

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THIS NOTE MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

PROMISSORY NOTE

Principal Amount:

November __, 2016

US\$13,999,997

FOR VALUE RECEIVED, LAFAYETTE, LLC, a company organized under the laws of Delaware with its registered office at [redacted] Wilmington, Delaware 19808 (the "Company"), hereby promises to pay to Cetus Investments Limited, a company organized under the laws of British Virgin Islands with its registered office at [redacted] [redacted] Road Town, Tortola, British Virgin Islands, or its permitted successors or assigns (the "Holder"), the amount set out above as the Principal Amount ("Principal Amount") and to pay interest on the outstanding Principal Amount at the Interest Rate (as defined below) from the date listed above (the "Issuance Date") until the same becomes due and payable, whether on the Maturity Date (as defined below), or by acceleration, redemption or otherwise, in each case in accordance with the terms hereof. This Promissory Note ("this Note") is subject to the following terms and conditions.

1. **Payment of Principal; Maturity Date.** On the forth (4th) anniversary of the date of this Note (the "Maturity Date"), the Company shall pay to the Holder an amount in cash representing all Principal Amount and all accrued but unpaid interest thereon ("Interest"). Upon receipt of payment in full of all amounts due to the Holder hereunder, the Holder shall surrender this Note to the Company or its external counsel.
2. **Interest.** Interest on the Principal Amount of this Note shall commence accruing on the Issuance Date and shall be computed on the basis of actual calendar days elapsed and a year of 360 days. Interest shall be due and payable on each anniversary of the Issuance Date (each such date, an "Interest Payment Date"). On each Interest Payment Date, the Interest due for such period will be capitalized and the Principal Amount shall be amended to reflect the same. Interest shall accrue at a rate of eight percent (8%) per annum during the period commencing on the Issuance Date and ending on the day immediately preceding the Maturity Date (the "Interest Rate").
3. **Seniority of Note.** This Note shall rank senior with respect to the right of payment to any and all other Indebtedness (as further defined) of the Company ("Other Indebtedness"), unless the Company receives the prior written consent of the Holder, to otherwise incur Indebtedness senior to or *pari passu* with this Note. This Note is issued subject to the provisions of this Section 3 and each person taking or holding this Note, accepts and agrees to be bound by these provisions.

For the purposes of this Section 3, "Indebtedness" means: (a) all liabilities for borrowed money, whether current or funded, secured or unsecured, all obligations evidenced by bonds, debentures, notes or similar instruments, and all liabilities in respect of mandatorily redeemable or purchasable capital stock or securities convertible into capital stock; (b) all liabilities for the principal amount of the deferred and unpaid purchase price of real property and equipment that have been delivered; (c) all liabilities in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which liabilities are required to be

classified and accounted for under GAAP as capital leases; (d) all liabilities for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction securing obligations of a type described in clauses (a), (b) or (c) above to the extent of the obligation secured; and (e) all liabilities as guarantor of obligations of any other person of a type described in clauses (a), (b), (c) or (d) above, to the extent of the obligation guaranteed.

If there shall occur any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation, or any other marshalling of the assets and liabilities of the Company, (i) no amount shall be paid by the Company in respect of the principal balance, interest on or other amounts due with respect to the Other Indebtedness at the time outstanding, unless and until the principal and interest and other amounts payable in respect of this Note then outstanding shall be paid in full, and (ii) no claim or proof of claim shall be filed with the Company by or on behalf of any party that shall assert any right to receive any payments in respect of the principal balance and interest and other amounts payable on the Other Indebtedness except subject to the payment in full of the principal of and interest and other amounts payable in respect of this Note then outstanding.

4. **Use of Proceeds.** The Company hereby covenants to and agrees with the Holder that net proceeds from this Note shall only be used by the Company to pay for purchase of 878,569 shares of Common Stock par value \$0.00001 per share in PalliaTech, Inc. (a Delaware corporation) (the "Shares").
5. **Security.** This Note shall be secured by the pledge of the Shares in favor of the Holder pursuant to a Stock Pledge Agreement that shall be executed by the Company and the Holder on or around the date hereof.
6. **Acceleration for Bankruptcy.** All Principal Amount and Interest shall become immediately due and payable upon the commission of any act of bankruptcy by the Company, the execution by the Company of a general assignment for the benefit of creditors, the filing by or against the Company of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, or the appointment of a receiver or trustee to take possession of the property or assets of the Company.
7. **Place of Payment; Application of Payment Amounts.** All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to the payment of interest on overdue interest to the date of payment, second to the payment of interest of overdue Principal Amount to the date of payment, third to the payment of accrued Interest then due and payable (including any accrued overdue interest) to the date of payment, fourth, to the payment of Principal Amount past due and fifth to the payment of Principal Amount then due.
8. **Early Prepayment.** The Company may, on not less than thirty (30) days' prior notice to the Holder at any time prepay all or any part of the Principal Amount and all accrued but unpaid interest thereon. In case of any partial prepayment, (i) the Company shall issue a replacement note to the Holder reflecting the reduced principal amount and upon receipt thereof, the Holder shall return this Note to the Company for cancellation and (ii) respective amount shall be credited first to the payment of accrued Interest and second to the payment of Principal Amount.

9. **Events of Default.** Each of the following shall constitute an event of default (referred to herein as an “Event of Default”), whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any Governmental Entity.
- (a) Failure by the Company to make any payment due under this Note;
 - (b) The Company fails to pay any portion, when such portion is due, of any of its Indebtedness in excess of \$500,000 (other than under this Note) or breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, and any such failure, breach or default continues beyond any applicable period of grace provided therefor;
 - (c) A final judgment or judgments for the payment of money aggregating in excess of: (i) \$5,000,000 are rendered against the Company; or (ii) \$1,000,000 are rendered against any of the officers or directors of the Company and which judgment are not, within sixty (60) days after the entry thereof, bonded discharged or stayed pending appeal or are not discharged within sixty (60) days after the expiration of such stay; provided, however, that any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the amounts set forth above so long as the Company receives such proceeds of insurance or indemnity within sixty (60) days of the issuance of such judgment;
 - (d) Breach by the Company of any of its covenants under this Note;
 - (e) Any representation, warranty or certification made by the Company in this Note shall prove to have been false or incorrect in any material respect on the date or dates as of which made;
 - (f) the Company shall: (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property; (ii) become subject to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property; (iii) make an assignment for the benefit of creditors; (iv) fail generally or admit in writing to its inability to pay its debts as they become due; (v) institute any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or file a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law, or file an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it; or (vi) become subject to any involuntary proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or have an order for relief entered against it in any proceeding under the United States Bankruptcy Code; or
 - (g) the Company shall: (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution); (ii) suspend its operations other than in the ordinary course of business; or (iii) take any action to authorize any of the actions or events set forth above in this paragraph 9(g).

10. **Rights upon Event of Default.**

- (a) If any Event of Default shall occur for any reason, whether voluntary or involuntary, and be continuing, the Holder may, upon notice or demand, declare the outstanding indebtedness under this Note to be due and payable, whereupon the outstanding indebtedness under this Note shall be and become immediately due and payable, and the Company shall immediately pay to the Holder all such indebtedness. Upon the occurrence of an actual or deemed entry of an order for relief with respect to the Company under the United States Bankruptcy Code, then all indebtedness under this Note shall automatically be due immediately without notice of any kind. The Company agrees to pay the Holder all out-of-pocket costs and expenses incurred by such Holder in any effort to collect indebtedness under this Note, including attorneys' fees, and to pay interest at the lesser of: (A) the Interest Rate; and (B) the highest rate permitted by applicable law, on such costs and expenses to the extent not paid when demanded.
- (b) The Holder shall also have any other rights which the Holder may have been afforded under any contract or agreement at any time and any other rights which Holder may have pursuant to applicable law. The Holder may exercise any such rights contemporaneously or separately from the exercise of any other remedies hereunder or under applicable law.

11. **Transfer; Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the Company and the Holder. Neither this Note nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other party; provided that, without the prior written consent of the Company, the Holder may assign its rights, interests and obligations under this Note to any of its Affiliates that is an "accredited investor" within the meaning of SEC Rule 501(a) of Regulation D, as presently in effect.

12. **Governing Law; Arbitration.** This Note and all acts and transactions pursuant hereto and the rights and obligations of the Company and the Holder hereunder shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any dispute, controversy or claim arising out of or related to this Note shall be resolved by binding, final and confidential arbitration administered by the International Centre for Dispute Resolution ("ICDR") in accordance with its International Arbitration Rules. The seat and place of arbitration shall be New York, New York. Judgment on the award may be entered by any court having jurisdiction thereof. The number of arbitrators shall be three (3). The language of the arbitration shall be English. Except as may be required by law, neither a party nor its representatives may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all other parties to the arbitration. It is the intent of the Company and the Holder that, barring extraordinary circumstances, arbitration proceedings will be concluded within six (6) months from the date the arbitral tribunal has been appointed. The Company and the Holder and their representatives shall exercise their best efforts to comply with such intent and, at the time of appointment, each arbitrator will undertake to make a reasonable effort to comply with such intent. The arbitral tribunal may extend this time limit in the interests of justice. Failure to adhere to this time limit shall not constitute a basis for challenging the award.

13. **Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email or fax (upon customary confirmation of receipt), or forty-eight (48) hours after being

deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address or fax number as set forth on the signature page, which address or fax number may be subsequently modified by written notice to the other party, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

14. **Amendments and Waivers.** Any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holder.
15. **Entire Agreement.** This Note constitute the entire agreement between the Company and the Holder pertaining to the subject matter hereof, and supersedes any and all other written or oral agreements existing between the Company and the Holder with respect to the subject matter hereof.
16. **Stockholders, Officers and Directors Not Liable.** In no event shall any stockholder, officer or director of the Company be liable for any amounts due or payable pursuant to this Note.
17. **Counterparts.** This Note may be executed in any number of counterparts, each of which when executed and delivered (including by fax or electronic commission) shall be deemed to be an original and all of which together shall constitute a single agreement.
18. **Interest Rate Limitation.** It is the intention of the Company and the Holder that this Note, and all other instruments securing the payment of this Note or executed or delivered in connection herewith, shall comply with applicable law. Notwithstanding anything to the contrary contained in this Note, the interest paid or agreed to be paid under this Note shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If the Holder shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal remaining owed under this Note or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Holder exceeds the Maximum Rate, the Holder may, to the extent permitted by applicable law: (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of this Note.
19. **Action to Collect on Note.** If action is instituted to collect on this Note, the Company promises to pay all costs and expenses, including reasonable attorney's fees, incurred in connection with such action.
20. **Loss of Note.** Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any note exchanged for it, and indemnity satisfactory to the Company (in case of loss, theft or destruction) or surrender and cancellation of such note (in the case of mutilation), the Company shall make and deliver in lieu of such note a new note of like tenor.
21. **Remedies Cumulative; Failure or Indulgence Not a Waiver.** The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note. No failure or delay on the part of Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial

exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has executed this Note as of the date first set forth above.

COMPANY:

LAFAYETTE, LLC

By: _____

Name: Boris Jordan

Title: Managing Member

Address: Lafayette, LLC
c/o Waldman Hirsch & Company LLP

Fax No: _____
Attention: Steven Hirsch, Managing Partner

With a copy to:

Fax No: _____
Attention: Barry Mehlman, Esq.

AGREED TO AND ACCEPTED BY:

THE HOLDER:

Cetus Investments Limited

By:  _____

Name: Thackeray Investments Limited

Title: Director

Address: _____
_____ Limassol, Cyprus

Tel: _____

Fax No: _____

Attention: Anna Evdokimova

With a copy by e-mail to: _____