

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THESE SECURITIES MUST NOT TRADE THE SECURITIES BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF: (I) THE DATE OF ISSUE, AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY IN CANADA.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE U.S. ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. HOLDERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE U.S. ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**THE VERY GOOD BUTCHERS INC.**

**CONVERTIBLE PROMISSORY NOTE**

This Convertible Promissory Note is dated for reference as of \_\_\_\_\_ (the “**Effective Date**”)

**BETWEEN:**

**THE VERY GOOD BUTCHERS INC.**, a British Columbia, Canada company having an address at 1701 Douglas Street #6, Victoria, British Columbia, V6W 2G7

(the “**Company**”)

**AND:**

**THE PARTY NAMED AND SIGNING AS LENDER ON SCHEDULE “A”**

(the “**Lender**”)

**RECITALS:**

A. The Lender has provided a loan in the principal amount set out opposite such Lender’s name in Schedule A (the “**Principal**”) to the Company and the Company wishes to enter into this Convertible Promissory Note (“**Note**”) with the Lender on the Effective Date to evidence the obligations of the Company to repay the Principal and to set out other terms in respect of the Principal loaned.

B. The Note is one of a series of convertible promissory notes of equal terms entered into by the Company (the “**Notes**”) pursuant to the offering of the unsecured convertible promissory notes of the Company (the “**Offering**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt of which is hereby acknowledged, the parties covenant and agree with each other as follows:

## ARTICLE 1 PRINCIPAL, INTEREST AND SECURITY

**1.1 Promise to Pay.** As consideration for the Principal advanced, the Company agrees to pay to or to the order of the Lender, the Principal and accrued interest from the Effective Date until repaid or converted in accordance with the terms hereof.

**1.2 Interest.** Interest shall accrue on the Principal at a rate of 6% per annum, simple interest (the “**Interest**” and together with the Principal, the “**Indebtedness**”) calculated daily on the basis of a 365 or 366 day year (as the case may be). Accrued Interest will be payable to the Lender on the Maturity Date, unless the Indebtedness is converted in accordance with the conversion rights set out in Article 2.

**1.3 Maturity Date.** The outstanding portion of the Indebtedness shall become due and payable on November 30, 2021 (the “**Maturity Date**”), unless the Indebtedness is converted pursuant to the terms of Article 2 below.

**1.4 Security.** The Indebtedness shall be an unsecured obligation of the Company.

**1.5 Prepayment.** The Company shall not have the right to repay the Indebtedness prior to the Maturity Date unless agreed to by the Lender in writing.

## ARTICLE 2 CONVERSION

**2.1 Qualified Financing Conversion.** If the Company at any time before the full repayment of the Indebtedness issues fully paid and non-assessable shares in the capital of the Company (the “**Next Financing Securities**”) raising gross proceeds of at least \$2,000,000, excluding the amounts raised from the conversion of the Notes, any other outstanding convertible note, or other convertible instruments issued by the Company (a “**Qualified Financing**”), then all of the outstanding Indebtedness will automatically and concurrently with the closing of the Qualified Financing, be converted into Next Financing Securities issued under the Qualified Financing at a price per share which is equal to the lesser of: (i) 85% of the lowest price per Next Financing Security (or units thereof) sold in the Qualified Financing (excluding any other discounts on any indebtedness converted into Next Financing Securities in connection with the Qualified Financing); and (ii) the price determined by dividing: (x) \$7,500,000, by (y) the number of outstanding Common shares in the capital of the Company (“**Common Shares**”) calculated on a Fully Diluted Basis (as defined below), as of immediately prior to the closing of the Qualified Financing.

**2.2 Liquidity Event.** In the event of occurrence of: (i) an amalgamation, merger or reorganization of the Company, or a sale of the shares of the Company, whereby the shareholders of the Company immediately prior to such a transaction will not, directly or indirectly, have control of more than 50% of the votes capable of being cast at a general meeting of the shareholders of the Company after the completion of such transaction, or (ii) a sale of all or substantially all of the Company’s assets or undertaking (other than as part of an amalgamation, merger or reorganization with subsidiaries or affiliates of the Company) (a “**Liquidity Event**”), the Indebtedness outstanding will be immediately prior to the closing of the Liquidity Event transaction be converted into Highest Ranking Shares at a price per share equal to the lesser of: (i) 85% of the price per Highest Ranking Share based on the

valuation given in connection with the Liquidity Event; and (ii) the price determined by dividing (x) \$7,500,000, by (y) the number of outstanding Common Shares calculated on a Fully Diluted Basis, as of immediately prior to the closing of the Liquidity Event.

**2.3 Maturity Date Conversion.** In the event a Qualified Financing or Liquidity Event does not occur prior to the Maturity Date, then at the Maturity Date the Indebtedness shall automatically convert into Common Shares at a price per share equal to the lesser of: (i) 85% of the price per Common Share issued by the Company during the 6 month period preceding the Maturity Date in an arms' length equity financing transaction resulting in gross proceeds to the Company of not less than \$250,000, if any; and (ii) the price determined by dividing (x) \$7,500,000, by (y) the number of outstanding Common Shares calculated on a Fully Diluted Basis, as of immediately prior to the closing of the Liquidity Event. For clarity, if the Company has not completed an arms' length equity financing transaction as and within the time period contemplated in the foregoing subsection (i), then at the Maturity Date the Indebtedness shall automatically convert in accordance with the foregoing subsection (ii).

**2.4 Issuance of Securities Upon Conversion.** Within 15 days after conversion of this Note, the Company, at its expense, will cause to be issued in the name of and delivered to the Lender, a certificate for the number of Next Financing Securities, Highest Ranking Shares, or Common Shares (as applicable, the "**Conversion Shares**") to which the Lender shall be entitled upon such conversion, as applicable, which certificates shall include legends restricting transfer under applicable securities laws and, in the event of partial conversion of the Note in accordance with the terms set out herein, a new Note in identical form, the Principal of which shall be equal to the Principal not converted. No fractional shares will be issued upon conversion of this Note. If, upon conversion of this Note, a fraction of a share would result, the Company will issue the closest whole share such that the shares issued will be fully paid.

**2.5 Other terms.**

(a) For purposes herein:

- (i) "**Fully Diluted Basis**" means all issued and outstanding shares in the capital of the Company, and includes all options (whether vested or unvested), warrants or other rights of any kind to acquire shares, all shares reserved under any stock option or other equity compensation plan of the Company (whether allocated or not, and including any top-up or additional reservation required in connection with any Qualified Financing), and all outstanding securities of the Company which are convertible or exchangeable into or exercisable for shares (directly or indirectly through exchange into securities which are themselves convertible into shares), but only to the extent that the number of shares into which such securities are convertible, exercisable or exchangeable is determinable with certainty; and
- (ii) "**Highest Ranking Shares**" means the highest ranking shares in the capital of the Company in respect of payment upon liquidation or dissolution of the Company that have been issued and are outstanding at the relevant time of reference; provided that if such shares are preferred shares of the Company then the Company will determine in its discretion whether the Highest Ranking Shares will be such preferred shares as a class, an existing series of such preferred shares, or a new series created for the purposes of such conversion.

- (b) As a condition of the conversion of the Indebtedness or any portion of it, at the request of the Company, the Lender shall enter into such shareholders' agreement, share ownership agreement, voting trust agreement or other agreements as may be in force and effect at the time of issuance of the shares, or that the Company otherwise requires the Lender to enter into.

### **ARTICLE 3 EVENT OF DEFAULT**

**3.1 Event of Default.** Any of the following events shall, for the purposes of this Note constitute an "Event of Default":

- (a) the Company fails to pay to the Lender any of the Principal or accrued Interest when due and payable hereunder;
- (b) the Company makes an assignment for the benefit of creditors or any proceeding is instituted by or against it alleging that it is insolvent or unable to pay its debts as they mature and such proceeding is not dismissed within a reasonable period of time not to exceed 90 days;
- (c) the liquidation or dissolution, or any other termination or winding-up of the business, of the Company;
- (d) the appointment of any receiver for the Company or its assets; or
- (e) the institution by or against the Company of bankruptcy proceedings.

**3.2 Lender Remedies.** Following an Event of Default under this Note, upon receipt by the Company of a demand for repayment from the holders of at least a majority of the outstanding principal amount of all Notes (the "**Lender Majority**"), the Principal and any accrued Interest thereon shall immediately become due and payable, except that (a) with respect to any Event of Default under Sections 3.1(c), (d) or (e), the Principal shall become automatically and immediately payable without any further action by the Lender; and (b) with respect to any Event of Default under Section 3.1 (b), the Principal shall become automatically and immediately payable upon the expiration of the period set forth therein without any further action by the Lender. Waiver of any default will not constitute a waiver of any other or subsequent default. The Company agrees to promptly notify the Lender of any event, change, circumstance or condition which could reasonably be expected to constitute or result in an Event of Default.

### **ARTICLE 4 MISCELLANEOUS**

**4.1 Transferability.** This Note may not be transferred or assigned without the consent of the Company. This Note may be transferred only in compliance with applicable securities laws and only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company.

**4.2 Remedies.** The Company and all endorsers of this Note hereby waive notice, presentment, protest and notice of dishonour.

**4.3 No Rights as Shareholder.** This Note shall not entitle the Lender to any voting rights or any other rights as a shareholder of the Company or to any other rights except the rights stated herein.

**4.4 Notices.** Unless otherwise provided, any notice under this Note shall be given in writing and shall be deemed effectively given:

- (a) upon personal delivery to the party to be notified,
- (b) delivered by email and upon confirmation of receipt by email having been received, or
- (c) one business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in this paragraph, or

If to the Lender, to the address of the Lender set out in Schedule A

If to the Company:

**THE VERY GOOD BUTCHERS INC.**  
1701 Douglas Street #6, Victoria, British Columbia, V6W 2G7

Attention: Mitchell Scott  
Email: mitchell@verygoodbutchers.com

Either party may change its address for delivery of notices under this Section 4.4 by ten days' advance written notice to the other party given in the foregoing manner.

**4.5 Amendments and Waivers.**

- (a) The Lender may waive (and shall waive, in writing, if such waiver is consented to by a Lender Majority) default or any breach by the Company of any of the provisions contained in this Note. No waiver extends to a subsequent breach or default, whether or not the same as or similar to the breach or default waived, and no act or omission of the Lender extends to or is to be taken in any manner to affect any subsequent breach or default of the Company or the rights of the Lender resulting from such subsequent breach or default. Any such waiver must be in writing and signed by the Lender to be effective.
- (b) The Lender may (and shall, if consented to by a Lender Majority) also grant extensions of time and other indulgences, as the Lender may see fit without prejudice to the liability of the Company to the Lender or the Lender's rights, remedies and powers under this Note. No extension of time, forbearance, indulgence or other accommodation previously, now or subsequently given by the Lender to the Company operates as a waiver, alteration or amendment of the rights of the Lender or otherwise precludes the Lender from enforcing such rights.
- (c) Any term of this Note may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of both the Company and the Lender; provided, however, that if an amendment or waiver is consented to in writing by a Lender Majority, such amendment and waiver shall apply to this Note and the Lender notwithstanding that the Lender did not consent to such amendment or waiver.

(d) Any waiver, amendment, indulgence or extension granted by the Lender Majority provided under this Section 4.5 (each being an “**Amendment**”) shall be binding on the Lender, if: (i) the Lender has received advance notice of any such proposed Amendment; and (ii) the Lender is provided with confirmation of approval of the Amendment by the Lender Majority within sixty (60) days of approval having been received.

**4.6 Governing Law.** This Note shall be governed by and construed under the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of British Columbia without reference to the principles of conflict of laws.

**4.7 Currency.** All references herein to “\$” or “dollars” shall be deemed to be references to the lawful currency of Canada.

**4.8 Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding on the respective successors and assigns of the parties.

**4.9 Severability.** If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note, and the balance of this Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**4.10 Counterparts.** This Agreement may be executed in any number of counterparts, each of which when delivered (by facsimile or otherwise) shall be deemed to be an original and all of which together shall constitute one and the same document. A signed facsimile or faxed or PDF copy of this Agreement shall be effective and valid proof of execution and delivery.

**4.11 Entire Agreement.** This Note and any other agreement referred to in this Note comprise the entire agreement between the parties in connection with the subject matter of this Note, and supersede all previous proposals, negotiations, promises, agreements, conditions, representations and warranties with respect to the subject matter of this Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements express or implied between the parties other than as expressly set out in this Note.

DATED: \_\_\_\_\_

**THE VERY GOOD BUTCHERS INC.**

Per: \_\_\_\_\_  
Authorized Signatory

**SIGNED, SEALED AND DELIVERED  
BY THE LENDER IN SCHEDULE “A”**

**SCHEDULE "A"**

**TO BE COMPLETED BY THE LENDER:**

**A. Principal.**

CDN\$ \_\_\_\_\_

These funds are convertible into shares in the capital of the Company in accordance with the terms and conditions of this Note.

**B. Name and Address.** The name and address of the Lender is as follows:

Name: \_\_\_\_\_

Street Address:

\_\_\_\_\_  
\_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

**C. Registration Instructions.** The name and address of the person in whose name the Lender's Conversion Shares are to be registered is as follows (if the name and address is the same as was inserted in paragraph B above, then insert "see B above"):

See B above.

**SIGNED, SEALED AND DELIVERED BY:**

\_\_\_\_\_  
Print Name of Lender

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
*Name and Title (please print name and title of individual whose signature appears above, if different from name of Lender printed above)*