

Oklahoma Seed Capital Fund or Other i2E Managed Fund.

**TERM SHEET
FOR Convertible Promissory Note Financing OF
Simergent, LLC**

Date November 6, 2018.

This Term Sheet summarizes the terms of the Convertible Promissory Note Financing of Simergent, LLC., a Delaware Limited Liability Company (the "Company"). No legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest and is expressly conditioned on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This term sheet is subject to approval of i2E's designated investment committee. This Term Sheet shall be governed in all respects by the business laws of the State of Oklahoma and will expire in 15 days from the above date if not accepted by the Company. All investment proposed herein is contingent upon the receipt of requisite approval from the appropriate State funding entity.

<u>Description of the Offering:</u>	
Company Name:	Simergent, LLC.
Location:	13101 S. Pennsylvania Ave., Suite 10 Oklahoma City, OK 73170
Type of Entity:	A Delaware Limited Liability Company taxed as a C-Corporation.
Type of Security:	Convertible Promissory Note (the " <u>Note</u> ") – The Note will be a senior secured obligation of the Company (except as defined under collateral) and may be convertible into equity in accordance with the terms described below.
Size of Offering:	Minimum of \$2,250,000; maximum of \$2,750,000.
Closing Date:	As soon as practicable upon completion of all due diligence. Targeting close within 45 days after signed term sheet, subject to fluctuations regarding Co-Investor participation.
Lead Investor:	The Oklahoma Seed Capital Fund, LLC., an Oklahoma limited liability company and/or the Oklahoma Angel Fund II, both of which are managed by i2E, Inc. or other funds managed by i2E, Inc (the " <u>Fund</u> "), will invest a maximum of \$1,250,000 to be matched 1:1 by co-investment.
Co-Investors:	Accredited investors acting on their own account, and/or other Accredited Investors as defined in SEC Rule 501 and/or organized investment funds. Amount of co-investment to be

	<i>mutually agreed upon by Investors and the Company but to be not less than \$1,125,000.</i>
<i>Capitalization:</i>	<i>The Company's capital structure is set forth on <u>Exhibit A</u> attached hereto, on a fully-diluted basis. Final capitalization table is subject to finalized due diligence on existing convertible notes.</i>
<i>Use of Proceeds:</i>	<p><i>The proceeds will be used for attainment of 510K approval and shall be expended as follows:</i></p> <ul style="list-style-type: none"> <i>• Regulatory, Verification and Validation Testing \$789,000</i> <i>• Manufacturing & Tooling \$677,000</i> <i>• Operating and Business Staff \$729,000</i> <i>• Capital Equipment & Inventory: \$305,000</i> <i>• Miscellaneous includes unspent funds from previously awarded SBIR grant and any unspent funds from prior investment round of Company.</i> <p><i>The Company shall not use any portion of the proceeds of the Promissory Note for lobbying activities. The above Use of Funds may be modified by the Company's Board of Directors with approval of the Note Holder Director.</i></p>

<u>Terms of the Note:</u>	
<i>Maturity:</i>	<p><i>Maturity date is thirty (30) months from the date of the Note (the "Maturity Date").</i></p> <p><i>This Note may not be prepaid or repaid except in the manner described in this note</i></p>
<i>Rate of Interest:</i>	<i>The rate of interest will be eight percent (8%) per annum for the first thirty months and twelve percent (12%) per annum after thirty months. Interest will be payable quarterly at the end of each calendar quarter. Any interest not paid will be accrued and capitalized into the principal annually.</i>

	<u>The "Principal" amount as utilized herein shall mean the total amount of funding that has been advanced on the Notes unless specifically stated.</u>
Prepayment:	The Note is <u>not repayable</u> prior to the Maturity Date.
Repayment Options After Maturity Date:	<p>On or after the Maturity Date, the Company, with 10 days written notice to the Note Holders, <u>may offer to repay</u> the Note in full by paying 3.0 times an amount consisting of the Principal plus any accrued and unpaid interest. The amount of such payment in excess of the Principal and interest amount shall be deemed a Conversion Cancellation Amount. The Note Holder may accept this repayment or elect to have all Principal on this Note plus accrued interest converted or renewed as allowed by the following Note options or conversion options;</p> <ol style="list-style-type: none"> 1.) Call the note at the amount of principal plus all accrued and unpaid interest. 2.) Continue to hold the note at the post-Maturity Date rate of interest, and retain all the conversion options defined below on the terms and conditions specified for each such option.
<u>Conversion Options:</u>	
Conditional Conversion:	<p>If after the Maturity Date, (a) the Note has not been repaid, or (b) Next Round Equity (defined below) has not occurred, <u>the Note Holders have the right at any time with 30 days notice</u> to convert the Note including Principal plus any accrued and unpaid interest to the same type of security and at the lower of the price and terms of the last funding round or at a price that would result in the Note Holders collectively owning equity in the Company equal to the total amount of Notes including Principal plus any accrued and unpaid interest divided by \$5,750,000 plus the total amount of Notes issued. As an example, if \$2,250,000 in Notes are issued, the Holders would have the option to convert their Notes into equity equal to their pro-rata portion of \$2,250,000 plus interest/(\$5,750,000 plus \$2,250,000)</p>
Next Round Equity Conversion:	<p>The Note Holders <u>shall convert</u> the Principal and any accrued and unpaid interest on the Note into Next Round Equity at the time of the Next Round Financing (as defined below).</p> <p>Type of Equity: The Note may be converted into the same type of security that is issued by the Company in the Next Round</p>

	<p><i>Financing (the "Next Round Equity") and have the same rights granted to other investors in the Next Round Financing.</i></p> <p><i>Conversion Amount: All of the Principal, plus any accrued and unpaid interest payable on the Note to the date of conversion, may be converted into Next Round Equity at a price equal to the lower of 80% of the purchase price paid by investors in connection with the Next Round Financing or at a price that would result in the Note Holders collectively owning equity in the Company equal to the total amount of Notes including Principal plus any accrued and unpaid interest divided by \$5,750,000 plus the total amount of Notes issued. As an example, if \$2,250,000 in Notes are issued, the Holders would convert their Notes into equity equal to their pro-rata portion of \$2,250,000 plus interest/(\$5,750,000 plus \$2,250,000)</i></p> <p><i>Next Round Financing: For purposes of this Term Sheet, the Next Round Financing means the issuance of Next Round Equity by the Company in an amount equal to or greater than \$1,000,000 in any 90 day period.</i></p>
<p><i>Change of Control Conversion:</i></p>	<p><i>If at any time prior to or after the Maturity date, the Company agrees to a Change in Control or in the event of a Liquidation (as defined below), the Note Holders will have the option to:</i></p> <p><i>1) Receive a payment from the Company of 3.0 times the amount consisting of the principal plus any interest on the Note. The amount of such payment in excess of the principal and interest amount shall be deemed a Conversion Cancellation Amount.</i></p> <p><i>OR</i></p> <p><i>2) Convert all Principal and interest on the Note into shares of the Company's common stock at a price equal to the lesser of 80% of the purchase price paid by investors in connection with the Change of Control or at a price that would result in the Note Holders collectively owning equity in the Company equal to the total amount of Notes including Principal plus any accrued and unpaid interest divided by \$5,750,000 plus the total amount of Notes issued. As an example, if \$2,250,000 in Notes are issued, the Holders would have the option to convert their Notes into equity equal to their pro-rata portion of \$2,250,000 plus interest/(\$5,750,000 plus \$2,250,000)</i></p> <p><i>"Change of Control" shall mean (i) a consolidation, merger or similar transaction in which the Company is a party, (ii) the sale, lease, or transfer of all or substantially all of the assets of the Company in one or a series of transactions, or (iii) any other form of corporate reorganization in which outstanding ownership interests in the Company are exchanged for or</i></p>

	<p>converted into cash, securities of another corporation or business organization (including the surviving entity of a merger), or other property; or (iv) any person, including a "group" that includes such person, shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of securities of the Company and, as a result of such purchase or acquisition, such person (together with its associates and affiliates) shall directly or indirectly beneficially own in the aggregate securities representing more than 50% of the combined voting power of the Company's securities, in each case outstanding on the date immediately prior to the date of such purchase or acquisition (or, if there is more than one, the last such purchase or acquisition). The term "Liquidation" shall mean the dissolution, winding up, or liquidation of the Company.</p>
<u>Other Provisions:</u>	
<u>Distributions:</u>	<p>The Board of Managers may periodically pay the interest due on the Note to the Note Holders; provided that the Board may elect to not pay such interest and allow it to continue to accrue.</p> <p>To the extent the Company has positive earnings in a particular tax year, the Board of Managers may periodically distribute to all unit holders an amount sufficient to cover any tax liability of the unit holders related to the Company's earnings. Except as otherwise provided herein, so long as any amount of the Notes remain outstanding, the Company will not make any distributions to unit holders until the Note is repaid in full (as defined under Repayment) without approval of 75% of the Note Holders based on outstanding Note balance ("<u>Requisite Approval</u>").</p>
<u>Collateral:</u>	<p>The Notes will be secured by a lien on all assets of the Company, including, without limitation, real property, Accounts, Chattel Paper, Contracts, Documents, Equipment, Fixtures, General Intangibles (including intellectual property) Inventory and Investment Property. The Company will enter a security agreement, as applicable, to evidence each Note Holder's interest in these assets. However, the Note Holders agree that it will subordinate its security interest to a commercial lender or lenders should the Company obtain commercial financing acceptable to the Note holders.</p>
<u>Lead Investor:</u>	<p>The Lead Investor shall have unrestricted observation rights to the Company's Board of Directors meetings and related materials for so long as any of the Notes are outstanding.</p>

<p><i>Board Matters:</i></p>	<p><i>For so long as any Notes are outstanding, the Company shall be governed by a three person board of directors comprised of two representatives of management of the Company and one director appointed by the Lead Investor to represent the Note Holders (the "Note Holder Director").</i></p> <p><i>The Board shall pre-approve with the affirmative vote of the Note Holder Director any change to the expenditures of the proceeds of the Notes other than as set forth herein under "Use of Proceeds".</i></p> <p><i>The Board of Directors shall meet at least quarterly, unless otherwise agreed by a vote of the majority of Directors.</i></p>
<p><i>Founder's Shares Right of Repurchase:</i></p>	<p>All Founders to own Units outright subject to Company right to buyback 50% of such Units at the lesser of actual cost or \$1.51 per share upon voluntary separation from service or termination of a Founder's employment by the Company for cause. Buyback right lapses in equal monthly increments over 24 months. All Founder's shares to vest upon a Change of Control or Next Round Financing. The Founders are Steve Lindo and Richard Pendergraft. The Company shall enter into new Employment Agreements with the Founders satisfactory in form to the Lead Investor.</p>
<p><i>No Severance:</i></p>	<p>There are currently no employee severance agreements in place and the company agrees that none will be implemented without Board approval.</p>
<p><i>Approval Rights:</i></p>	<p>For so long as any of the balance of the original Notes or any of the securities converted from the Notes are outstanding, the Company will not, without the 75% Requisite Approval, either directly or otherwise:</p> <ul style="list-style-type: none"> (i) amend, alter, or repeal any provision of the Operating Agreement in a manner adverse to the Note Holders; (ii) change the principal business of the Company, enter new lines of business, or exit the current line of business except that the Company has obtained an SBIR grant to develop an additional technology (the "SBIR Technology") which shall be authorized; (iii) create or issue any equity or other security convertible into or exercisable for any equity security; (iv) purchase or redeem or pay any dividend on any Unit, other than Units repurchased from former

employees or consultants in connection with the cessation of their employment/services, at the lower of fair market value or cost;

- (v) Make any distributions to its members other than as set forth in the Operating Agreement.
- (vi) incur any aggregate indebtedness in excess of \$50,000, other than trade credit incurred in the ordinary course of business;
- (vii) create any subsidiary or enter into a joint venture;
- (viii) make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;
- (ix) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of a employee stock or option plan approved by the Board of Directors (including the approval of the Investor Directors);
- (x) increase or decrease the size of the Board of Managers or Directors;
- (xi) guarantee, any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;
- (xii) make any investment other than investments in prime commercial paper, money market funds, certificates of deposit in any United States bank having a net worth in excess of \$100,000,000 or obligations issued or guaranteed by the United States of America, in each case having a maturity not in excess of two years;
- (xiii) enter into or be a party to any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person, other than transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by the Board of Directors (including the approval of the Investor Directors);

	<ul style="list-style-type: none"> (xiv) sell, transfer, license, pledge or encumber any technology or intellectual property, other than licenses granted in the ordinary course of business; (xv) cause the Company to enter into any merger or other business combination transaction or to sell or transfer all or substantially all of the Company assets; (xvi) liquidate, dissolve or wind-up the affairs of the Company or effect a Deemed Liquidation Event; or (xvii) increase salaries and compensation of the Founders beyond adjustments to reflect increase in the Consumer Price Index.
<p><i>Inspection and Information Rights:</i></p>	<p>So long as any of the Notes are outstanding, each Note Holder will be granted access to Company facilities and key personnel during normal business hours and with reasonable advance notification.</p> <p>So long as any of the Notes are outstanding, the Company will deliver to each Note Holder (i) annual financial statements no later than 90 days after the end of each fiscal year; (ii) quarterly financial statements no later than 45 days after the end of each quarter and a comparison of such quarter's results with the results projected by the Company's annual budget; (iii) at least thirty days prior to the end of each fiscal year, a comprehensive operating budget forecasting the Company's revenues, expenses, balance sheet and cash position on a month-to-month basis for the upcoming fiscal year; (iv) upon the request of any Investor, an up-to-date capitalization table, certified by the proper executive; and (v) such other financial and management information as may be reasonably requested by any Investor. Annual financial statements shall be prepared by a certified public account or certified public accounting firm in a form and format acceptable to Lead Investor. It is also recommended, but not required, that the Company use a certified public accountant or accounting firm for the preparation and submission to Lead Investor of quarterly financials.</p>
<p><i>Right of First Refusal:</i></p>	<p>The Company shall have a right of first refusal with respect to any capital units of the Company or interest in outstanding Notes proposed to be sold or transferred by the Founders, Investor or Co-Investors to third parties. If the Company does not exercise such right in full, the Founders shall have a right of first refusal with respect to any remaining shares, on a pro rata basis, with a right of oversubscription for Shares unsubscribed by the other founders if the Founders do not</p>

	<p>exercise such right in full, the Note Holders shall have a right of first refusal with respect to any remaining shares, on a pro rata basis, with a right of oversubscription for Shares unsubscribed by the other holders. If the Note Holders do not exercise such right in full, a third party, approved by a majority vote of the Board of Directors, may be granted a right of first refusal with respect to any remaining shares.</p>
<i>Right of Participation:</i>	<p>Note holders shall have a pro rata right, based on their percentage equity ownership in the Company (on a fully-diluted basis and assuming the conversion of all outstanding Notes), to participate in subsequent issuances of equity securities of the Company. In addition, should Note holder choose not to purchase its full pro rata share, the remaining holders shall have the right to purchase the remaining pro rata shares.</p>
<i>Tag-Along Rights:</i>	<p>Any third party offer to acquire (i) any Units of the Company from any Founder or (ii) at least 50% of the issued and outstanding capital Units of the Company (whether by direct purchase, merger, Unit exchange or otherwise), must include an offer to acquire all of the outstanding Notes, on an as converted basis. Each non-selling holder of Notes shall have the right (the "Tag Along Right") to sell to the proposed buyer all, but not less than all, of the Notes owned by any such holder on an as-converted basis.</p>
<i>Non-Competition and Non-Solicitation and Agreements:</i>	<p>Each Founder, key employee and key contractor shall have entered into at least a one year non-competition and non-solicitation agreement in a form reasonably acceptable to the Investors.</p>
<i>Non-Disclosure and Developments Agreement:</i>	<p>Each Founder, employee and consultant with access to Company confidential information/trade secrets will enter into a non-disclosure and proprietary rights assignment agreement in a form reasonably acceptable to the Investors.</p>
<i>Representations and Warranties:</i>	<p>Representations and warranties by the Company and the Founders, to the best of their knowledge, as provided under separate cover and to be incorporated at close, with indemnification from the Company and the Founders for any misrepresentations or breaches of warranty.</p>
<i>Due Diligence and Conditions to Closing:</i>	<p>Standard conditions to Closing, which shall include, among other things:</p>

	<ul style="list-style-type: none"> (i) acceptance of current management team and scheduled management additions. (ii) satisfactory review and acceptance of all Balance Sheet items; (iii) satisfactory completion of financial and legal due diligence; (iv) the Company shall maintain the existing life insurance policy it owns on Steve Lindo in an amount of \$1,000,000 with all proceeds payable to the Company; (v) the Fund must have received evidence reasonably acceptable to the Fund that the Founders have already made or are contractually committed to make appropriate financial and time commitments to the Company; (vi) negotiation of definitive Purchase Agreement and other required closing documents; (vii) transfer of the SBIR Technology from the Founders to the Company; and (viii) Approval by applicable Investment Committees of Lead Investor.
<i>Closing Costs:</i>	<p>Lead Investor shall draft closing documents, and the Company shall pay all legal and administrative costs of the financing at Closing of \$7,500; provided that, if the Closing does not occur, each party hereto shall be responsible for their own costs and expenses.</p>
<i>Confidentiality:</i>	<p>This Term Sheet is confidential to the parties and is for the use of the Company's management and their advisors. The Company agrees to work in good faith expeditiously towards a closing. The Company and the Founder agree that they will not, for a period of 15 weeks from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Lead Investor relating to the sale or issuance, of any of the capital stock of the Company or the acquisition, sale, lease, license or other disposition of the Company or any material part of the stock or assets of the Company and shall notify the Lead Investor promptly of any inquiries by any third parties in regards to the foregoing. In the event that the Company breaches this no-shop obligation and closes any of the above-referenced</p>


	<p>transactions without providing the Lead Investor the opportunity to invest on the same terms as the other parties to such transaction, then the Company shall pay to the Lead Investor \$25,000 upon the closing of any such transaction as liquidated damages. The Company will not disclose the terms of this Term Sheet to any person other than officers, members of the Board of Directors and the Company's accountants and attorneys and other potential investors acceptable to Lead Investor, without the written consent of the Lead Investor.</p>
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IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of November ~~29~~¹², 2018.

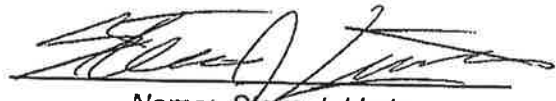
Oklahoma Seed Capital Fund, LLC

By: i2E Seed Capital, LLC, Managing Member

By: i2E, Inc, Managing Member

By: 
Name: Scott Meacham
Title: President and CEO

Simergent, LLC.

By: 
Name: Steve J. Lindo
Title: Chief Executive Officer