

CONVERTIBLE PROMISSORY NOTE

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

FOR VALUE RECEIVED, Falah Capital, Inc., a Delaware corporation (the "**Company**"), hereby unconditionally promises to pay to the order of _____ ("**Holder**"), in lawful money of the United States of America and in immediately available funds, the principal sum of _____ together with accrued and unpaid interest thereon, each due and payable on the dates and in the manner set forth below ("**Note**").

1. Repayment. Unless otherwise converted as provided herein, all unpaid principal together with the unpaid and accrued interest payable hereunder shall be due and payable on demand at any time after the earliest to occur of (i) June 11, 2017 (the "**Maturity Date**"), (ii) the occurrence of an Event of Default (as defined in Section 8 below), or (iii) the occurrence of a Change of Control (as defined below), subject to the terms and conditions set forth in Sections 7, 8 and 9 below. For the purposes hereof, "**Change of Control**" shall mean (i) the liquidation or dissolution of the Company, (ii) the acquisition of a majority of the capital stock of the Company by another entity (or affiliated entities) by means of a merger, consolidation, stock purchase or other transaction in which the holders of the Company's capital stock immediately prior to such merger or transaction fail to hold a majority of the voting power of security holders of the Company or other surviving or continuing company immediately following such merger, consolidation, stock purchase or other transaction, or (iii) a sale of all or substantially all of the assets of the Company and its subsidiaries, if any.

2. Prepayment. The obligations under this Note may not be pre-paid by the Company without the prior written consent of the holders of a majority in principal amount (the "**Majority Holders**") of the notes (the "**Notes**") issued and sold pursuant to the Note Purchase Agreement, dated as June 11, 2015 (the "**Purchase Agreement**"), by and among the Company and the investors set forth on Schedule I attached thereto.

3. Interest Rate. The Company further promises to pay interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of Five Percent (5%) per annum or the maximum rate permissible by Washington law, whichever is less. Such interest shall be calculated on the basis of a 365-day year for the actual number of days elapsed.

4. Instructions Regarding Payment. All amounts payable hereunder shall be payable by check delivered to the address set forth for Holder in the Purchase Agreement.

5. Application of Payments. Any payment on this Note shall be applied first to accrued interest, and thereafter to the outstanding principal balance hereof.

6. Conversion.

(a) Conversion Upon Qualified Financing. If, prior to the Maturity Date, the Company consummates a transaction or series of related transactions whereby preferred stock of the Company ("**Preferred Stock**") is sold in exchange for cash consideration in which the Company receives gross proceeds of Three Million Dollars (\$3,000,000) or more, excluding the conversion of the Notes (a "**Qualified Financing**"), then effective upon the closing of the Qualified Financing, all obligations of this Note then outstanding shall be automatically converted, without any action by Holder, into a number of shares of Preferred Stock equal to the quotient obtained by dividing (i) the aggregate principal and accrued interest then outstanding hereunder by (ii) a conversion price per share equal to Eighty Percent (80%) of the original issuance price per share of such Preferred Stock; *provided, however*, that the conversion price per share shall not exceed the quotient obtained by dividing Two Million Six Hundred Ninety Thousand Dollars (\$2,690,000) (the "**Conversion Cap**") by the total number of shares of common stock of the Company then outstanding on a fully diluted basis, assuming exercise in full of all outstanding options and warrants of the Company and the conversion of all outstanding convertible securities of the Company other than this Note and any other convertible promissory notes.

(b) Optional Conversion. At any time prior to the earlier of the Maturity Date or a Qualified Financing or a Change of Control, the Holder may, by written notice to the Company, elect in the Holder's sole discretion to convert all obligations of this Note into a number of shares of common stock of the Company equal to the quotient obtained by dividing (i) the aggregate principal and accrued interest then outstanding hereunder by (ii) a conversion price per share equal to the quotient obtained by dividing the Conversion Cap by the total number of shares of common stock of the Company then outstanding on a fully diluted basis, assuming exercise in full of all outstanding options and warrants of the Company and the conversion of all outstanding convertible securities of the Company other than this Note and any other convertible promissory notes.

(c) Mechanics and Effect of Conversion. The Company shall, as soon as practicable after the closing of the Qualified Financing, issue and deliver at such office to Holder a certificate or certificates or uncertificated shares in book entry form, in the Company's discretion, representing the number of shares of Preferred Stock ("**Converted Shares**"), to which such Holder shall be entitled pursuant to this Section 6 (bearing such legends as are required by the applicable stock purchase agreement, the Purchase Agreement, and applicable state and federal securities laws in the opinion of counsel to the Company), and any other securities and property to which Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made immediately prior to the close of the Qualified Financing, and the person or persons entitled to receive the shares of stock upon such conversion shall be treated for all purposes as the record holder or holders of such shares of stock as of such date. No fractional Converted Shares shall be issued upon conversion of the Note, and Holder hereby waives any rights to such fractional shares. Upon such conversion of the principal and accrued and unpaid interest, Holder hereby agrees to execute and deliver to the Company all reasonable and customary transaction documents pertaining to Holder's receipt of such capital stock, including the stock purchase agreement, investors' rights agreement, right of first refusal and co-sale agreement, voting agreement and/or other agreements, if any, as are customary and entered into by the investors who are purchasing shares pursuant to the Qualified Financing; *provided however*, that such transaction documents shall be the same documents to be entered into with all other purchasers of securities in connection with the Qualified Financing and that certain stockholder rights in

connection with such Qualified Financing may be contingent upon minimum stock ownership. Holder further acknowledges that the transaction documents will contain customary representations and warranties and transfer restrictions, including a 180-day lock-up agreement in connection with an initial public offering.

7. Change of Control. If, prior to the Maturity Date, (a) repayment or conversion pursuant to Section 6(a) or 6(b) of this Note shall not have occurred and (b) the Company consummates a Change of Control, the Company shall pay Holder an amount equal to the greater of (i) one hundred fifty percent (150%) of the principal amount of this Note or (ii) the amount of consideration that the Holder would receive if the Note were converted into Common Stock of the Company immediately prior to such consummation of the Change of Control at a conversion price determined in accordance with the proviso of Section 6(a) above, in full discharge of all indebtedness and other obligations under this Note.

8. Default. Each of the following events shall be an “*Event of Default*” hereunder:

(a) Failure to Pay. The Company fails to pay (i) when due any of the principal or interest on the due date hereunder or (ii) any other payment required under the terms of this Note on the date the same becomes due and payable and such failure to pay is not cured within ten (10) business days after the Company has received written notice from Holder of the Company’s failure to pay;

(b) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) 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, (ii) be unable, or admit in writing its inability, to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated in full or in part, (v) become insolvent (as such term may be defined or interpreted under any applicable statute), (vi) 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 now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it or (vii) take any action for the purpose of effecting any of the foregoing; or

(c) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company 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 case or proceeding shall not be dismissed or discharged within twenty (20) days of commencement.

9. Rights of Holder Upon Default. Subject to the provisions in Section 10 below, upon the occurrence or existence of any Event of Default and at any time thereafter, the Majority Holders may declare all outstanding principal and interest payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Purchase Agreement to the contrary notwithstanding. In addition to the foregoing, upon the occurrence or existence of any Event of Default, Holder may exercise any other right, power or remedy granted to it by the Purchase Agreement or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

10. Subordination.

(a) Senior Indebtedness. The indebtedness evidenced by this Note is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the principal amount

outstanding and any and all unpaid interest thereon with respect to any future indebtedness of the Company to banks, lessors or other financial or lending institutions (the “*Senior Indebtedness*”).

(b) Further Assurances. By acceptance of this Note, Holder agrees to execute and deliver customary forms of subordination agreement requested from time to time by holders of Senior Indebtedness, and as a condition to Holder’s rights hereunder, the Company may require that Holder execute such forms of subordination agreement; *provided* that such forms shall not impose on Holder terms less favorable than those provided herein.

(c) No Impairment. Subject to the rights, if any, of the holders of Senior Indebtedness to receive cash, securities or other properties otherwise payable or deliverable to Holder, nothing contained in this Section 10 shall impair, as between the Company and Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to Holder the principal and accrued and unpaid interest hereunder as and when the Note becomes due and payable, or shall prevent Holder, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

11. Transfer Rights. Holder may not transfer this Note to a third party without the prior written consent of the Company. Each new Note issued upon any transfer of this Note shall bear a legend as to the applicable restrictions on transferability to ensure compliance with the Securities Act, unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent, if any, in connection with such restrictions. Subject to the foregoing, transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Company. Prior to presentation of this Note for registration of transfer, the Company shall treat the registered holder hereof as the owner and holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

12. Successors and Assigns. Subject to the restrictions on transfer provided herein, the rights and obligations of the Company and Holder shall be binding upon and benefit the respective successors, assigns, heirs, administrators and transferees of the Company or Holder, as applicable.

13. Assignment by the Company. Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, in whole or in part, by the Company, without the prior written consent of the Majority Holders.

14. Waiver and Amendment. Any provision of this Note may be amended, waived or modified only in accordance with Section 7(a) of the Purchase Agreement. Holder expressly acknowledges that this Note may be amended without Holder’s consent or prior notification to the extent set forth in the aforementioned Section.

15. Notices. Any notice, request or other communication required or permitted hereunder shall be made in accordance with Section 7(j) of the Purchase Agreement.

16. No Rights as Stockholder. This Note, as such, shall not entitle Holder to any voting rights or other rights as a stockholder of the Company. In the absence of conversion of this Note into Preferred Stock, no provisions of this Note, and no enumeration of the rights or privileges of Holder, shall cause Holder to be a stockholder of the Company for any purpose.

17. Governing Law. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Convertible Promissory Note to be executed by its duly authorized officer as of the date first set forth above.

COMPANY:

FALAH CAPITAL, INC.

By: _____

Name: Thomas Polson

Title: Chief Executive Officer