

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

CONVERTIBLE PROMISSORY NOTE

\$30,000.00

FOR VALUE RECEIVED, [insert Company name], a [insert state of incorporation] [corporation/limited liability company] (the “**Company**”), promises to pay to The Mill Fund I, LLC (“**Holder**”), or its registered assigns, in lawful money of the United States of America, the principal sum of Thirty Thousand Dollars (\$30,000.00), or such lesser amount as shall equal the outstanding principal amount hereof, together with interest from the date of this Note on the unpaid principal balance at a rate equal to five percent (5.0%) simple interest per annum, computed on the basis of the actual number of days elapsed and a year of 360 days. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earliest to occur of the following: (i) on demand of Holder (as defined below) at any time after the second anniversary of the Issue Date (the “**Maturity Date**”); (ii) the consummation of a Corporate Event (as defined below); or (iii) when, upon or after the occurrence of an Event of Default (as defined below).

The Company was selected to participate in The Mill Accelerator program (the “**Program**”). As a condition of such participation, the Company shall use proceeds from this Note to pay \$[5,000.00] to Mill Fund Management, LLC to cover the participant fee for the Program.

The parties hereby agree as follows:

1. Definitions. As used in this Note, the following capitalized terms have the following meanings:

- (a) “**Conversion Percentage**” means 5%.
- (b) “**Corporate Event**” shall be deemed to have occurred (i) if the Company merges, consolidates or reorganizes with one or more entities, corporate or otherwise, as a result of which the holders of the Company’s equity securities entitled to vote for the election of directors or managers immediately prior to such event do not hold at least 50% of the stock entitled to vote for the election of directors immediately after such event, or (ii) if the Company sells all or substantially all of its assets.
- (c) “**Issue Date**” shall mean August 1, 2016.
- (d) “**Price Per Share**” shall mean the lowest price per share of the Qualified Equity Securities sold in the Qualified Financing to other investors.

2. No Prepayment. The Company may not prepay this Note in whole or in part without the consent of Holder. All payments of interest and principal shall be in lawful money of the United States of America. All payments shall be applied first to accrued interest, and thereafter to principal.

3. Events of Default. This Note shall become due and payable immediately without notice or demand upon the occurrence at any time of any of the following (each, an “**Event of Default**”): (1) the Company shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (b) admit in writing its inability to pay its debts generally as they mature, (c) make a general assignment for the benefit of its or any of its creditors, (d) be dissolved or liquidated, or (e) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law; or (2) proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of its property, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or any of its subsidiaries, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 45 days of commencement. Upon the occurrence of an Event of Default, the Holder shall have then, or at any time thereafter while such Event of Default is continuing, all of the rights and remedies afforded by applicable law

4. Conversion.

(a) *Automatic Conversion Upon Qualified Financing.* In the event the Company consummates, prior to the Maturity Date or the closing of a Corporate Event, an equity financing, in one or more closings, pursuant to which it sells preferred equity securities (the “**Qualified Equity Securities**”) for an aggregate consideration of at least \$500,000 (excluding the aggregate principal and accrued interest due on this Note and all other convertible notes then outstanding and issued by the Company) and with the principal purpose of raising capital (a “**Qualified Financing**”), then this Note shall automatically convert into such number of shares of such Qualified Equity Securities that is equal to the greater of (i) the outstanding principal balance and accrued but unpaid interest under this Note divided by the Price Per Share, rounded down to the nearest whole share; and (ii) the Conversion Percentage multiplied by the number of equity securities of the Company, on a fully-diluted basis, including (A) the shares issued upon conversion of this Note, (B) any outstanding warrants, options or any other security convertible into or exercisable or exchangeable for, with or without consideration, any Common Stock and (C) any authorized but unissued shares in the Company’s equity incentive plan, including any increase in the Company’s stock plan being effected in connection with the Qualified Financing, but not including any Qualified Equity Securities issued in such Qualified Financing (other than that issued upon the conversion of this Note and any other debt securities convertible into Qualified Equity Securities), rounded down to the nearest whole share. As a condition precedent (which may be waived by the Company) to conversion of this Note as provided for in this Section 4(a), Holder hereby agrees to execute and deliver to the Company all transaction documents related to the Qualified Financing, including a purchase agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions and having the same terms as those agreements entered into by the other purchasers of the Qualified Equity Securities.

(b) *Issuance of Securities upon Conversion.* As soon as practicable after conversion of this Note, the Company, at its expense, will cause to be issued in the name of and delivered to Holder, a certificate or certificates representing the number of fully paid and nonassessable shares of equity securities to which Holder shall be entitled on such conversion. No fractional shares will be issued on conversion of this Note.

(c) If the Company is a limited liability company, the Company agrees that it will convert to a corporation before the consummation of a Qualified Financing.

5. Acquisition Premium in Connection with a Corporate Event. Notwithstanding anything to the contrary contained in this Note, if a Corporate Event occurs while any obligations remain outstanding on this Note, then the Holder may elect, by delivery of written notice to the Company, effective immediately prior to the closing of the Corporate Event, to (a) receive, in full satisfaction of all outstanding obligations payable by the Company hereunder, a cash payment equal to the outstanding principal balance and accrued but unpaid interest on this Note, plus an amount equal to 100% of the original principal amount of this Note or (b) exchange the

Note for a number of shares of Common Stock of the Company equal to the Conversion Percentage multiplied by the number of equity securities of the Company, on a fully-diluted basis, including (i) the shares issued upon conversion of this Note, (ii) any outstanding Convertible Securities, and (iii) any authorized but unissued shares in the Company's equity incentive plan. The Company will provide Holder with written notice of the Corporate Event at least fifteen (15) days prior to the anticipated closing date of such Corporate Event.

6. Representations and Warranties of the Company. The Company represents and warrants to Holder as follows:

(a) *Due Incorporation/Formation, Qualification.* The Company (i) is an entity duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted; and (iii) is duly qualified, licensed to do business and in good standing as a foreign entity in each jurisdiction where such qualification or license is required.

(b) *Authority; Enforceability.* The execution, delivery and performance by the Company of this Note (i) are within the power of the Company and (ii) have been duly authorized by all necessary actions on the part of the Company. This Note has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(c) *Non-Contravention.* The execution and delivery by the Company of this Note executed by the Company and the performance and consummation of the transactions contemplated hereby do not and will not (i) violate the Company's Articles of Incorporation, Certificate of Incorporation or Formation, Bylaws, operating agreement or other formation or charter documents, as applicable (as amended, the "**Charter Documents**"), or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other person to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien or encumbrance upon any property, asset or revenue of the Company.

(d) *No Violation or Default.* The Company is not in violation of or in default with respect to (i) its Charter Documents or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; or (ii) any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound.

(e) *Litigation.* No actions (including, without limitation, derivative actions), suits, proceedings or investigations are pending or, to the knowledge of the Company, threatened in writing against the Company or the Company's subsidiaries, if any, at law or in equity in any court or before any other governmental authority.

(f) *Title.* The Company and the Company's subsidiaries, if any, own and have good and marketable title in fee simple absolute to, or a valid leasehold interest in, all their respective real properties and good title to their other respective assets and properties. Such assets and properties are subject to no liens or encumbrances.

(g) *Intellectual Property.* To the Company's knowledge, the Company and the Company's subsidiaries, if any, own or possess sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as proposed to be conducted, without any conflict with, or infringement of, the rights of others. Each employee of the Company has executed a confidential information and invention

assignment agreement in favor of the Company. Each consultant to the Company that has had access to the Company's intellectual property has entered into an agreement containing appropriate confidentiality and invention assignment provisions in favor of the Company.

7. Representations and Warranties of Holder. Holder represents and warrants to the Company as follows:

(a) *Binding Obligation.* Holder has full legal capacity, power and authority to execute and deliver this Note. This Note constitutes a valid and binding obligation of Holder, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) *Securities Law Compliance.* Holder has been advised that the Note and the underlying securities have not been registered under the Securities Act of 1933, as amended (the "*Securities Act*"), or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Holder has not been formed solely for the purpose of making this investment and is purchasing the Note for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. Holder has such knowledge and experience in financial and business matters that Holder is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing Holder's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. Holder is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act.

8. Covenants.

(a) *Information Rights.* The Company will provide Holder with the following financial statements: (i) as soon as practicable, but in any event within 90 days after the end of each fiscal year of the Company, an unaudited balance sheet as of the end of such fiscal year, unaudited statements of income and of cash flows for such fiscal year and a statement of shareholders' equity as of the end of such year; and (ii) as soon as practicable, but in any event within 45 days of the end of each quarter, an unaudited income statement and statement of cash flows for such quarter, and an unaudited balance sheet and statement of shareholders' equity as of the end of such quarter.

(b) *Board Observer.* The Company shall invite a representative of Holder to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest.

(c) *Termination of Information and Observer Rights.* The covenants set forth in Sections 8(a) and 8(b) shall terminate and be of no further force or effect following the earliest to occur of: (x) the repayment or conversion of this Note, (y) a Corporate Event, and (z) the closing of the Company's initial public offering. Notwithstanding the foregoing, in the event that this Note is automatically converted in a Qualified Financing, the Company shall provide the Holder with no less favorable information rights than are set forth in this Section 8(a).

9. Miscellaneous. Subject to the restrictions on transfer described herein, the rights and obligations of the Company and Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and

transferees of the parties. Any provision of this Note may be amended, waived or modified upon the written consent of the Company and Holder. Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of Holder. Except as otherwise provided herein, the Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument. If one or more provisions of this Note is held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as though such provision were so excluded and shall be enforceable in accordance with its terms. The parties agree to replace such illegal, void, invalid or unenforceable provision of this Note with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

10. Expenses. In the event of any Event of Default hereunder, the Company shall pay all reasonable attorneys' fees and court costs incurred by Holder in enforcing and collecting this Note.

11. Usury. In the event any interest is paid on this Note that is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

12. Governing Law. This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to the conflicts of law provisions of the State of Nevada, or of any other state.

13. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (iii) five calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to each party at the address or electronic mail address set forth on such party's signature page hereto, or at such other address or electronic mail address as such party may designate by ten days advance written notice to the other party.

Signature Page Follows

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed and delivered by their proper and duly authorized officers as of the Date.

[COMPANY NAME]

By: _____
Name: _____
Title: _____

Address: _____

HOLDER:

THE MILL FUND I, LLC

By: _____
Name: _____
Title: _____

Address: _____

