the Indemnified party shall not settle any such claim without the prior written consent of the Indemnifying party, which consent shall not be unreasonably withheld.

ARTICLE VII
RESOLUTION OF DISPUTES

Any controversy, dispute or claim arising out of or relating to this Agreement, or involving the Parties hereto, shall be resolved by binding arbitration before a retired judge at JAMS in the City and County of Denver, Colorado. The prevailing party shall be awarded its attorney's fees, costs and expenses.

In connection with the defense of any third party claims for which claims for indemnification have been made hereunder, each party will provide reasonable access to its and the Company's books and records as and to the extent required for the proper defense of such third party claim. Neither party shall consent to any settlement or purport to bind any other party to any settlement without the written consent of the other party.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01 No Brokers

MMT and the Company each agree that there are no other finders or brokers involved in bringing the Parties together or who were instrumental in the negotiation, execution, or consummation of this Agreement. The Parties hereto each agree to indemnify the other against any claim by any third person for any commission, brokerage, or finders' fee arising from the transactions contemplated hereby based on any alleged agreement or understanding between the indemnifying party and such third person, whether express or implied from the actions of the indemnifying party.

SECTION 8.02 Notices

Any notice, demand, request, offer, consent, approval or communications (collectively, a " **Notice** ") to be provided under this Agreement shall be in writing and sent by one of the following methods: (i) postage prepaid, United States certified or registered mail with a return receipt requested, addressed to a Party, as appropriate, at the addresses set forth below; (ii) overnight delivery with a nationally recognized and reputable air courier (with electronic tracking requested) addressed to the appropriate Party at the addresses set forth below; (iii) personal delivery to the appropriate Party at the addresses set forth below; or (iv) by confirmed electronic, facsimile or telecopier transmission to a Party, as appropriate, at the address or numbers set forth below which shall also be contemporaneously sent by one of the methods described in the preceding clause (i), (ii) or (iii) of this Section (it being understood and agreed, however, that such Notice shall be deemed received upon receipt of electronic transmission). Any such Notice shall be deemed given upon receipt thereof, or, in case of any Notice sent pursuant to clause (i), (ii) or (iii) above, the refusal thereof by the intended receipt. Notwithstanding the foregoing, in the event any Notice is sent by overnight delivery or personal delivery and it is received (or delivery is attempted) during non-business hours (*i.e.* , other than during 8:30 a.m. to 5:30 p.m. MST, Monday through Friday, excluding holidays), then such Notice shall not be deemed to have been received until the next Business Day. Either party may designate a different address for receiving Notices hereunder by notice to the other party in accordance with the provisions of this Section . Further notwithstanding the foregoing, if any Notice is sent by either party hereto to the other and such Notice has not been sent in compliance with this Section but has in fact actually been received by the other party, then such Notice shall be deemed to have been duly given by the sending party and received by the recipient party effective as of such date of actual receipt.

If to MMT or MMC:	Medicine Man Technologies, Inc. 4880 Havana Street, Suite 102 South Denver, Colorado 80239 Attn: Andrew Williams, President
With a copy to:	Andrew I. Telsey, P.C. 12835 E. Arapahoe Road Tower 1 #803 Centennial, Colorado 80112
If to Company:	Mr. Joshua Haupt 6660 East 47 th Ave Denver, CO 80216
With a copy to:	Douglas J. Becker, Esq. Otten Johnson Robinson Neff + Ragonetti PC Suite 1600 950 17 th St. Denver, CO 80202

Notwithstanding anything in this Section to the contrary, any Notice delivered in accordance herewith to the last designated address of any person or party to which a Notice may be or is required to be delivered pursuant to this Agreement shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the Notice is directed or the failure or refusal of such person or party to accept delivery of the Notice.

SECTION 8.03 No Third-Party Beneficiaries

This Agreement is not intended to confer upon any person, other than the Parties hereto, any rights or remedies hereunder.

SECTION 8.04 Amendment; Waiver

This Agreement may not be modified, amended, supplemented, canceled or discharged, except by written instrument executed by all Parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the Parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the Parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other except as may be specifically limited herein.

SECTION 8.05 Rules of Interpretation

Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto: (i) the singular includes the plural and plural includes the singular; (ii) "or" is not exclusive and "include" and "including" are not limiting; (iii) a reference to any agreement or other contract includes any permitted supplements and amendments; (iv) a reference in this Agreement to a section or exhibit is a reference to a section or exhibit within or attached to this Agreement unless otherwise expressly provided; (v) a reference to a section or paragraph in this Agreement shall, unless the context clearly indicates to the contrary, refer to all sub-parts or sub-components of any said section or paragraph; (vi) words such as "hereunder," "hereto," "hereof," and "herein," and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular clause hereof; (vii) the headings of the articles or sections and the ordering or position thereof are for convenience only and shall not in any way be deemed to affect the meaning of this Agreement; (viii) a reference in this Agreement to a "person" or "party" (whether in the singular or the plural) shall (unless otherwise indicated herein) include both natural persons and unnatural persons (including, but not limited to, corporations, partnerships, limited liability companies or partnerships, trusts, *etc.*); (ix) all accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with GAAP; and (x) any reference in this Agreement to a " **Business Day** " shall include each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which national banks in the United States are closed.

SECTION 8.06 Construction

The Parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement and that this Agreement has been fully reviewed and negotiated by the Parties and their respective counsel. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant. The mere listing (or inclusion of copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty relates solely to the existence of the document or other items itself).

SECTION 8.07 Governing Law and Waiver of Jury Trial

This Agreement is made in and shall be governed by the laws of the State of California, and the sole and exclusive venue for any action relating to or arising out of this Agreement shall be the City and County of Denver, Colorado. The Parties hereto expressly waive any claim or defense therein that such courts constitute an inconvenient forum. The Parties hereto expressly waive all rights to trial by jury regarding all matters or disputes arising out of or related to this Agreement. In no event shall any party be liable for any indirect, special, exemplary, punitive or consequential damages arising out of or relating to this Agreement .

SECTION 8.08 Severability

If any clause or provision of this Agreement is illegal, invalid or unenforceable under applicable present or future laws effective during the term of this Agreement, the remainder of this Agreement shall not be affected. In lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a clause or provision as nearly identical as may be possible and as may be legal, valid and enforceable. In the event any clause or provision of this Agreement is illegal, invalid or unenforceable as aforesaid and the effect of such illegality, invalidity or unenforceability is that either party no longer has the substantial benefit of its bargain under this Agreement and a clause or provision as nearly identical as may be possible cannot be added, then, in such event, such party may in its discretion cancel and terminate this Agreement provided such party exercises such right within a reasonable time after such occurrence.

SECTION 8.09 Arm's Length Negotiations

Each Party herein expressly represents and warrants to all other Parties hereto that (a) before executing this Agreement, said party has fully informed itself of the terms, contents, conditions and effects of this Agreement; (b) said party has relied solely and completely upon its own judgment in executing this Agreement; (c) said party has had the opportunity to seek and has obtained the advice of counsel before executing this Agreement; (d) said party has acted voluntarily and of its own free will in executing this Agreement; (e) said party is not acting under duress, whether economic or physical, in executing this Agreement; and (f) this Agreement is the result of arm's length negotiations conducted by and among the Parties and their respective counsel.

SECTION 8.10 Tax-Free Nature of Transaction

Each of the Parties shall use its best efforts to cause the Merger to constitute a "tax-free reorganization" within the meaning of Section 368 of the Code, and none of the Parties shall knowingly take or cause to be taken any action that, or knowingly fail to take or cause not to be taken any action the failure of which, would reasonably be expected to adversely affect the foregoing qualifications under the Code. Except as otherwise required by applicable law, following the Effective Time, each party agrees to file its Tax Returns in a manner that is consistent with this Section 8.11 .

SECTION 8.11 Binding Effect; Assignment

The rights and obligations of this Agreement shall bind and inure to the benefit of the Parties and their respective successors and assigns. Nothing expressed or implied herein shall be construed to give any other person any legal or equitable rights hereunder. The rights and obligations of this Agreement may not be assigned without the prior written consent of the other party which may be granted or withheld in such Parties sole and absolute discretion.

SECTION 8.12 Counterparts

For purposes of this Agreement, a document (or signature page thereto) signed and transmitted electronically, including but not limited to by facsimile machine or telecopier, is to be treated as an original document. The signature of any party thereon, or purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of a ny party, an electronic, facsimile or telecopy document is to be re-executed in original form by the Parties who executed the electronic, facsimile or telecopy document. No party may raise the use of any electronic, facsimile or telecopier machine as a defense to the enforcement of this Agreement or any amendment or other document execution in compliance with this Section/

SECTION 8.13 Entire Agreement

This Agreement (including the exhibits and schedules attached hereto) and other documents delivered at the Closing pursuant hereto, contains the entire understanding of the Parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the Parties with respect to such subject matter. The Parties agree that prior drafts of this Agreement shall not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect thereto. The exhibits and schedules constitute a part hereof as though set forth in full above. This Agreement is not intended to confer upon any person, other than the Parties hereto, any rights or remedies hereunder.

(balance of page intentionally left blank – signature page follows)

IN WITNESS WHEREOF , the Parties hereto have caused this Agreement to be executed by their respective officers, hereunto duly authorized, as of the date first above-written.

MEDICINE MAN TECHNOLOGIES, INC.

By: s/ Andrew Williams
Andrew Williams, President

MEDICINE MAN CONSULTING, INC.

By: s/ Brett Roper
Brett Roper, President

PONO PRODUCTIONS LTD.

By: s/ Joshua Haupt
Joshua Haupt, President

Exhibit 10.6

OFFICE BUILDING LEASE

Summary of Basic Lease Terms

This Summary of Basic Lease Terms forms a part of the Office Building Lease between Landlord and Tenant covering the Premises in the Building as defined herein and these terms are incorporated in the Office Building Lease attached hereto.

A. DATE: January 31, 2017

B. LANDLORD: Havana Gold, LLC

C. TENANT: Medicine Man Technologies, LLC.

D. BUILDING: 4880 Havana , on the real property described in Exhibit A.

E. PREMISES: Suite 200 as shown in YELLOW on Exhibit B attached.

F. RENTABLE AREA shall mean 76,624 rentable square feet which is all rentable space available for lease in the Building as calculated by Landlord. If there is a significant change in the aggregate Rentable Area as a result of an addition thereto, partial destruction thereof, modification to building design, Building re-measurement or similar cause, which causes a reduction or increase in Rentable Area on a permanent basis, Landlord shall make such adjustments in the computation as shall be necessary to provide for any such changes.

G. TENANT'S RENTABLE AREA: 12,097 square feet.

H. TENANT'S PRO RATA SHARE shall initially mean 15.79%. If, thereafter, any changes are made to the Rentable Area of the Premises, Tenant's Pro Rata Share shall be recomputed by dividing the Tenant's Rentable Area by the Rentable Area and the resulting figure shall become Tenant's Pro Rata Share.

I. PRIMARY LEASE TERM: 36 Months

J. COMMENCEMENT DATE: March 1, 2017

K. TERMINATION DATE: February 29, 2020

L. ANNUAL BASE RENT:

Year 1:	March 1, 2017 through July 31, 2017	$6,479.60	$5.98 per square foot
Year 1:	August 1, 2017 through February 28, 2018	$12,086.92	$11.99 per square foot
Year 2:	March 1, 2018 through February 28, 2019	$13,000.00	$12.90 per square foot
Year 3:	March 1, 2019 through February 29, 2020	$14,500.00	$14.38 per square foot

M. BASE OPERATING EXPENSES: The actual Building Operating Expenses for the Base Year. The Base Year shall be the current calendar year based on the commencement date of the Lease.

N. BASE YEAR: 2017

O. SECURITY DEPOSIT AMOUNT: $ 14,500.00

P. PARKING: Landlord grants Tenant eight (8) underground parking spaces which will be assigned. Underground parking will be accessed via access card. Any additional parking requirements will be met by utilizing the North Lot. Visitor Parking in the front of the building is available on a first-come-first-serve basis and is in one hour increments which will be strictly enforced. There is no designated and/or reserved restaurant parking.

P. ADDRESSES FOR NOTICES:

TO LANDLORD:
Havana Gold, LLC
3535 Larimer St
Denver, CO, 80205
303-297-8151

TO TENANT:
Medicine Man Technologies
4880 Havana Street, Suite 200
Denver, CO 80239
Mr. Brett Roper
303-345-1262
licensing@medicinemandenver.com

Q. LANDLORD'S AGENT:
Andrew Feinstein
3535 Larimer St
Denver, CO, 80205
303-297-8151

R. ORDINARY BUSINESS HOURS FOR PROPERTY:
8:00 am. to 5:00 p.m., Monday through Friday, except legal holidays

THIS OFFICE BUILDING LEASE ("Lease"), made on the 31st day of January 2017, by and between Havana Gold, LLC ("Landlord") and Medicine Man Technologies, Inc. , an Indiana corporation ("Tenant").

WITNESSETH:

That in consideration of the payment of rent and the keeping and performance of the covenants and agreements by Tenant, as hereinafter set forth, Landlord hereby leases and demises unto Tenant and Tenant leases from Landlord the Premises being a part of the Building, together with a nonexclusive right, subject to the provisions hereof, to use all appurtenances thereto, including, but not limited to, any plazas, or other areas designated by Landlord for the use of the tenants of the Building.

TO HAVE AND TO HOLD the same during the Primary Lease Term, with all appurtenances, unto Tenant from 12 o'clock noon on the Commencement Date, for, during and until 12 o'clock noon on the Termination Date. Tenant shall pay Landlord the Minimum Monthly Rent, commencing on the Commencement Date, and on the first day of each month thereafter during the term hereof, which sum is subject to possible adjustment as provided in Section 5 herein. All rents shall be paid in advance, without notice, setoff, abatement or diminution, at the office of Landlord's Agent.

1. SECURITY DEPOSIT. It is agreed that Tenant, concurrently with the execution of this Lease, has deposited with Landlord, and will keep on deposit at all times during the Primary Lease Term and any extension thereof, the Security Deposit Amount, the receipt of which is hereby acknowledged, as security for the payment by Tenant of all Minimum Monthly Rent and all Additional Rent herein agreed to be paid and for the faithful performance of all the terms, conditions and covenants of this Lease. If, at any time during the Primary Lease Term and any extension thereof, Tenant shall be in default in the performance of any provision of this Lease, Landlord shall have the right to use said Security Deposit Amount, or so much thereof as is necessary, in payment of any Minimum Monthly Rent and all Additional Rent in default, reimbursement of any expense and payment of any damages incurred by Landlord by reason of Tenant's default. In such event, Tenant shall immediately pay Landlord a sufficient amount in cash to restore said Security Deposit Amount to its original amount. If said Security Deposit Amount has not been utilized as aforesaid, said Security Deposit Amount, or as much thereof as has not been utilized, shall be refunded to Tenant, without interest, upon full performance of this Lease by Tenant within sixty (60) days after the Termination Date. Landlord shall have the right to commingle said Security Deposit Amount with other funds of Landlord, and Landlord may use such funds for payment of normal Building Operating Expenses. Landlord may deliver the funds deposited herein by Tenant to the purchaser of Landlord's interest in the Premises if such interest be sold, and thereupon, Landlord shall be discharged from further liability with respect to such Security Deposit Amount. If claims of Landlord exceed said Security Deposit Amount, Tenant shall remain liable to Landlord for the balance of such claims. Said Security Deposit Amount shall not bear interest in favor of the Tenant.

2. PAYMENT OF RENT. Tenant covenants and agrees to pay all rents and sums provided to be paid to Landlord hereunder at the times and in the manner herein provided, including, but not limited to, the Minimum Monthly Rent plus any rent adjustment pursuant to Section 5. All amounts required to be paid hereunder exclusive of Minimum Monthly Rent are herein referred to as "Additional Rent".

3. ACCEPTANCE OF PREMISES BY TENANT. Taking possession of the Premises by Tenant shall be conclusive evidence as against Tenant that the Premises were in the condition agreed upon between Landlord and Tenant, and acknowledgment of satisfactory completion of any fix-up or remodeling, as the case may be, which Landlord has agreed in writing to perform, except that, if the Landlord has failed to complete any punch list items by the time Tenant takes possession of the Premises, Landlord shall make reasonable and timely efforts to complete the same.

4. TENANT IMPROVEMENTS. Except as set forth in Exhibit B attached hereto, Tenant accepts the Premises in their present "as is" condition. All alterations and improvements to the Premises shall be subject to Landlord's prior written consent pursuant to the terms and provisions of the Lease and, except as set forth in Exhibit B hereto, shall be at Tenant's sole cost and expense. All changes and alterations to designation signs for the Premises and in the building directory located in the lobby of the Building, any changes in locks required and any changes required in the electrical or telephone systems, as a result of Tenant's use of the Premises, except at related to the initial occupancy, shall likewise be at Tenant's sole cost and expense and shall require the prior written approval of Landlord. Tenant shall have the right, at its expense, to place signage for itself and any affiliated person or entity on the sidelights of the front door of the Premises. Landlord will place Tenant’s name or any affiliated person or entity on the directory serving the Building. Landlord will pay for the first set of entries on the directory. Any subsequent changes to the directory will be accomplished by Landlord but billed and paid for by Tenant without mark- up by Landlord. Tenant will be allocated space on the Building Monument sign serving the building, at Landlord’s expense. To the best of Landlord’s knowledge, Landlord warrants to Tenant that as of the date hereof the Building Complex is in compliance with all federal, state, and local laws and regulations, and that the Building Complex contains sufficient parking spaces to meet or exceed all governmental requirements.

5. RENT ADJUSTMENT. In addition to terms herein above defined, the following terms shall have the following meanings with respect to the provisions of this Lease:

(a) "Lease Year" shall mean each twelve (12) month period beginning with the Commencement Date, or any anniversary thereof, and ending on the same date one (1) year later. If the Lease Year is not concurrent with the calendar year, Landlord will make all adjustments provided herein on a calendar year basis with an appropriate proration for the first and last partial calendar years during the Primary Lease Term or any extension thereof.

(b) "Building Complex" as used herein shall mean the Building of which the Premises are a part, the real property on which the same is located, all plazas, common areas, parking lots, open space and any other areas located on said real property and designated by Landlord for use by all tenants in the Building.

(c) "Landlord's Accountants" shall mean the individual or firm qualified as a Certified Public Accountant and employed by Landlord from time to time to keep the books and records for the Building Complex.

(d) "Operating Expenses" shall mean all operating expenses of any kind or nature which are necessary, ordinary or customarily incurred in connection with the operation, maintenance or repair of the Building Complex as determined by Landlord in accordance with generally accepted accounting practices. Operating Expenses shall include, but not be limited to:

(i) all real property taxes and assessments, including interest and penalties, levied against the Building Complex by any governmental or quasi-govemmental authority. The foregoing shall include any taxes, assessments, surcharges or service or other fees of a nature not presently in effect which shall hereafter be levied on the Building Complex as a result of the use, ownership or operation of the Building Complex or any other reason, whether in lieu of, or in addition to, any current real estate taxes and assessments; provided, however, any taxes which shall be levied on the rentals of the Building Complex shall be determined as if the Building Complex were Landlord's only property, and provided further that in no event shall the term "taxes or assessments," as used herein, include any net federal or state income taxes levied or assessed on Landlord, unless such taxes are a specific substitute for real property taxes. Such term shall, however, include gross taxes on rentals. Expenses incurred by Landlord for tax consultants and in contesting the amount or validity of any such taxes or assessments shall be included in such computations (all of the foregoing area collectively referred to herein as the "Taxes"). "Assessments" shall include so-called special assessments, license tax, business license fee, business license tax, levy, charge, penalty or tax imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, utility, or other improvement or special district thereof, against the Premises, the Building or Building Complex or any legal or equitable interest of Landlord therein. For the purposes of this Lease, any special assessments shall be deemed payable in such number of installments with interest thereon as is permitted by law, whether or not actually so paid;

(ii) costs of supplies, including, but not limited to, janitorial supplies, and the cost of relamping all Building and Premises lighting as the same may be required from time to time;

(iii) costs incurred in connection with obtaining and providing energy for the Building Complex, including, but not limited to, costs of natural gas, steam, electricity, solar energy or any other sources;

(iv) costs of water and sanitary and storm drainage service;

(v) costs of janitorial and security services;

(vi) costs of general maintenance and repairs, including, but not limited to, costs under HVAC and other mechanical maintenance contracts and maintenance, repairs and replacement of equipment and tools used in connection with operating the Building Complex;

(vii) costs of maintenance and replacement of landscaping;

(viii) insurance premiums, including fire, flood and all-risk coverage, together with loss of rent endorsements, the part of any claim required to be paid under the deductible portion of any insurance policies carried by Landlord in connection with the Building Complex (where Landlord is unable to obtain insurance without such deductible from a major insurance carrier at reasonable rates), public liability insurance and any other insurance carried by Landlord on the Building Complex or any component parts thereof (all such insurance shall be in such amounts as Landlord may reasonably determine);

(ix) Landlord's labor costs, including wages, benefits and other payments, costs to Landlord of workers' compensation and disability insurance, payroll taxes, welfare fringe benefits and all legal fees and other costs or expenses incurred in resolving any labor dispute;

(x) professional building management fees including costs of storage space, administrative costs and office space required by management in the Building;

(xi) legal, accounting, inspection and other consultation fees (including, without limitation, fees charged by consultants retained by Landlord for services that are designed to produce a reduction in Operating Expenses or to reasonably improve the operation, maintenance or state of repair of the Building Complex) incurred in the ordinary course of operating the Building Complex or in connection with making the computations required hereunder or in any audit of operations or the Building;

(xii) the costs of capital improvements or structural repairs or replacements made in or to the Building Complex in order to conform to changes subsequent to the date of this Lease in any applicable laws, ordinances, rules, regulations or orders of any governmental or quasi-governmental authority having jurisdiction over the Building Complex including changes required by the Americans with Disabilities Act and any amendments thereto (herein "Required Capital Improvements") plus a reasonable reserve for all other capital improvements and structural repairs and replacements reasonably necessary to permit Landlord to maintain the Building as a first class office building. The expenditures for Required Capital Improvements shall be amortized over the useful life of such capital improvements or structural repair or replacement (as determined by Landlord's Accountants). All costs so amortized shall bear interest on the amortized balance at the rate of twelve percent (12%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing these capital improvements.

Notwithstanding anything contained herein to the contrary, if any lease entered into by Landlord with any tenant in the Building is on a so-called "net" basis, or provides for a separate basis of computation for any Operating Expenses with respect to its Premises, then, to the extent that Landlord's Accountants determine that an adjustment should be made in the computation herein provided for, Landlord's Accountants shall be permitted to modify the computation of Base Operating Expenses, Rentable Area, and Operating Expenses for a particular year in order to eliminate or otherwise modify any such expenses which are paid for in whole or in part by such tenant. Furthermore, in making any computations contemplated hereby, Landlord's Accountants shall also be permitted to make such adjustments and modifications to the provisions of this Subsection 5(d) as shall be reasonably necessary to achieve the intention of the parties hereto.

(e) If Operating Expenses during any Lease Year during the Primary Lease Term, or any extension thereof, including the first Lease Year, exceed the Base Operating Expenses, Tenant shall pay to Landlord Tenant's Pro Rata Share of the amount of such excess ("Operating Expense Escalation") within thirty (30) days following billing therefore by Landlord. In addition to the foregoing, it is agreed that during each Lease Year beginning with the first month of the Lease Year alter the Base Year and each month thereafter during the Primary Lease Term, or any extension thereof, Tenant shall pay to Landlord, at the same time as the Minimum Monthly Rent is paid, an amount equal to one-twelfth (1/12) of Landlord's estimate (as determined by Landlord's Accountants) of Tenant's Pro Rata Share of any projected excess of the Operating Expenses for that particular Lease Year in excess of the Base Operating Expenses ("Estimated Escalation Increase"), with a final adjustment ("Escalation Reconciliation") to be made between the parties within ninety (90) days after the end of each Lease Year. If during any Lease Year the Estimated Escalation Increase is less than the Estimated Escalation Increase for the previous Lease Year on which Tenant's monthly rental payments were based for said year, the rental payments, attributable to Estimated Escalation Increase, to be paid by Tenant for the new Lease Year shall be decreased accordingly; provided, however, in no event will the rental to be paid by Tenant hereunder ever be less than the Minimum Monthly Rent plus all amounts of Additional Rent.

(f) As soon as practical following the end of each Calendar Year during the Primary Lease Term, or any extensions hereof, including the first Lease Year, Landlord shall submit to Tenant a statement prepared by Landlord's Accountants setting forth the Operating Expense Escalation, if any. Beginning with said statement for the second Lease Year, it shall also set forth the Escalation Reconciliation for the Lease Year just completed. To the extent that the Operating Expense Escalation is different from the Estimated Escalation Increase upon which Tenant paid rent during the Lease Year just completed, Tenant shall pay Landlord the difference in cash within thirty (30) days following receipt by Tenant of such statement from Landlord, or receive a credit on future rental owing hereunder as the case may be. Until Tenant receives such statement, Tenant's monthly rent for the new Lease Year shall continue to be paid at the rate being paid for the particular Lease Year just completed, but Tenant shall commence payment to Landlord of the monthly installments of rent on the basis of said statement beginning on the first day of the month following the month in which Tenant receives such statement. Moreover, Tenant shall pay to Landlord, or deduct from the rent, as the case may be, on the date required for the first payment of rent adjusted, the difference, if any, between the monthly installments of rent actually paid during the new Lease Year to date. In addition to the above, if, during any particular Lease Year, there is a change in the information on which Landlord's Accountants based the estimate upon which Tenant is then making its estimated rental payment so that such estimate furnished to Tenant is no longer accurate, Landlord shall be permitted to revise such estimate by notifying Tenant, and there shall be such adjustments made in the monthly rental on the first day of the month following the serving of such statement on Tenant as shall be necessary by either increasing or decreasing, as the case may be, the amount of monthly rent then being paid by Tenant for the balance of the Lease Year (but in no event shall any such decrease result in a reduction of the rent below the Minimum Monthly Rent and all amounts of Additional Rent), as well as a payment by Tenant or credit to the Tenant as appropriate based upon the amount theretofore paid by Tenant during such particular Lease Year pursuant to the prior estimate.

(g) Landlord's and Tenant's responsibilities with respect to the Operating Expense adjustment described herein shall survive the expiration or other termination of this Lease.

(h) If the Rentable Area is not fully occupied during any particular Lease Year, Landlord's Accountants in determining Tenant's Operating Expense Escalation, shall adjust those Operating Expenses which are affected by Building occupancy for the particular Lease Year, or portion thereof, as the case may be, to the amount of expense which would have been incurred if the occupancy of the Building was not less than ninety-five percent (95%) of all Rentable Area.

(i) If Tenant disputes the amount of an adjustment or the proposed estimated increase or decrease related to the Operating Expense Escalation, the Estimated Escalation Increase or the Escalation Reconciliation submitted by Landlord's Accountants, on the basis of which Tenant's rent is to be adjusted as provided in Subsections 5(e) and 5(f) above, Tenant shall give Landlord written notice of such dispute within thirty (30) days after Landlord's Accountants advise Tenant of such adjustment or proposed increase or decrease. Tenant's failure to give such notice shall waive its right to dispute the amounts so determined. If Tenant timely objects, Tenant shall have the right to engage its own certified public accountants ("Tenant's Accountants") for the purpose of verifying the accuracy of the statement complained of, or the reasonableness of the adjustment or estimated increase or decrease. If Tenant's Accountants determine that they believe an error has been made, Landlord's Accountants and Tenant's Accountants shall endeavor to agree upon the matter, failing which Landlord's Accountants and Tenant's Accountants shall jointly select a third certified public accounting firm ("Third Accountant") which firm shall conclusively determine whether the adjustment or estimated increase or decrease is reasonable, and if not, what amount is reasonable. Both parties shall be bound by such determination. If Tenant's Accountants do not participate in choosing the Third Accountant with twenty (20) days notice by Landlord, then Landlord's determination of the adjustment or estimated increase or decrease shall be conclusively determined to be reasonable and Tenant shall be bound thereby. All costs incurred by Tenant in obtaining Tenant's Accountants and the cost of the Third Accountant shall be paid by Tenant unless Tenant's Accountants disclose an error, acknowledged by Landlord's Accountants (or found to have occurred by the Third Accountant), of more than ten percent (10%) in the computation of the total amount of Operating Expenses as set forth in the statement submitted by Landlord's Accountant with respect to the matter complained of, in which event Landlord shall pay the reasonable costs incurred by the Third Accountant related to review of expenses. Tenant shall continue to timely pay Landlord the amount of the prior year adjustment and adjusted monthly installments of rent determined by Landlord's Accountants until the adjustment has been determined to be correct or incorrect as aforesaid.

(j) Landlord's or Landlord's Accountants' delay in submitting any statement contemplated herein for any Lease Year shall not affect the provisions of this Section 5, nor constitute a waiver of Landlord's rights as set forth herein for said Lease Year or any subsequent Lease Years during the Primary Lease Term or any extensions thereof.

(k) Notwithstanding anything to the contrary contained herein, there shall be a cap of four percent (4.0%) per year on a cumulative basis beginning with the first year that Tenant is charged an Operating Expense Escalation on Tenant’s Pro Rata Share of increased controllable Operating Costs; “controllable Operating Costs” means all Operating Costs except for utilities, Taxes, snow removal and property insurance which shall have no such caps.

6. SERVICES. Landlord, without charge except as provided herein, and in accordance with standards from time to time prevailing for comparable office buildings, agrees to furnish during Ordinary Business Hours, such heated or cooled air to the Premises, as may, in the judgment of Landlord, be reasonably required for comfortable use and occupancy, in accordance with building standards established at the time the Building was constructed, and provided that Tenant complies with the recommendations of Landlord's engineer and maintenance personnel regarding occupancy and use of the Premises; to provide, during such Ordinary Business Hours, the use of passenger elevators for access to and from the Premises; during Ordinary Business Hours, to cause electric current to be supplied for lighting the Premises and public halls; and to provide janitorial services for the Premises (including such window washing as may in the judgment of the Landlord be reasonably required). Such janitorial services will be provided only on Monday through Friday not including legal holidays. It is understood that Tenant shall use such electric current only for Building standard lighting, typewriters, adding machines, calculators, personal computers, peripherals, and copy machines. Landlord does not guaranty that the quality of the power provided will be sufficient to run computers without power surges or intermittent unavoidable cut-offs. Tenant is encouraged to provide its own power surge protection and uninterruptable power source. To the extent that electric current is used for any other purpose, Tenant's rent may be increased from time to time by Landlord in such amounts as Landlord reasonably determines to cover the costs of such increased use. Such increases shall also be paid monthly. Prior to installation or use by Tenant of any equipment other than as set forth above, Tenant shall notify Landlord of such intended installation or use and Landlord may, at its option, require Tenant at Tenant's sole cost and expense to install a check meter to assist in determining the fair amount by which Tenant's rent should be increased. If Tenant desires electric current, heating or cooled air to the Premises during periods other than during Ordinary Business Hours, Landlord will use reasonable efforts to supply the same, but at the expense of Tenant, as determined from time to time by Landlord. Not less than forty-eight (48) hours' prior notice shall be given by Tenant to Landlord of Tenant's desire for such services. If Tenant requires janitorial services other than those required to be provided to other tenants of the Building generally, Tenant shall separately contract for such services with the same company furnishing janitorial services to Landlord.

7. INTERRUPTION OR DISCONTINUANCE OF LANDLORD'S SERVICES. Tenant agrees that Landlord shall not be liable for failure to supply any such heating, air conditioning, elevator, electrical, janitorial, lighting or other services during any period when Landlord uses reasonable diligence to supply such services, or during any period Landlord is required to reduce or curtail such services pursuant to any applicable laws, rules or regulations, now or hereafter in force or effect, it being understood that Landlord may discontinue, reduce or curtail such service, or any of them (either temporarily or permanently), at such times as it may be necessary by reason of accident, unavailability of employees, repairs, alterations, improvements, strikes, lockouts, riots, acts of God, application of applicable laws, statutes, rules and regulations, or due to any other happening beyond the control of Landlord. In the event of any such interruptions, reduction or discontinuance of Landlord's services (either temporary or permanent), Landlord shall not be liable for damages to person or property as a result thereof, nor shall the occurrence of any such event in any way be construed as an eviction of Tenant, or cause or permit an abatement, reduction or setoff of rent, or operate to release Tenant from any of Tenant's obligations hereunder. Tenant further agrees that if any installment of rent shall remain unpaid for more than fifteen (15) days after it shall become due, Landlord may, without notice to Tenant, discontinue furnishing heat, air conditioning, electricity, janitorial or lighting services, or any of them, until all arrears of rent have been paid in full.

8. QUIET ENJOYMENT. Landlord agrees to warrant and defend Tenant in the quiet enjoyment and possession of the Premises during the term of this Lease so long as an Event of Default has not occurred hereunder.

9. CHARACTER OF OCCUPANCY. Tenant covenants and agrees to occupy the Premises as general business offices and for no other purpose, and to use them in a careful, safe and proper manner; to pay on demand for any damage to the Premises, Building or Building Complex caused by the negligence of Tenant, its agents, licensees, contractors, employees, or invitees, or the misuse or abuse of the Premises by Tenant, its agents, employees or invitees; not to use or permit the Premises to be used for any purpose prohibited by the laws, codes, rules and regulations of the United States or the state, city and county where the Building is located. If tenant’s occupancy of the premises is deemed to be in conflict with Landlord’s lender’s loan covenants, conditions, or business relationship requirements, then Landlord shall provide Tenant with no less than ninety (90) days notice of it’s intent to terminate this lease agreement. Such termination shall relieve Tenant of any further lease obligations, and there shall be no recourse against Landlord. Landlord, upon surrender of the premises, shall return Tenant’s Security Deposit, any unused rents, and a reimbursement fee of Twenty-Five Thousand Dollars and No cents ($25,000) for Tenants initial IT start-up expenses.

Tenant shall not commit waste or suffer or permit waste to be committed or permit any nuisance on or in the Premises, Building or Building Complex. Further, Tenant will not use or allow the presence or use of any toxic or hazardous substances on or in the Building or Premises, except such substances as are normally and generally used in Tenant’s business and are handled in accordance with state and federal laws, rules, codes and regulations.

10. ALTERATIONS AND REENTRY BY LANDLORD. Tenant covenants and agrees to permit Landlord at any reasonable time to enter the Premises for any of the following purposes: (a) to examine and inspect the same, or, if Landlord so elects, (b) to perform any obligations of Tenant hereunder which Tenant failed to perform, (c) to perform such cleaning, maintenance, janitorial services, repairs, additions or alterations as Landlord may deem necessary for the safety, improvement or preservation of the Premises, or of other portions of the Building, or as may be required by governmental authorities through any code, rule, regulation, ordinance and/or law, (d) to post "for rent" signs during the last three months of the Primary Lease Term or any extension thereof and (e) to show the Premises to prospective brokers, agents, buyers or tenants. Any such reentry shall not constitute an eviction nor entitle Tenant to abatement of rent. Furthermore, Landlord shall at all times have the right at its election to make such alterations or changes in other portions of the Building as it may from time to time deem necessary and desirable as long as such alterations and changes do not unreasonably interfere with Tenant's access to, or use of, the Premises.

11. ALTERATIONS BY TENANT. Tenant covenants and agrees not to make any alterations in or additions to the Premises without first obtaining the written consent of Landlord. All alterations and additions to the Premises, including by way of illustration and not by limitation, all partitions, paneling, carpeting, drapes or other window coverings and light fixtures (but not including movable office furniture or removable electronics such as Display Televisions, etc., not attached to the Building) shall be deemed a part of the real estate and the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof without molestation, disturbance or injury at the end of the term, whether by lapse of time or otherwise, unless Landlord by notice given to Tenant no later than fifteen (15) days prior to the end of the term shall elect to have Tenant remove all or any of such alterations or additions, and in such event, Tenant shall promptly remove, at its expense, such alterations and additions and restore the Premises to its condition prior to making the alterations or additions, reasonable wear and tear excepted.

12. REPAIRS. Tenant shall keep the Premises in as good order, condition and repair and in an orderly state, as ‘when they were entered upon, loss by fire or other casualty (unless caused by the negligence of Tenant, its agents, employees or invitees) or ordinary wear excepted. All such repair and maintenance work and any alterations or additions by Tenant permitted by Landlord under Section 11 above shall be done at Tenant's expense by Landlord's employees or, with Landlord's consent, by persons requested by Tenant and authorized in writing by Landlord. If Landlord authorizes persons requested by Tenant to perform such work, prior to the commencement of any such work, Tenant shall deliver to Landlord certificates issued by insurance companies qualified to do business in the State of Colorado, evidencing that worker's compensation, public liability insurance and property damage insurance, all in the amounts, with companies and on forms satisfactory to Landlord, are in force and effect and maintained by all contractors and subcontractors engaged by Tenant to perform such work. All such policies shall name Landlord and Landlord's Agent as additional insured. Each such certificate shall provide that the same may not be canceled or modified without thirty (30) days' prior written notice to Landlord. All such work performed by such Contractors and Subcontractors and the Contractors and Subcontractors themselves will be subject to Landlord's construction supervision and rules and will be required to provide lien releases at the completion of the work and as otherwise requested by Landlord.

13. MECHANIC'S LIENS. Tenant shall pay or cause to be paid all costs for work done by Tenant on the Premises of a character which will or may result in liens on Landlord's interest therein, and Tenant will keep the Premises free and clear of any mechanic's liens and other liens on account of work done for Tenant or persons claiming under it. Tenant hereby agrees to post the Premises with a notice of non-liability by Landlord and to indemnify, defend and save Landlord harmless of and from all liability, loss, damage, costs or expenses, including attorneys' fees, on account of any claims of any nature whatsoever including claims or liens of laborers, materialmen or others for work performed for or materials or supplies furnished to Tenant or persons claiming under Tenant. Should any liens be filed or recorded against the Premises or any action affecting the title thereto be commenced, Tenant shall cause such liens to be removed of record or bonded over to Landlord's satisfaction within ten (10) days after Tenant becomes aware of their existence or notice from Landlord whichever first occurs. If Tenant shall be in default in paying any charge for which a mechanic's lien or suit to foreclose the lien has been recorded or filed and shall not have bonded said lien off to Landlord's satisfaction as aforesaid, Landlord may (but without being required to do so) pay such lien or claim and any costs thereon and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due from Tenant to Landlord.

14. SUBLETTING AND ASSIGNMENT.

(a) Tenant shall not, directly or indirectly, sell, transfer, assign, encumber, pledge or hypothecate all or any portion of its interest in the Premises, nor permit all or any portion of the Premises to be occupied by anyone other than Tenant, nor sublet all or any portion of the Premises without the written consent of Landlord first being obtained except Tenant shall be allowed, without having to obtain Landlord’s consent, to have professional licensed sub-tenants who pay Tenant consideration for their participation in Tenant’s business and occupy portions of the Premises to perform their services. If Sub-Tenant is a corporation, partnership or other entity a transfer in the aggregate of more than 50% of the equity interest of Tenant at any time or at more than one time during the Primary Lease Term or any extension thereof shall be construed as transfer of the Lease and subject to Landlord's written consent. Notwithstanding the consent of Landlord, any such subletting or assignment shall not relieve Tenant from its primary obligations hereunder to Landlord. If this Lease is assigned or if the Premises or any part thereof is sublet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect the rent from the assignee, subtenant or occupant and apply the net amount collected to the rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed an acceptance of the assignee, subtenant or occupant as the Tenant hereunder or a release of Tenant from further performance by Tenant of covenants on the part of Tenant herein contained.

(b) If Tenant desires to enter into an assignment or sublease it shall first give written notice of its intention to Landlord which notice shall include the name of the proposed assignee or subtenant ("Subtenant"); the nature of Subtenant's business to be carried on in the Premises; the terms of the proposed assignment or sublease and Subtenant's most recent financial statement. Notwithstanding anything contained hereinabove in this Section 14 to the contrary, at any time within thirty (30) days after Landlord's receipt of Tenant's notice herein, Landlord may elect any of the following options in its absolute and sole discretion: (i) consent to such subletting or assignment or (ii) refuse to grant such consent or (iii) refuse to grant such consent and terminate this Lease as to the portion of the Premises with respect to which such consent was requested, provided, however, if Landlord refuses to grant such consent and elects to terminate the Lease as to such portion of the Premises, Tenant shall have the right to withdraw its request for such consent and remain in possession of the Premises under the terms and conditions hereof. If the Lease is terminated as set forth herein, such termination shall be effective as of the date set forth in a written notice from Landlord to Tenant, which date shall not be less than thirty (30) days nor more than sixty (60) days following such notice. Landlord's consent to any requested subletting or assignment shall not relieve Tenant from obtaining Landlord's express consent to any further assignment or sublease nor waive Landlord's right to refuse to consent to any other such request, or to terminate this Lease if such request is made, all as provided above.

15. INJURY TO PERSON OR PROPERTY. Tenant shall neither hold, nor attempt to hold, Landlord liable for any injury or damage, either proximate or remote, occurring through or caused by fire, water, steam or any repairs, alteration, injury or accident or any other cause, to the Premises, to any furniture, fixtures, tenant improvements or other personal property of Tenant kept or stored in the Premises, to adjacent premises, or to other parts of the Building not herein demised, whether by reason of the negligence or default of the owners or occupants thereof, or any other person or otherwise. All property of Tenant kept or stored in the Building Complex shall be at the sole risk of Tenant. If Tenant shall obtain risk insurance on any of its property, such insurance shall permit Tenant to waive any rights of subrogation and Tenant hereby waives such rights.

16. INDEMNIFICATION.

(a) Tenant, as a material part of the consideration to be rendered to Landlord under this Lease, hereby waives all claims of liability that Tenant or Tenant's legal representatives, successors and assigns may have against Landlord, and Tenant hereby indemnifies and agrees to hold Landlord harmless from any and all loss (including loss of use of the Premises or loss of profits) and against all claims, actions, damages, liability, and expenses in connection with loss of life and any injury or damage to any person or property whatsoever: (1) occurring in, on or about the Premises or any part thereof; or (2) occurring in, on or about the Building Complex, when such loss of life, injury or damage is caused in part or in whole by the negligence, fraud or willful misconduct of Tenant, its agents, contractors, employees, licensees or invitees. Tenant further agrees to indemnify and to hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease or arising from any negligence, fraud or willful misconduct of Tenant, or any of its agents, contractors, employees, licensees or invitees. Similarly Landlord further agrees to indemnify and to hold Tenant harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease or arising from any negligence, fraud or willful misconduct of Landlord, or any of its agents, contractors, employees, licensees or invitees. Such indemnities shall include by way of example, but not limitation, all costs, reasonable attorneys' fees, expenses and liabilities incurred in or about any such claim, action or proceeding.

(b) Landlord shall not be liable to Tenant for any damage by or from any act or negligence of any co-tenant or other occupant of the Building Complex or by any owner or occupants of adjoining or contiguous property. Landlord shall not be liable for any injury or damage to persons or property resulting in whole or in part from the criminal activities of others. Tenant agrees to pay for all damage to the Building Complex, as well as all damage to persons or property of other tenants or occupants thereof, caused by the negligence, fraud or willful misconduct of Tenant or any of its agents, contractors, employees, licensees or invitees. Nothing contained herein shall be construed to relieve Landlord from liability for any personal injury resulting from its negligence, fraud or willful misconduct.

(c) Tenant shall obtain and maintain at its expense throughout the Primary Lease Term and any extension thereof a commercial general liability policy covering losses, on an occurrence basis, including protection against personal injury and property damage, with limits of not less than One Million Dollars ($1,000,000.00) with respect to injuries or death of one or more persons, and not less than Two Hundred Thousand Dollars ($200,000.00) with respect to property damage. Tenant shall maintain workers' compensation insurance in at least the amount required by law. Tenant shall insure its personal property and the Tenant improvements in the Premises with a special form or all risks policy for the full amount of the replacement cost thereof and shall obtain rental coverage insurance and insure against loss of profits. All such policies shall name Landlord and Landlord's Agent as additional insured. Each such policy shall provide that the same may not be canceled or modified without at least thirty (30) days' prior written notice to Landlord. Tenant shall, at the request of Landlord, deliver from time to time (but no less frequently than annually) evidence of insurance on forms acceptable to Landlord. Said policies shall be with companies qualified to do business in Colorado. Tenant shall obtain from the insurer a waiver of its right of subrogation against Landlord and Landlord's Agent in all such policies. The limits of said insurance shall not, however, limit the liability of the Tenant hereunder.

17. SURRENDER AND NOTICE. Upon the expiration or other termination of the Primary Lease Term or any extension thereof, Tenant shall promptly quit and surrender to Landlord the Premises broom clean, in good order and condition, ordinary wear and tear and loss by fire or other casualty (unless caused by the Tenant, its agents, servants, employees or invitees) excepted, and Tenant shall remove all of its movable furniture and other effects and such alterations, additions and improvements as Landlord shall require Tenant to remove pursuant to Section 11. If Tenant fails to vacate the Premises on a timely basis as required, Tenant shall be responsible to Landlord for all costs incurred by Landlord as a result of such failure, including, but not limited to, any amounts required to be paid to third parties who were to have occupied the Premises.

18. FIRE, RESTORATION OF PREMISES.

(a) If the Premises, or said Building, shall be so damaged by fire or other casualty as to render the Premises wholly untenantable, and if such damage is so great that Landlord determines the Premises, with the exercise of reasonable diligence, cannot be made fit for occupancy within one hundred fifty (150) working days from the happening thereof, or if Landlord determines not to repair said damage, then this Lease shall cease and terminate from the date of the occurrence of such damage; and Tenant thereupon shall surrender to Landlord the Premises and remove Tenant's property therefrom. Tenant shall pay rent, duly apportioned, up to the time of such termination of this Lease.

(b) If, however, the damage shall be such that Landlord determines that the Premises can be made tenantable within said one hundred fifty (150) day period from the happening of such damage or other casualty and Landlord determines to repair said damage, then, except as hereinafter provided, Landlord shall repair the damage so done with reasonable speed. Tenant shall continue to pay rent during the period of repair.

(c) If the Premises without the fault of Tenant or any of its agents, contractors, employees, licensees or invitees, shall be slightly damaged by fire or other casualty, but not so as to render the same untenable, Landlord, after receiving notice in writing of the occurrence of the injury, shall cause the same to be repaired with reasonable promptness. Tenant shall continue to pay rent during the period of repair.

(d) If the fire or other casualty causing injury to the Premises or other parts of the Building shall have been caused by the negligence or misconduct of Tenant, its agents, contractors, employees, licensees or invitees, such injury shall be repaired by Landlord at the expense of Tenant. Tenant shall continue to pay rent during the period of repair.

(e) In case the Building throughout shall be so injured or damaged, whether by fire or otherwise (though the Premises may not be affected, or if affected, can be repaired within said one hundred fifty (150) days) that Landlord within sixty (60) days after the happening of such injury shall decide not to reconstruct or rebuild the Building, then, notwithstanding anything contained herein to the contrary, upon notice in writing to that effect given by Landlord to Tenant within said sixty (60) days, Tenant shall pay the rent properly apportioned up to said date, this Lease shall terminate from the date of delivery of said written notice and both parties hereto shall be freed and discharged of all further obligations hereunder.

19. CONDEMNATION. If any portion of the Premises or any portion of the Building which shall render the Premises untenable shall be taken by right of eminent domain or by condemnation or shall be conveyed in lieu of any such taking, then this Lease, at the option of either Landlord or Tenant, exercised by either party giving notice to the other of such termination within thirty (30) days after such taking or conveyance, shall forthwith cease and terminate, and the rent shall be duly apportioned as of the date of such taking or conveyance. Tenant thereupon shall surrender to Landlord the Premises and all interest therein under this Lease, and Landlord may reenter and take possession of the Premises or remove Tenant therefrom. If such taking or conveyance occurs, Landlord shall receive the entire award or consideration for the lands and improvements so taken, including the value, if any, which is given to this Lease. Nothing herein contained shall be construed as depriving the Tenant of the right to retain as its sole property any compensation paid for any tangible personal property owned by the Tenant which is taken in any such condemnation proceeding or awarded to Tenant for moving or relocation expenses.

20. DEFAULT BY TENANT. The occurrence of any of the following shall constitute an "Event of Default" by Tenant:

(a) Failure to pay rent or any other amounts payable hereunder when due, and such default shall continue for ten (10) days after receipt of written notice from Landlord; provided, however, Tenant shall not be entitled to more than two (2) notices of a delinquency for a monetary default during any Lease Year. If thereafter any rent or other amounts owing hereunder are not paid when due, a default shall be considered to have occurred even though no notice thereof is given;

(b) Tenant shall abandon or permanently vacate the Premises for thirty (30) consecutive days;

(c) If this Lease or the estate of Tenant hereunder shall be transferred to or shall pass to or devolve upon any other person or party except in the manner herein provided;

(d) This Lease or the Premises or any part thereof shall be taken upon execution or by other process of law directed against Tenant, or shall be taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and said attachment shall not be discharged or disposed of within fifteen (15) days alter the levy thereof;

(e) Tenant shall file a petition in bankruptcy or insolvency or for reorganization of arrangement under the bankruptcy laws of the United States or under any insolvency, act of any state, or shall voluntarily take advantage of any such law or act by answer or otherwise, or shall be dissolved or shall make an assignment for the benefit of creditors;

(f) Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant shall be instituted against Tenant, or a receiver or trustee shall be appointed for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment;

(g) Tenant shall, for reasons other than those specifically permitted in this Lease, cease to conduct continually its normal business operations in the Premises, or fail to from the Commencement Date throughout the term of this Lease and any renewals hereof, do any of the following:

(i) keep the phone lines in the Premises hooked up with adequate personnel to operate same; or

(ii) operate its normal business activities as an active and ongoing entity consistent with generally accepted standards in the industry;

(h) Tenant shall fail to obtain a release of any mechanic's lien, as required herein;

(i) A guarantor of this Lease, if any, or a general partner of Tenant (if Tenant is a general or limited partnership), becomes a debtor under any state or federal bankruptcy proceedings, or becomes subject to receivership or trusteeship proceedings, whether voluntary or involuntary; except in the case of a guarantor, Tenant shall not be in default if a substitute guarantor, with acceptable credit worthiness and financial abilities in light of the responsibilities of Tenant hereunder, and other acceptable to Landlord, is provided to Landlord within fifteen (15) days after notice by Landlord to Tenant;

(j) All or any part of the personal property of Tenant is seized, subject to levy or attachment, or similarly repossessed or removed from the Premises;

(k) Tenant's representations regarding its financial condition and creditworthiness are false;

(l) Tenant shall fail to perform any of the other agreements, terms, covenants or conditions hereof on Tenant's part to be performed, and such nonperformance shall continue for a period of fifteen (15) days after notice thereof by Landlord to Tenant, or if such performance cannot be reasonably had within such fifteen (15) day period, Tenant shall not in good faith have commenced such performance within such fifteen (15) day period and shall not diligently proceed therewith to completion.

21. REMEDIES. Upon the occurrence of an Event of Default, Landlord shall have the right at its election, provided that Landlord complies with Colorado law, then or at any time thereafter:

(a) To give Tenant written notice of intention to terminate this Lease on the date of such given notice or any later date specified therein, and on the date specified in such notice, Tenant's right to possession of the Premises shall cease and this Lease shall thereupon be terminated, except as to Tenant's liability; or

(b) Without demand or notice, to reenter and take possession of the Premises or any part thereof, and repossess same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution thereof, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears or future obligations of rent or preceding breach of covenants or conditions. Should Landlord elect to reenter as provided in this Subsection (b), or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, from time to time, without terminating this Lease, relet the Premises or any part thereof, either alone or in conjunction with other portions of the Building of which the Premises are a part, in Landlord's or Tenant's name, but for the account of Tenant. Any reletting under this Section shall be for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Premises) as Landlord, in its uncontrolled discretion, may determine, and Landlord may collect and receive the rents therefor. Landlord shall in no way be responsible or liable for any failure to relet the Premises, or any part thereof, or for any failure to collect any rent due upon such reletting. No such reentry or taking possession of the premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right following any such reentry and/or reletting to exercise its right to terminate this Lease by giving Tenant such written notice, in which event the Lease will terminate as specified in said notice.

(c) If Landlord does not elect to terminate this Lease as permitted in Subsection (a) of this Section, but on the contrary, elects to take possession as provided in Subsection (b) hereof, Tenant shall pay to Landlord (i) the rent and other sums as herein provided, which would be payable hereunder if such repossession had not occurred, less (ii) the net proceeds, if any, of any reletting of the Premises after deducting all Landlord's expenses in connection with such reletting, including, but without limitation, all repossession costs, brokerage commissions, legal expenses, attomeys' fees, expenses of employees, alteration and repair costs and expenses of preparation for such reletting. If, in connection with any reletting, the new lease term extends beyond the existing term or the premises covered thereby include other premises not part of the Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith as provided aforesaid will be made in determining the net proceeds received from such reletting. In addition, in determining the net proceeds from such reletting, any rent concessions will be apportioned over the term of the new lease. Tenant shall pay such amounts to Landlord monthly on the days on which the rent would have been payable hereunder if possession had not been retaken and Landlord shall be entitled to receive the same from Tenant on each such day.

(d) If this Lease is terminated pursuant to the provisions of this Section 21:

(i) Tenant shall remain liable to Landlord for damages in an amount equal to the rent and other sums which would have been owing by Tenant hereunder for the balance of the term had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such reletting, including, but without limitation, the expenses enumerated above in Subsection (c)(ii). Landlord shall be entitled to collect such damages from Tenant monthly on the days on which the rent and other amounts would have been payable hereunder if this Lease had not been terminated, and Landlord shall be entitled to receive the same from Tenant on each such day.

(ii) Alternatively, at the sole discretion of the Landlord, Tenant will pay Landlord a lump sum amount equal to the present value of the rent that would have been payable hereunder if this Lease had not been terminated less the reasonable net rental value of the Premises. Such lump sum amount will be based upon the Minimum Monthly Rent plus Additional Rent (including without limitation, rent attributable to Operating Expense Escalation, Estimated Escalation Increase and Escalation Reconciliation) for the period during which the lease termination is effective at a discount rate of seven percent (7%).

(e) Suit or suits for the recovery of the rent and other amounts and damages set forth hereinabove may be brought by Landlord from time to time, at Landlord's election, and nothing herein shall be deemed to require Landlord to await the date whereon the Primary Lease Term would have expired had there been no such default by Tenant. Each right and remedy provided in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, including but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord or any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or otherwise. All costs incurred by Landlord or Tenant in connection with collecting any rent or other amounts and damages owing by the other pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the non-defaulting party, shall also be recoverable by the prevailing party.

(f) No failure by Landlord to insist upon the strict performance of any agreement, term, covenant or condition hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such agreement, term, covenant or condition. No agreement, term, covenant or condition hereof to be performed or complied with by Tenant, and no breach thereof, shall be waived, altered or modified except by written instrument executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every agreement, term, covenant and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. Notwithstanding any termination of this Lease, (i) the same shall continue in full force and effect as to any provisions which require observance or performance by Landlord or Tenant subsequent to such termination, and (ii) in the event of a Tenant default, Landlord must mitigate its damages as required by Colorado law.

(g) Nothing in this Section shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding, an amount equal to the maximum allowed by any statute or rule of law governing such a proceeding and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal to or less than the amounts recoverable, either as damages or rent, referred to in any of the proceeding provisions of this Section.

(h) Notwithstanding anything contained hereinabove in this Section to the contrary, any such proceeding or action involving bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors or appointment of a receiver or trustee set forth above, shall be considered to be an Event of Default only when such proceeding, action or remedy shall be taken or brought by or against the then holder of the leasehold estate under this Lease or any partner or guarantor thereof.

(i) Any rents or amounts owing hereunder (including amounts that are the subject of this Section) which are not paid within ten (10) days after the date they are due, shall thereafter bear interest at the rate of ten percent (10%) per annum, or the highest rate permitted by applicable law, whichever is lower, until paid. Further, in the event any rents or other amounts owing hereunder are not paid within said five (5) day period, Landlord and Tenant agree that Landlord will incur additional administrative expenses, the amount of which will be difficult if not impossible to determine. Accordingly, Tenant shall pay to Landlord an additional late charge for any such late payment in the amount of five percent (5%) of such payment. Any amounts paid by Landlord to cure any defaults of Tenant hereunder, which Landlord shall have the right, but not the obligation to do, shall, if not repaid by Tenant within ten (10) days after demand by Landlord, thereafter bear interest at the rate of ten percent (10%) per annum, or the highest rate permitted by applicable law, whichever is lower, until paid.

22. SUBORDINATION AND ATTORNMENT. This Lease shall be subordinate to any mortgage, deed of trust (now or hereafter placed upon the Building Complex), ground lease or declaration of covenants (now or hereafter placed upon the Building Complex) regarding maintenance and use of any areas contained in any portion of the Building Complex, and to any and all advances made under any mortgage or deed of trust and to all renewals, modifications, consolidations, replacements and extensions thereof. Tenant agrees that with respect to any of the foregoing documents, no documentation, other than this Lease, shall be required to evidence such subordination. If any holder of a mortgage or deed of trust shall elect to have this Lease superior to the lien of its mortgage or deed of trust and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or the date of recording thereof. Tenant agrees to execute such documents which may be required to effectuate such subordination or to make this Lease junior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to do so. Tenant hereby attorns to all successor owners of the Building, whether or not such ownership is acquired as a result of sale, through foreclosure of a deed of trust or mortgage, or otherwise.

23. REMOVAL OF TENANT'S PROPERTY. All movable furniture and personal effects of Tenant not removed from the Premises upon the vacation or abandonment thereof or upon the termination of this Lease for any cause whatsoever shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without notice to Tenant or any other person and without obligation to account therefor. Tenant shall pay Landlord all expenses incurred in connection with the disposition of such property. Tenant's property shall not be removed from the Premises without the prior written consent of Landlord, except to the extent such property is replaced with an item of equal or greater value.

24. HOLDING OVER: TENANCY MONTH TO MONTH. If after the expiration of this Lease Tenant shall remain in possession of the Premises and continue to pay rent, without any express written agreement as to such holding, then such holding over shall be deemed and taken to be a holding upon a tenancy from month-to-month, subject to all the terms and conditions hereof on the part of Tenant to be observed and performed and at a monthly rent equivalent to one hundred twenty five percent (125%) of the monthly installments paid by Tenant immediately prior to such expiration, payable in advance on the same day of each calendar month. Such month-to-month tenancy may be terminated by either party upon ten (10) days' written notice prior to the end of any such monthly period.

25. PAYMENTS AFTER TERMINATION. No payments of money by Tenant to Landlord after the termination of this Lease, in any manner, or after giving of any notice (other than a demand for payment of money) by Landlord to Tenant, shall reinstate, continue or extend the term of this Lease or affect any notice given to Tenant prior to the payment of such money, it being agreed that after the service of notice or the commencement of a suit or other final judgment granting Landlord possession of said Premises, Landlord may receive and collect any sums or rent due, or any other sums of money due under the terms of this Lease, or otherwise exercise its rights and remedies hereunder. The payment of such sums of money, whether as rent or otherwise, shall not waive said notice, or in any manner affect any pending suit or judgment theretofore obtained.

26. PREMISES NOT READY FOR OCCUPANCY. If Landlord is to remodel the Premises, and if the Premises are not ready for occupancy on the Commencement Date, the rent under this Lease shall not commence until the Premises are ready for occupancy, whereupon this Lease, and all of the covenants, conditions and agreements herein contained shall be in full force and effect; and the Termination Date shall be postponed for an equivalent period of time, and the postponement of rent herein provided to be paid by Tenant for such period prior to the delivery of the Premises to Tenant ready for occupancy shall be in full settlement for all claims which Tenant might otherwise have by reason of said Premises not being ready for occupancy on the Commencement Date. Provided, however, if Tenant takes possession of all or any part of the Premises prior to the date the Premises are ready for occupancy (such possession subject to Landlord consent), all terms and provisions of this Lease shall apply except for the payment of rent. "Ready for occupancy" as used herein shall mean the date that Landlord shall have substantially completed any remodeling work to be performed by Landlord to the extent agreed to in the work letter. The certificate of the architect (or other representative of Landlord) in charge of supervising the completion or remodeling of the Premises shall control conclusively the date upon which the Premises are ready for occupancy, and the obligation to pay rent begins as aforesaid. In addition to the above, if Landlord is delayed in delivering the Premises to Tenant due to the failure of a prior occupant to vacate the same, then, the rent and Commencement and Termination Dates shall also be postponed as hereinabove set forth, and such postponement shall be in full settlement of all claims which Tenant may otherwise have by reason of the delay of delivery.

27. MID-MONTH COMMENCEMENT. If, as a result of the postponement of the Commencement Date, the Primary Lease Term would begin other than the first day of the month, the Commencement Date shall be further postponed until the first day of the following month, but Tenant shall pay proportionate rent at the same monthly rate set forth herein (also in advance) for such partial month and all other terms and conditions of this Lease shall be in force and effect during such partial month. As soon as the Primary Lease Term commences, Landlord and Tenant shall execute an addendum to this Lease, which may be requested by either party, setting forth the exact Commencement Date and Termination Date hereof.

28. TENANT ESTOPPEL STATEMENT. Tenant agrees at any time and from time to time, upon not less than ten (10) days' prior written request by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or in full force and effect as modified, and stating the modifications), that there have been no Events of Default hereunder by Landlord or Tenant (or if there have been defaults, setting forth the nature hereof), the amount of the Minimum Monthly Rent, the Security Deposit Amount and the date to which the rent and other charges have been paid in advance, if any. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of all or any portion of Landlord's interest herein, or a holder of any mortgage or deed of trust encumbering the Building Complex.

Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modifications except as may be represented by Landlord, (ii) that there are no uncured Events of Default in Landlord's performance, and (iii) that not more than one (1) month's rent has been paid in advance. Further, upon request, Tenant will supply Landlord a corporate resolution certifying that the party signing this statement on behalf of Tenant is properly authorized to do so.

29. MISCELLANEOUS.

(a) Notwithstanding any other language herein, the term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners of the Building in which the premises are situated at the time in question, and in the event of any transfer or transfers of the title thereto, Landlord herein named (and in the case of any subsequent transfers or conveyances, the then grantor) shall be automatically released from and after the date of such transfer or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed; provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be turned over to the grantee, and any amount then due and payable to Tenant by Landlord or the then grantor under any provision of this Lease shall be paid to Tenant.

(b) This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent, and Tenant shall not be entitled to any setoff of the rent or other amounts owing hereunder against Landlord if Landlord fails to perform its obligations set forth herein; provided, however, the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Building Complex or any portion thereof and an opportunity granted to Landlord and such holder to correct such violation as provided in Subsection (f) of this Section.

(c) If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the Primary Lease Term, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

(d) The caption of each Section is added as a matter of convenience only and shall be considered of no effect in the construction of any provision or provisions of this Lease.

(e) Except as herein specifically set forth, all terms, conditions and covenants to be observed and performed by the parties hereto shall be applicable to and binding upon their respective heirs, administrators, executors, successors and assigns. The terms, conditions and covenants hereof shall also be considered to be covenants running with the land.

(f) If any alleged default on the part of Landlord hereunder occurs, Tenant shall give written notice to Landlord in the manner herein set forth and shall afford Landlord a reasonable opportunity to cure any such default. In addition, Tenant shall send notice of such default by certified or registered mail, postage prepaid, to the holder of any mortgages or deeds of trust covering the Building Complex or any portion thereof of whose address Tenant has been notified in writing, and shall afford such holder a reasonable opportunity to cure any alleged default on Landlord's behalf. In no event will Landlord be responsible for any damages incurred by Tenant, including, but not limited to, lost profits or interruption of business as a result of any alleged default by Landlord hereunder.

(g) Tenant and the party executing this Lease on behalf of Tenant represent to Landlord that such party is authorized to do so by requisite action of the board of directors or partners, as the case may be, and agree upon request to deliver to Landlord a resolution or similar document to that effect.

(h) If there is more than one entity or person which or who are the Tenant under this Lease, the obligations imposed upon Tenant under this Lease shall be joint and several.

(i) No act or thing done by Landlord or Landlord's agents during the terms hereof, including, but not limited to, any agreement to accept surrender of the Premises or to amend or modify this Lease, shall be deemed to be binding on Landlord unless such act or thing shall be approved by an officer of Landlord or a party designated in writing by Landlord as so authorized to act. The delivery of keys to Landlord, or Landlord's agents, employees or officers shall not operate as a termination of this Lease or a surrender of the Premises. No payment by Tenant, or receipt by Landlord, of a lesser amount than the fill] amount due hereunder, shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check, or payment as rent, be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy available to Landlord.

(j) Landlord shall have the right at any time to change the name of the Building, to construct other buildings or improvements in any plaza, or other area designated by Landlord for use by tenants or to change the location, character or make alterations of, or additions to, any of said plaza or other areas.

(k) Notwithstanding anything to the contrary contained herein, Landlord's liability under this Lease shall be limited to its interest in the Building.

(l) Tenant acknowledges and agrees that it has not relied upon any statements, representations, agreements or warranties by Landlord, its agents or employees except such as are expressed herein, and that no amendment or modification of this Lease shall be valid or binding unless expressed in writing and executed by the parties hereto in the same manner as the execution of this Lease.

31. AUTHORITIES FOR ACTION AND NOTICE.

(a) Except as herein otherwise provided, Landlord may act in any matter provided for herein by Landlord's Agent or any other person who shall from time to time be designated in writing.

(b) All notices or demands required or permitted to be given to Landlord hereunder shall be in writing and shall be deemed duly served when delivered personally to Landlord's Agent, or when deposited in the United States mail, postage prepaid, certified or registered, return receipt requested, addressed to Landlord at its principal office in the Building or at the most recent address of which Landlord has notified Tenant in writing. All notices or demands required to be given to Tenant hereunder shall be in writing and shall be deemed duly served when delivered personally to any officer of Tenant in the Building, or when deposited in the United States mail, postage prepaid, certified or registered, return receipt requested, addressed to Tenant at its office in the Building. Either party shall have the right to designate in writing, served as above provided, a different address to which notice is to be mailed. The foregoing shall not prohibit notice being given as provided in Rule 4 of Colorado Rules of Civil Procedure, as the same may be amended from time to time.

32.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the day and year first above written.

Tenant:

/s/ Brett Roper
Brett Roper (Feb 27, 2017)
Brett Roper, COO
Medicine Man Technologies, Inc.

Landlord:

/s/ Andrew Feinstein
Andrew Feinstein (Feb 27, 2017)
Andrew Feinstein, Manager
Havana Gold, LLC

Exhibit A

Second Floor

4880 Havana Street

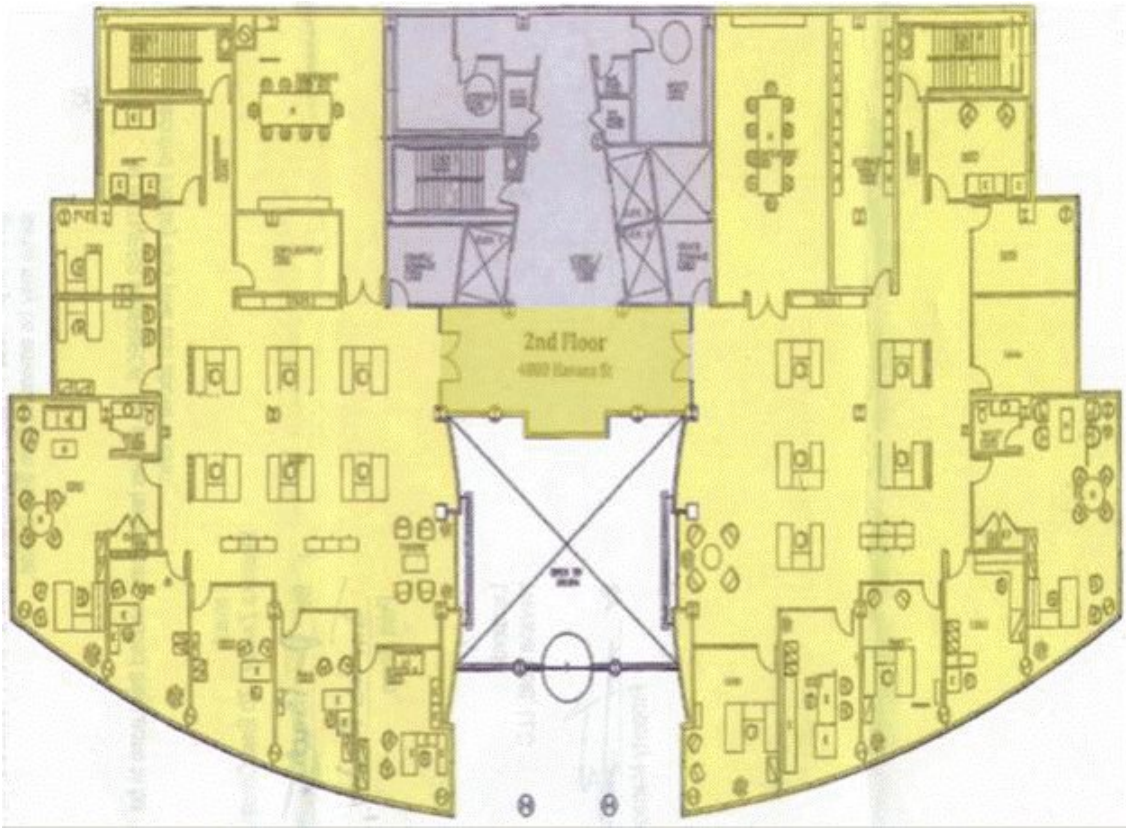

Exhibit B

Tenant Improvements

Landlord will turnkey the Tenant improvements which include:

- Replacing carpet throughout the Suite
- Repainting the entire Suite to the mutual agreement of Landlord and Tenant
- Ensuring all existing IT wiring (phone and internet) are 100% usable

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Andrew Williams, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order 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;

3. 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;

4. The registrant's other certifying officer(s) 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedure 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;

   b. 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;

   c. 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 upon such evaluation; and

   d. 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 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

5. The registrant's other certifying officer(s) 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):

   a. 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

   b. 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.

Dated: April 17, 2017

/s/ Andrew Williams
Andrew Williams, Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Paul Dickman, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order 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;

3. 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;

4. The registrant's other certifying officer(s) 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedure 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;

   b. 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;

   c. 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 upon such evaluation; and

   d. 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 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

5. The registrant's other certifying officer(s) 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):

   a. 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

   b. 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.

Dated: April 17, 2017

/s/ Paul Dickman
Paul Dickman, Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report of Medicine Man Technologies, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission on April 17, 2017 (the "Report"), we, the undersigned, in the capacities and on the date indicated below, 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 our knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 17, 2017

/s/ Andrew Williams
Andrew Williams, Chief Executive Officer

Dated: April 17, 2017

/s/ Paul Dickman
Paul Dickman, Chief Financial Officer

Exhibit 99.1

Medicine Man Technologies Files its 2016 Annual Report and Issues Revenue Guidance for Q1 2017

Denver, Colorado – April 18, 2017 - Medicine Man Technologies Inc. (OTCQB: MDCL), one of the country's leading cannabis branding and consulting companies announced that the Company has filed its 2016 Annual Report on Form 10-K for the year ended December 31, 2016, and is providing guidance related to its first quarter 2017 performance.

According to market research firm ArcView, the U.S. cannabis industry made $6.7 billion in sales in 2016. Today, 28 states and the District of Columbia have laws in place legalizing cannabis to some extent. With eight new states passing new measures for cannabis in the past year, industry activity is expected to increase significantly over the next few years. Medicine Man Technologies is actively working with prospective clients in many of these states noting the Company is optimistic that its new services and products will result in growth and expansion.

Financial Summary of Fiscal Year 2016

"In 2016, Medicine Man continued building a solid foundation for growth as new states adopt cannabis legislation. To prepare for the growing market, last year Medicine Man increased its investment in staffing, infrastructure, product and service lines, marketing and branding," stated Andy Williams, CEO of Medicine Man Technologies. "We expect that this investment will position the Company to service prospective clients located in those states that adopted cannabis regulation in late 2016. Additionally, Medicine Man's pending completion of the acquisition of Three-A-Light ™ and Success Nutrients has already created new opportunities in states with existing regulation and with the home-grow cultivator."

The Company reported the following results of operations in 2016:

- Total revenue for FY 2016 was $631,456 in comparison to revenues in FY 2015 of $835,777. Management attributes this decrease in revenue to a reduction in the number states electing to adopt new legal cannabis laws in early 2016, a trend that reversed itself as a result of various cannabis initiatives adopted in November 2016. This fact, together with the addition of Medicine Man's new products and services, provides the Company with reasonable expectation that revenues will both increase and become more predictable in 2017 and in future years.
- Total costs of services for FY 2016 was $462,182 in comparison to cost of services in FY 2015 of $209,475. The increase in this expense category of $252,707 was primarily attributable to the addition of several new consulting team members and increased sub-contractor costs associated with the Company's Hawaii based applications in FY 2016.
- Total operating expense in FY 2016 was $1,321,363, as compared to FY 2015 of $535,879. This increase in expense of $785,484 is attributable to the increase in stock based compensation and advertising which totaled $770,712.
- Other income/expense in FY 2016 was $312,184 as compared to ($8,071) in FY 2015. This increase in expense of $320,255 is attributable to the increase in derivative liabilities of $294,002.
- Net income before taxes for FY 2016 was ($1,464,273) as compared to FY 2015 of $98,224. The decrease in net income of $1,366,049 was substantially attributable to increased expenses related to stock based compensation, advertising and derivative liabilities. These expenses totaled $1,064,714.

Revenue Guidance Q1 FY 2017

Management has already deposited or billed revenues of approximately $670,000 as it relates to the first quarter of 2017, which exceeds the total income the Company reported for FY 2016.

CEO Commentary

“We are extremely pleased with the Company’s progress over the past year. In 2016, we solidified Medicine Man’s presence as a leader in the fast-growing cannabis marketplace and established a solid foundation for the Company’s products, technology and service offerings. Management is excited about both the revenue we have already seen in the first quarter of 2017, as well as revenue anticipated over the next three quarters,” stated Andy Williams. “We are looking forward to providing additional updates related to our revenues and anticipated growth at our upcoming annual shareholder meeting, to be announced shortly.”

Latest Additions to Medicine Man Technologies Product and Service Offerings

Cultivation Max

As the legal cannabis marketplace evolves and the industry matures, there is an increasing need to control the cost of production and maximize a cultivation facility's yield and performance. To meet this need, Medicine Man has created a new service offering known as “Cultivation Max.” Cultivation Max helps optimize a facility’s yield, consistency, quality and efficiency through a combination of improved growing techniques and plant nutrients. The target market for this service is existing commercial cannabis cultivators in both indoor and greenhouse environments.

To support the Company’s cultivation services, Medicine Man entered into an agreement last year to acquire Pono Publications Ltd and its Three-a-Light™ (www.threealight.com) intellectual property, which has been shown to increase indoor cannabis yields significantly. In conjunction with the acquisition of Pono Publications Ltd, Medicine Man also entered into an agreement to acquire Success Nutrients and retain the founder of both Pono and Success Nutrients, Mr. Josh Haupt, as its Chief Cultivation Officer.

Success Nutrients provides nutrients specifically for cannabis growing to assist in the production of higher yields, stronger plants, healthier flowers and an overall cleaner product. Success Nutrient’s products are currently available in Colorado, California, Oregon, Washington, Arizona, Michigan and Canada, with plans to obtain the required product registrations in other states as the Company expands its market reach.

Together, Medicine Man Technologies, Three-a-Light™ and Success Nutrients have been combined to provide customers with higher yield and higher quality production.

Managed Facility Services

As both the Company and the cannabis industry grow, Medicine Man Technologies has increasingly received requests to provide for full facility management. Therefore, as a natural extension of its end-to-end cannabis licensing, production and dispensary consulting services, Medicine Man is launching a Managed Facility Services practice to provide clients end-to-end facility operations management.

About Medicine Man Technologies, Inc.

Established in March 2014, the Company secured its first client/licensee in April 2014. To date, the Company has provided guidance for several clients that have successfully secured licenses to operate cannabis businesses within their state. It currently has twenty eight active clients in 12 states and Puerto Rico, focusing on working with clients to 1) utilize its experience, technology, and training to help secure a license in states with newly emerging regulations, 2) deploy the Company's highly effective variable capacity constant harvest cultivation practices through its deployment of Cultivation MAX, and eliminate the liability of single grower dependence, 3) avoid the costly mistakes generally made in start-up, 4) stay engaged with an ever expanding team of licensees and partners, all focused on quality and safety that will 'share' the ever-improving experience and knowledge of the network, and 5) continuing the expansion of its Brands Warehouse concept.

Safe Harbor Statement

This press release may contain forward looking statements which are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially from those anticipated or expected, including statements related to the amount and timing of expected revenues and any payment of dividends on our common and preferred stock, statements related to our financial performance, expected income, distributions, and future growth for upcoming quarterly and annual periods. These risks and uncertainties are further defined in filings and reports by the Company with the U.S. Securities and Exchange Commission (SEC). Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors detailed from time to time in our filings with the Securities and Exchange Commission. Among other matters, the Medicine Man Technologies may not be able to sustain growth or achieve profitability based upon many factors including, but not limited to, general stock market conditions. Reference is hereby made to cautionary statements set forth in the Company's most recent SEC filings. We have incurred and will continue to incur significant expenses in our expansion of our existing and new service lines, noting there is no assurance that we will generate enough revenues to offset those costs in both the near and long term. Additional service offerings may expose us to additional legal and regulatory costs and unknown exposure(s) based upon the various geopolitical locations where we will be providing services, the impact of which cannot be predicted at this time.

Contact Information:
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(303) 371-0387