

TAVERN CRAFT
EXCLUSIVE FRANCHISE DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (“the Agreement”) is made and entered with reference to the following facts:

DISTRIBUTOR: Tavern Craft LLC, a Nevada limited liability company, with principal offices and address for notices at 1775 Deming Way, Sparks, NV 89431.

SUPPLIER: _____, whose address is as follows:

For notices given under this Agreement:

_____.

For receipt of ordered product at Supplier's separate physical warehouse location:

Address: _____.

Contact Person: _____

Telephone: _____

Email: _____

EFFECTIVE DATE: The effective date of this Agreement is _____, 201__.

TERM OF AGREEMENT: The Term of Agreement shall be either (i) [_____ N/A] or (ii) a period of _____ year(s) if a fixed duration of Agreement is applicable, commencing on the Effective Date and continuing to expiration unless renewed by mutual agreement of the parties.

TERRITORY: A marketing and service area within the radius of Sixty (60) Miles from Reno, Nevada. The Territory shall include all radius locations situated within the State of California effective upon the date Distributor is duly permitted and licensed to distribute in the State of California, unless Supplier is already represented by a distributor whose territory includes California locations within the radius described.

PRODUCTS: The products branded by Supplier and offered to Distributor as set forth in Exhibit “A”.

PRICING: The wholesale cost to Distributor of each product offered to Distributor as set forth in Exhibit “B”

1. APPOINTMENT OF DISTRIBUTOR: Supplier hereby appoints Distributor with the exclusive right to market and sell the Products within the Territory during the Term of Agreement. Supplier shall, at its own expense, protect and enforce Distributor's exclusivity against any other appointed distributor of Supplier and shall refrain from appointing any third-party Distributor whose territory overlaps or encroaches into the Territory of Distributor. If Supplier contemplates the appointment of a third-party distributor for exclusive or non-exclusive distribution in northern Nevada and outside the Territory, Distributor shall have a right of first offer to acquire an expansion of the

Territory adding locations contiguous to the Territory or any other location in northern Nevada offered by Supplier on all the terms and conditions of this Agreement, including all required permits and licenses to be obtained by Distributor within a reasonable timeframe.

2. **PRODUCT AVAILABILITY:** Supplier shall use all reasonable efforts to provide Distributor all Products at all times unless Supplier's production is prevented or impaired, its seasonal output is sold, or the Product is discontinued by Supplier. Supplier acknowledges that the goods ordered by Distributor have normally been pre-sold to the customers of Distributor and the willful or intentional refusal to supply Distributor without adequate justification shall constitute a material default of Supplier ("Supplier Default").

3. **PAYMENT TO SUPPLIER:** Payment to Supplier shall be issued weekly within Ten (10) days after Distributor's receipt of goods at Distributor's designated warehouse location ("Delivery"), except payment shall be issued within Forty-Five (45) days after Delivery in the event one or more of the following occur: (i) non-conforming, damaged or unmerchantable goods are rejected in whole or part by Distributor upon inspection or Delivery; or (ii) the goods are not regularly pre-sold inventory of Distributor in whole or substantial part. In the absence of a dispute, failure of Distributor to pay in a timely manner for goods received shall entitle Supplier to suspend further shipments until payment in full is received. Distributor may deduct the full amount of a bill back, credit, or allowance from any regular payment due to Supplier. Supplier shall pay Distributor within Forty-Five (45) days the full amount of any such credit which cannot be offset by a payment due from Distributor.

4. **PRICE CHANGES:** All changes in the wholesale cost of supplied Products to Distributor shall be effective not less than Thirty (30) days after written notice to Distributor.

5. **PROMOTION AND MARKETING:** Distributor shall use all reasonable efforts to promote, market and sell the Products within the Territory, using a trained sales force and delivery system. Supplier shall support the Distributor's marketing efforts with appropriate promotional materials, special events, promotional allowances and other incentives which are effective to generate significant additional volume and profitability for Distributor and Supplier. Supplier and Distributor shall share equally the cost of samples used in the normal promotion of sales, at Distributor's laid-in cost, all costs of discount or incentive programs mutually acceptable to the parties, and promotional merchandise valued at Supplier's actual cost. Unless otherwise expressly quantified in a written amendment to this Agreement, Distributor shall not be obligated to meet or maintain any quota for the purchase of Supplier's Products.

6. **TERMS OF PURCHASE:** Distributor's orders are subject to acceptance at Supplier's principal offices and goods delivered to Distributor are subject to rejection in whole or part for unmerchantability, damage to goods or packaging or mistake in fulfillment. Title to goods and risk of loss pass to Distributor when delivery is made to Distributor's designated warehouse location, unless Distributor's designated common carrier receives the goods for shipment to Distributor in which event title and risk of loss pass to Distributor when goods are loaded onto Distributor's carrier at Supplier's shipping point. Distributor shall pay Supplier for goods shipped by Supplier at the agreed price stipulated on each invoice. Supplier shall not condition its performance under this Agreement to require that Distributor sell the Products at a minimum or maximum price, or any specified price, at any time during this Agreement.

7. REPORTING: Distributor shall use all reasonable efforts to maintain brand performance reports on its website, accessible by Supplier at will and updated monthly by Distributor, in a form which displays the data and categories mutually agreed by the parties. Other reports required to be maintained, if any, are set forth in Exhibit "C" hereto.

8. TRANSPORT AND INSURANCE: Supplier shall replace at its own expense (including delivery) all defective or unmerchantable goods delivered to Distributor, together with freight charges incurred to deliver replacement goods. At all times during this Agreement, Supplier shall maintain commercial general liability coverage, endorsed for products and completed operations, advertising risk and product liability coverage with policy limits not less than Five (5) Million Dollars, covering any claim for loss, damage, injury arising from manufacture, processing, sale or delivery of the goods in the Territory, naming Distributor as additional insured in a certificate providing coverage may be terminated or materially modified or reduced only upon Thirty (30) days' written notice to the additional insured. Supplier shall protect, defend, hold harmless and indemnify Distributor from the claim, loss, damage or injury (including advertising injury) of any third party in any action or proceeding brought against Distributor and which arises from Supplier's defective manufacture or processing of Supplier's goods, including Distributor's reasonable attorneys' fees, and Distributor shall reserve the right to designate its counsel to defend any such claim at Supplier's sole cost and expense.

9. TERMINATION: Upon expiration or earlier termination of this Agreement, Distributor and Supplier shall approve a reconciliation of all charges, payments and credits thereto paid or accrued, and promptly settle any payment due. Distributor shall return all unsold goods and promotional materials supplied by Supplier and the parties shall cooperate in the execution and filing of any notice to the State of Nevada required by the termination of Distributor's appointment under this Agreement. If Supplier desires to terminate this Agreement in good faith and for cause, Supplier shall give not less than Ninety (90) days' written notice to Distributor by certified mail, return receipt requested, setting forth in reasonable detail each grounds asserted for (i) failure of Distributor to comply with this Agreement, (ii) any failure to comply with an essential or reasonable requirement of distribution, or (iii) any instance of bad faith by Distributor in the performance of its obligations as a franchise distributor ("Distributor Default"), together with a written statement that Distributor is given not less than Sixty (60) days from receipt thereof the notice to correct all stated grounds for Distributor Default. Notwithstanding the foregoing, Supplier shall have the right to terminate this Agreement by written notice to Distributor effective on receipt thereof if any of the following shall occur: (i) Distributor files a petition for relief in bankruptcy; (ii) Distributor's state license is revoked or suspended for a continuous period exceeding Thirty (30) days; (iii) Distributor discontinues sales of Supplier's products (other than due to a casualty preventing distribution which Distributor is diligently mitigating); (iv) Distributor fails to pay for products supplied by Supplier within Seven (7) days after Supplier's written notice demanding immediate payment in the absence of a dispute related to the transaction for which full payment has not been made; or (v) as otherwise provided by applicable statute. Any other unilateral termination by Supplier, whether by notice or conduct which refuses to supply or ceases supply (other than due to casualty preventing supply which Supplier is diligently mitigating) shall constitute a Supplier Default which is likely to cause foreseeable economic loss of revenue by Distributor in an amount extremely difficult or impossible to quantify, with the result that the parties have fixed as a reasonable estimate of Distributor's actual loss the sum in liquidated damages, payable on written demand accompanied by Distributor's verified calculation thereof, equal to Three (3) times Distributor's quarterly gross profit from the sale of Supplier's products averaged over the immediately preceding Five (5) calendar year period or the duration of this Agreement, whichever is shorter.

10. ADDITIONAL IMPORTANT PROVISIONS: Supplier and Distributor shall each maintain all permits, licenses and regulatory approval and each shall comply with all applicable state and federal law in the conduct of their respective businesses. Neither party is a partner, joint venturer, fiduciary, general or special agent of the other nor shall either party hold the other out to any third party as acting in any such capacity. Supplier shall produce, bottle, label and manufacture its goods in compliance with all applicable law. This Agreement shall be construed in accordance with the laws of the State of Nevada and any cause of action brought by Supplier or Distributor shall be heard in the state or federal court in or nearest to Reno, Nevada, and the prevailing party shall recover its costs and reasonable attorneys' fees including those incurred to bring or contest an appeal. Any term or provision of this Agreement held invalid or unenforceable shall not affect the enforceability of the remainder of this Agreement. Neither party shall be liable to the other for consequential, special or exemplary damages in any action between them arising out of this Agreement, other than the liquidated damages described in Section 9 hereinabove. This Agreement contains the entirety of the parties' agreement, such that any representation or promise by either party not included in this Agreement was intended to be omitted. No modification of this Agreement shall be effective unless reduced to a writing executed by both parties, and no waiver of enforcement of any term or provision by a party shall be deemed to waive any future breach or default of this Agreement. Any notice required to be given hereunder shall be in writing and is deemed effective when received at the notice address of the recipient set forth in this Agreement. Neither party shall assign any right or delegate any duty hereunder unless with the prior, written consent of the other and this Agreement shall bind and inure to the benefit of any successor or approved assignee. Any monetary dispute between the parties in an amount exceeding Ten Thousand Dollars (\$ 10,000.00) shall be referred to mediation by a qualified, disinterested third party located in Reno, Nevada but neither party shall be bound by the decision nor barred from any subsequent action or proceeding. Both parties warrant that the undersigned executing this Agreement is fully authorized to do by such party and the undertaking of this Agreement is deemed ratified by the party bound thereby.

DISTRIBUTOR:

SUPPLIER:

TAVERN CRAFT LLC, a Nevada
limited liability company

By: _____
Its Manager

By: _____
Its: _____