

PETCURE ONCOLOGY LLC
CONVERTIBLE NOTE TERM SHEET

August 20, 2019

This Convertible Note Term Sheet (the “*Term Sheet*”) summarizes the principal terms and conditions of a proposed convertible note financing of PetCure Oncology LLC, a Delaware limited liability company (the “*Company*”). **This Term Sheet is for discussion purposes only, and except for the section below regarding “*Confidentiality*,” this Term Sheet is not intended to be a binding agreement between the undersigned party and the Company.**

Issuer	PetCure Oncology LLC, a Delaware limited liability company
Investors	“Accredited investors,” as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933 (collectively, the “ <i>Investors</i> ”).
Security	6% Convertible Promissory Notes (the “ <i>Notes</i> ”). The Notes will be unsecured.
Amount of Offering; Minimum Investment; Subsequent Series A Financing	The Company intends to issue Notes for a minimum aggregate principal amount of \$3,000,000 (the “ <i>Minimum Offering Amount</i> ”) and up to the aggregate principal amount of \$10,000,000, provided that the Company may increase the amount being raised in the Note offering in its discretion up to \$3,000,000 (the “ <i>Convertible Note Financing</i> ”). The Company will accept minimum investments of \$25,000, which minimum amount may be lowered in the Company’s discretion. The Company reserves the right to reject any offer in whole or in part and to withdraw, cancel or modify the offer without notice prior to the Company’s acceptance of any subscription for the Notes.
Maturity Date	Subject to the prior conversion of the Notes as described in this Term Sheet, and subject further to the rights of the Majority Holders (defined below), all unpaid principal and accrued but unpaid interest on the Notes (the “ <i>Note Value</i> ”) will be due and payable on (i) December 31, 2022 (the “ <i>Maturity Date</i> ”), (ii) a Sale of the Company (defined below), or (iii) an Event of Default (defined below).
Closing(s)	Upon satisfaction of the Conditions Precedent (defined below), the Company may issue the Notes in one or more closings with one or more Investors. “Conditions Precedent” means the following conditions: <ol style="list-style-type: none">1. The Company and each Investor have entered into a Subscription Agreement;2. The Company has received subscriptions equal to or greater than the Minimum Offering Amount; and3. The Company, in its sole discretion, has determined to accept the subscriptions for the Notes.
Interest	The Notes will bear simple interest at a rate of 6% per annum.
No Optional Prepayment	The Company may not prepay the Notes without the consent of the Majority Holders.
Qualified Equity Financing Conversion	If, prior to the conversion or repayment of the Notes in full, the Company is offered the opportunity to sell its equity securities (the “ <i>Equity Securities</i> ”) in a transaction which results in gross proceeds to the Company of at least \$10,000,000, excluding any conversion of the Notes and other outstanding convertible notes in such offering (a “ <i>Qualified Equity Financing</i> ”), then the entire Note Value will automatically convert into the Equity Securities issued pursuant to the Qualified Equity Financing, the number of which will equal the Note Value at the time of the Qualified Equity Financing <u>divided by</u> the lesser of (i) the per share or per security price paid by the purchasers of the Equity Securities in the such financing or (ii) the Conversion Price (defined below and as may be adjusted as indicated below).

The “**Conversion Price**” means \$1.75, except as provided below. If, prior to the Maturity Date, the closing of a Qualified Financing, or a Sale of the Company, the Borrower closes on an equity financing in a transaction which results in gross proceeds to the Company of less than \$10,000,000, excluding any conversion of the Notes and other outstanding convertible notes in such offering (a “**Non-Qualified Financing**”) and the per Equity Security Price in such financing is less than \$1.75, the Conversion Price will equal the lower per Equity Security price paid by the investors in the most recent Non-Qualified Financing prior to the conversion of the Note.

The current capitalization of the Company is attached hereto as **Exhibit A**.

Change of Control Conversion

If a Sale of the Company (defined below) is consummated prior to the conversion or repayment of the Notes, the Note Value will, immediately prior to the Sale of the Company, become immediately due and payable, or, at the option of the Investor, the Note Value will convert into that number of Common Units determined by dividing the Note Value by the Conversion Price (as may be adjusted).

“**Sale of the Company**” means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting Equity Securities of the Company having the right to vote for the election of the Company’s Directors, excluding any change in the ownership of the voting Equity Securities of the Company as a result of a private financing of the Company that is approved by the Company’s Board of Directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting Equity Securities of the Company or such other surviving or resulting entity, or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company

Maturity Conversion

If there is no Qualified Equity Financing or Change of Control prior to the Maturity Date, the Note Value will become due and payable or, with consent and approval of the Majority Holders, the Note Value will convert into that number of Common Units determined by dividing the Note Value by the Conversion Price (as may be adjusted).

Use of Proceeds

The Company will use the proceeds from the issuance of the Notes for general working capital and business purposes.

Events of Default

The Note Value will become immediately due and payable if an Event of Default occurs subject to the consent of a Majority Holders. An “**Event of Default**” will include, without limitation:

- (i) The Company fails to pay the principal of, and interest on, this Note when due;
- (ii) The Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing;
- (iii) An involuntary petition is filed against the Company (unless such petition is dismissed or discharged within sixty (60) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the

benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Company;

- (iv) Defaults exist under any agreements of the Company with any third party or parties which consists of the failure to pay any indebtedness for borrowed money at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of such indebtedness for borrowed money of the Company, in each case, in an aggregate amount in excess of \$50,000;
- (v) The Company or any of its subsidiaries shall fail to perform or observe any of the covenants or agreements contained in the Notes or any other agreements entered into in connection with the purchase and sale of the Notes;
- (vi) Any material representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of the Company to Investor in writing in connection with the Transaction Documents, or as an inducement to Investor to enter into the Transaction Documents, shall be false or misleading in any material respect when made or furnished;
- (vii) The Company is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; or
- (viii) A final judgment or order for the payment of money in excess of \$50,000 (that is not covered by insurance) shall be rendered against the Company or any of its subsidiaries and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of the Company or any of its subsidiaries and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within thirty (30) days after issue or levy.

Interest shall begin to accrue at a default rate equal to 3% higher than the standard interest rate from and after the date of an Event of Default until the Event of Default has been cured.

Rights of Majority Holders

The Notes issued pursuant to this Term Sheet will be part of a series of convertible promissory notes of similar tenor issued by the Company (collectively, the “*Related Notes*”). The holders of at least fifty percent (50%) in principal balance outstanding of the Related Notes (the “*Majority Holders*”) will have the right to act on behalf of the holders of all such Notes in exercising and enforcing all rights and remedies available to all of such holders.

Future Notes:

If, while the Notes are outstanding, the Company issues other indebtedness of the Company convertible into equity securities of the Company with material terms that are more favorable, from the perspective of the Investor (“*Other Debt*”), than the terms of the Notes, then the Company will provide the Investor with written notice thereof, together with a copy of all documentation relating to such Other Debt and, upon request of the Investor, any additional information related to such Other Debt as may be reasonably requested by the Investor. The Company will provide such notice to Investor promptly (and in any event within 30 days) following the issuance of such Other Debt. In the event the Investor determines that the terms of the Other Debt are preferable to the terms of the Notes, the Investor will notify the Company in writing within 5 days following Investor’s receipt of such notice from the Company. Promptly after receipt of such written notice from the Investor, but in any event within 30 days, the Company will amend and restate this Note to be substantially identical to promissory note evidencing the Other Debt, excluding the principal and accrued interest.

Registration Rights

The Investors will receive customary piggyback registration rights.

Subordination

Any and all repayment obligations and liabilities of the Company to Investors pursuant to the Notes, including, without limit, the Note Value, shall be subordinated in right of payment to any and all obligations and liabilities of the Company to NFS Leasing, Inc., a Massachusetts corporation.

Confidentiality

The making of this Term Sheet and its contents are confidential to the Investors and the Company. Neither the existence of this Term Sheet nor its contents may be disclosed by the Company or the Investors to any third party without the prior written permission of the other party, but each party may disclose this Term Sheet to its attorneys, accountants, and other agents.

SIGNATURE PAGE TO CONVERTIBLE NOTE TERM SHEET

The undersigned have executed this Term Sheet as of the date first written above.

PETCURE ONCOLOGY LLC

By: _____
Scott Milligan, Chief Executive Officer

INVESTOR:

Name: _____

Amount of Investment: \$_____

EXHIBIT A

Company Capitalization

PETCURE ONCOLOGY LLC - CURRENT CAPITALIZATION					
	Class A Units	Class B Units	Class C Units	Warrants	Total (fully-diluted)
Totals:	950,000	2,050,000	125,000	394,740	3,519,740
Percentages:	26.99%	58.24%	3.55%	11.22%	100.00%