

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. __)*

Avalanche International Corp.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

05337U106

(CUSIP Number)

Digital Power Corporation
8430 Lakeview Blvd.
Fremont, Ca 94538
(510) 657-2635

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(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

September 6, 2017

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).	Digital Power Corporation	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) <input type="checkbox"/> (b) <input type="checkbox"/>
3.	SEC Use Only		
4.	Source of Funds (See Instructions)		WC
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		<input type="checkbox"/>
6.	Citizenship or Place of Organization		California
Number of Shares Beneficially by Owned by Each Reporting Person With	7. Sole Voting Power		14,211,831⁽¹⁾⁽²⁾
	8. Shared Voting Power.		0
	9. Sole Dispositive Power		14,211,831⁽¹⁾⁽²⁾
	10. Shared Dispositive Power		0
11.	Aggregate Amount Beneficially Owned by Each Reporting Person		14,211,831⁽¹⁾⁽²⁾
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares		<input type="checkbox"/>
13.	Percent of Class Represented by Amount in Row (11)		74.0%⁽³⁾
14.	Type of Reporting Person (See Instructions)		CO

(1) Represents the number of shares of Common Stock that the Reporting Person directly owns and beneficially owns under a Convertible Promissory Note and a Warrant.

(2) See Items 4 and 5 of this Schedule 13D. The Reporting Person is the holder of (i) 314,231 shares of Common stock; (ii) a Convertible Promissory Note in the aggregate face amount of \$3,474,400 convertible into 6,948,800 shares of Common Stock of the Issuer at a conversion rate of \$0.50 per share; and (iii) Warrants to purchase 6,948,800 shares of common stock at an exercise price of \$0.50 per share.

(3) The above calculations are based on 5,309,200 shares of Common Stock outstanding as of August 3, 2017 (as reported by the Issuer to the Reporting Person on a 10-Q filed August 7, 2017) and assumes conversion of the Note in the aggregate face amount of \$3,474,400 into 6,948,800 shares of Common Stock of the Issuer based on a conversion price of \$0.50 per share and 6,948,800 shares of Common Stock based upon the exercise of the Warrant at \$0.50 per share. This calculation does not include the exercise or conversion of other outstanding securities of the Issuer by owned by other security holders.

Item 1. Security and Issuer.

This statement relates to shares of Common Stock of Avalanche International Corporation (the “Issuer”). The address of the Issuer’s principal executive office is 5940 S. Rainbow Blvd., Las Vegas, Nevada 89118.

Item 2. Identity and Background.

(a)-(c) and (f) Digital Power Corporation, a California corporation (“DPW”), is a growth company seeking to increase revenues through acquisitions. DPW’s business also includes designing, manufacturing and marketing flexible power supply solutions for applications in the telecom, medical, industrial and military markets. Its address is 48430 Lakeview Blvd, Fremont, California 94538.

(d) The Reporting Person has not during the past five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) The Reporting Person has not, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, which as a result of such proceeding, were or are subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to United States federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

DPW made loans and advances to the Issuer and purchased the Issuer’s common stock with DPW’s working capital.

Item 4. Purpose of the Transaction.

On October 5, 2016, November 30, 2016 and February 22, 2017, the Issuer entered into three convertible promissory notes with Digital Power Corporation (the “DPW Notes”). Each DPW note had a face amount of \$525,000, was sold to DPW for \$500,000 (for an original issue discount of \$25,000 for each DPW Note), is due in two years and accrues interest at 12% per annum on the face amount of \$525,000. The DPW Notes were convertible into shares of the Issuer’s common stock based on a conversion price of \$0.745 per share, subject to adjustment as provided for in the DPW Notes. In addition, subsequent to the issuance of the DPW Notes, DPW has made advances in the aggregate face amount of \$1,899,400 to the Issuer.

On September 6, 2017, DPW and the Issuer entered into a Loan and Security Agreement (“Loan Agreement”) with an effective date of August 21, 2017, pursuant to which DPW will provide Issuer a credit facility of up to \$5,000,000, subject to the terms and conditions stated in the Loan Agreement, including that DPW having available funds to grant such credit. In consideration of entering into the Loan Agreement, DPW and the Issuer cancelled the DPW Notes and consolidated the DPW Notes and prior advances and issued a new Convertible Promissory Note in the aggregate face amount of \$3,474,400 (“DPW New Note”) that is convertible into shares of the Issuer at a conversion price of \$0.50 per share. In addition, concurrent to issuing the DPW New Note, the Issuer issued to DPW a five year Warrant to purchase 6,948,800 shares of Common Stock at \$0.50 per share. Future advances under the Loan Agreement, if any, will be evidenced by a convertible promissory containing a conversion price feature at \$0.50 per share and warrant with an exercise price of \$0.50 per share. Further, under the terms of the Loan Agreement, the Notes issued by the Issuer are secured by the assets of the Issuer.

In addition, between November 2016 and August 2017, DPW acquired 314,231 shares of the Issuer’s common stock in open market transaction on the dates and for the prices as set forth below.

The foregoing summaries of certain provisions of the Loan and Security Agreement, the Convertible Promissory Note, and the Warrant are not intended to be complete and are qualified in their entirety by reference to the full text of such documents which are included as Exhibits 1, 2 and 3 attached hereto and each is incorporated herein by reference.

The Reporting Person acquired the Issuer's shares of common stock and entered into the Loan Agreement, Convertible Promissory Note, and Warrant for investment purposes. The Reporting Person intends to review and evaluate its investment in the Issuer's shares of common stock, Convertible Promissory Note and Warrant on an ongoing basis and may, depending upon its evaluation of the business and prospects of the Issuer, or such other considerations as it may deem relevant, determine to increase, decrease, or dispose of its holdings of the shares of common stock of the Issuer, Convertible Promissory Note, Warrants and underlying common stock, engage in hedging transactions, evaluate a potential acquisition of the Issuer or of assets of the Issuer. Any of the foregoing actions could involve one or more of the events referred to in paragraphs (a) through (j) of Item 4 of Schedule 13D, including, potentially, issuances, purchases, dispositions or pledges of securities, one or more mergers, reorganizations, consolidations, acquisitions of assets or other change in control, or other changes in capitalization of the Issuer. As a part of its review and evaluation, the Reporting Person may hold additional discussions with the Issuer's management and directors, other shareholders and other interested parties.

See also Item 6.

Item 5. Interest in Securities of the Issuer.

(a) DPW acquired 314,231 shares of common stock of the Issuer in open market transactions.

In addition, pursuant to the Loan Agreement, subject to terms and conditions set forth therein, the Issuer will have the right to seek advances up to \$5 million. As evidence of advances, DPW will issue the Issuer a Convertible Promissory Note convertible into shares of the Issuer's common stock at \$0.50 per share and the right to receive a warrant to purchase shares of the Issuer's common stock in a number equal to the amount of the advance divided by \$0.50 and at an exercise price of \$0.50 per share.

Under the Loan Agreement, DPW has issued a Convertible Promissory Note in the aggregate face amount of \$3,474,400 convertible into 6,948,800 shares of the Issuer's Common Stock and Warrants to purchase 6,948,800 shares of the Issuer's Common Stock at \$0.50 per share.

As a result of the forgoing, DPW is the beneficial owner of 14,211,831 shares which represents approximately 74.0% of the Issuer's shares of Common Stock, subject to the Beneficial Limitation Ownership provision. The forgoing calculation does not take in consideration outstanding convertible securities of the Issuer held by other parties which may dilute DPW's ownership interest in the Issuer.

(b) The following table sets forth the number of Shares as to which the Reporting Persons have (i) the sole power to vote or direct the voting of the Shares, (ii) the sole power to dispose or to direct the disposition of the Shares or (iii) shared power to vote or direct the vote or dispose or direct disposition of the Shares:

<u>Reporting Person</u>	<u>Sole Voting Power</u>	<u>Sole Power of Disposition</u>	<u>Shared Voting and Power of Disposition</u>
Digital Power Corporation	14,211,831	14,211,831	0

(c) The following set forth the Reporting Person's acquisition on the open market of shares of Common Stock of the Issuer:

<u>Settle Date</u>	<u>Quantity</u>	<u>Price</u>	<u>Aggregate Purchase Price</u>
11/28/2016	2,100	0.23	\$518
11/29/2016	30,000	0.408167	\$12,500
12/1/2016	100,000	0.25	\$25,760
12/2/2016	40,000	0.26	\$10,722
12/5/2016	52,500	0.45	\$24,344
12/6/2016	2,800	0.45	\$1,308
12/19/2016	10,000	0.41	\$4,274
1/5/2017	13,500	0.366296	\$5,153
3/15/2017	2,380	0.42	\$1,040
3/20/2017	6,500	0.438462	\$2,974
3/24/2017	2,500	0.35	\$920
3/29/2017	5,700	0.35	\$2,095
7/13/2017	2,500	0.25	\$663
7/14/2017	2,595	0.2	\$552
7/17/2017	420	0.2	\$98
7/17/2017	2,405	0.2	\$513
7/19/2017	1,500	0.3	\$485
7/19/2017	5,000	0.3	\$1,578
7/20/2017	231	0.38	\$123
8/10/2017	8,000	0.3	\$2,482
8/17/2017	11,500	0.326087	\$3,873
8/22/2017	10,100	0.3899	\$4,125
8/30/2017	2,000	0.57	\$1,184
Total			\$314,231

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The description of the terms of the DPW New Note set forth above in Item 3 is incorporated herein by reference. This description is a summary only and is qualified in its entirety by the terms of the Loan Agreement, DPW New Note, and Warrant which are filed as Exhibits 1, 2, and 3 to this Schedule 13D, and is incorporated herein by reference.

Philou Ventures, LLC is a major shareholder of DPW and of the Issuer. Kristine L. Ault, a director of DPW, is the managing member of MCKEA Holdings, which in turn, is the member of Philou Ventures. Mr. Milton Ault, III, the spouse of Ms. Ault, is Executive Chairman of DPW and Chairman of the Board of the Issuer. Mr. William Horne is a director of DPW and is a director and chief financial officer of the Issuer.

Item 7. Materials to be Filed as Exhibits.

- Exhibit 1 Loan and Security Agreement Dated September 6, 2017
 - Exhibit 2 Convertible Promissory Note in the Face Amount of \$3,474,400; and
 - Exhibit 3 Warrant to Purchase 6,948,800 shares of Common Stock
-

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Digital Power Corporation

Dated: September 6, 2017

By: /s/ Amos Kohn

Name: Amos Kohn

Title: Chief Executive Officer

Avalanche International Corp., a Nevada Corporation

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT is entered into with an effective date as of August 21, 2017, by and among Digital Power Corporation, a California corporation (“DPW”) and Avalanche International Corp., Nevada Corporation (“Borrower”).

RECITALS

WHEREAS, the DPW has previously loaned Borrower Three Million Four Hundred Thousand Seventy Four, Four Hundred Dollars (\$3,474,400) in the aggregate and evidenced by three convertible notes issued on October 5, 2016, November 30, 2016 and February 22, 2017 (with such October 5, 2016, November 30, 2016 and February 22, 2017 convertible notes collectively referred to as the “Prior Notes”) with an aggregate face amount of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) and additional advances in the aggregate face amount of One Million Eight Hundred Ninety ninety Thousand Four Hundred Dollars (\$1,899,400);

WHEREAS, Borrower wishes to seek, and DPW wishes to grant, an increase in additional credit up to an aggregate amount of Five Million Dollars (\$5,000,000);

WHEREAS, in consideration of the increase in additional maximum credit of up to \$5,000,000, DPW and the Borrower wishes to terminate the Prior Notes and enter into this Agreement and to make other changes to the terms of the issuance of credit, including the reduction of the conversion price to fifty cents (\$0.50) per share and the issuance of Warrants; and

WHEREAS, DPW and Borrower have agreed to enter into this Agreement to memorialize their understanding regarding their respective rights and obligations with respect to this Agreement and the Loan as such term is defined herein.

AGREEMENT

NOW; THEREFORE, in consideration of the making of the Loan and the covenants, agreements, representations and warranties set forth in this Agreement and the other Loan Documents as defined herein, the receipt and legal sufficiency of which hereby are acknowledged, the parties hereby covenant, agree, represent and warrant as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. As used in this Agreement, the following terms shall have the following definitions:

“Advance” or “Advances” means a cash advance or cash advances under the Non-Revolver Line.

“Affiliate” means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person’s senior executive officers, directors, and partners.

“DPW Expenses” means all reasonable costs or expenses (including reasonable attorneys’ fees and expenses, whether generated in-house or by outside counsel) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; reasonable annual Collateral audit fees; and DPW’s reasonable attorneys’ fees and expenses (whether generated in-house or by outside counsel) incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), incurred before, during and after an Insolvency Proceeding, whether or not suit is brought.

“Borrower’s Books” means all of Borrower’s books and records including: ledgers; records concerning Borrower’s assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which national and state banks located in the State of California are authorized or required to close.

“Cash” means cash and cash equivalents.

“Change in Control” shall mean a transaction in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) (2) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such “person” or “group” to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction.

“Closing Date” means the date of this Agreement.

“Code” means the California Uniform Commercial Code, as amended or supplemented from time to time.

“Collateral” means the property described on Exhibit A attached hereto.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Conversion Price” shall mean \$0.50 subject to adjustment as set forth in the Note or Warrant.

“Credit Extension” means each Advance or any other extension of credit by DPW to or for the benefit of Borrower hereunder.

“Equipment” means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which any Borrower has any interest.

“Event of Default” has the meaning assigned in Article 8.

“GAAP” means generally accepted accounting principles, consistently applied, as in effect from time to time.

“Indebtedness” means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations, if any.

“Insolvency Proceeding” means any proceeding commenced by or against any Person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Investment” means any beneficial ownership of (including stock, partnership or limited liability company interest other securities) any Person, or any loan, advance or capital contribution to any Person.

“IRC” means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Liquidity” means the sum of Borrower’s consolidated Cash.

“Loan” means, collectively, the Credit Extensions available to Borrower under the Loan Documents.

“Loan Documents” means, collectively, this Agreement, the Note, and any other document, instrument or agreement entered into in connection with this Agreement, all as amended or extended from time to time.

“Material Adverse Effect” means a material adverse effect on (i) the business operations, or financial condition of Borrower and its Subsidiaries taken as a whole, (ii) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents, (iii) Borrower’s interest in, or the value, perfection or priority of DPW’s security interest in the Collateral.

“Maturity Date” shall mean that date stated on the Convertible Promissory Note and shall be date two years from the issuance date of such Convertible Promissory Note.

“Negotiable Collateral” means all of Borrower’s present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, documents of title, and chattel paper, and Borrower’s Books relating to any of the foregoing.

“Non-Revolving Line” means a Credit Extension of up to Five Million Dollars (\$5,000,000) granted by DPW to Borrower.

“Note” has the meaning given to such term in Section 3.1.

“Obligations” means all debt, principal, interest, DPW Expenses and other amounts owed to DPW by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that DPW may have obtained by assignment or otherwise.

“Periodic Payments” means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to DPW pursuant to the terms and provisions of any instrument, or agreement, including this Agreement, now or hereafter in existence between Borrower and DPW.

“Permitted Indebtedness” means:

- (a) Indebtedness of Borrower in favor of DPW arising under this Agreement or any other Loan Document;
- (b) Indebtedness existing on the Closing Date;
- (c) Indebtedness incurred in connection with capital leases secured by a lien described in clause (c) of the defined term “Permitted Liens;” provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness;
- (d) Subordinated Debt;
- (e) Indebtedness to trade creditors incurred in the ordinary course of business;
- (f) Indebtedness that constitutes a Permitted Investment;
- (g) Guaranties made in the ordinary course of business; and
- (h) Extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means:

- (a) Investments existing on the Closing Date;
- (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor’s Corporation or Moody’s Investors Service, (iii) certificates of deposit maturing no more than one year from the date of investment therein, and (iv) money market accounts;
- (c) Investments accepted in connection with Permitted Transfers;
- (d) Investments of Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries to fund operating expenses in the ordinary course of business;
- (e) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plan agreements approved by Borrower’s Board of Directors;

(f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business;

(g) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subparagraph (g) shall not apply to Investments of Borrower in any Subsidiary; and

(h) Other Investments approved in advance and in writing by DPW in its sole discretion.

"Permitted Liens" means the following:

(a) Any Liens existing on the Closing Date or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which adequate reserves are maintained;

(c) Liens incurred (i) upon or in any acquired or held by any Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;

(d) Liens of materialmen, mechanics, warehousemen, carriers, landlord, artisan's or other similar Liens arising in the ordinary course of business or by operation of law, which are not past due or which are being contested in good faith by appropriate proceedings;

(e) Liens which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets taken as a whole;

(f) Lien securing Subordinated Debt;

(g) Liens securing judgments or attachments in circumstances that do not constitute an Event of Default;

(h) leases or subleases, licenses or sublicenses granted in the ordinary course of business which do not interfere in any material respect with the business of Borrower;

(i) Liens in favor of custom and revenue authorities arising as a matter of law, in the ordinary course of business, to secure payment of custom duties in connection with the import and export of goods;

(j) Liens in favor of financial institutions arising in connection with deposit or investment accounts held at such financial institutions, provided that such liens only secure fees and service charges associated with such accounts;

(k) deposits in the ordinary course of business under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts or to secure statutory obligations or surety or appeal bonds;

(l) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Permitted Liens, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase in any material respect; and

(m) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Sections 8.5 or 8.9.

“Permitted Transfer” means the conveyance, sale, lease, transfer or disposition by Borrower or any Subsidiary of:

- (a) Inventory in the ordinary course of business;
- (b) licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business;
- (c) worn-out or obsolete Equipment;
- (d) Transfers otherwise permitted by the terms of Section 7;
- (e) sales and transfers in the ordinary course of business, including normal intercompany business transactions; or
- (f) other assets of Borrower or its Subsidiaries that do not in the aggregate exceed One Hundred Thousand Dollars (\$100,000) during any fiscal year.

“Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

“Interest Rate” means 12% interest, per annum.

“Responsible Officer” means each of the Chief Executive Officer, the Chief Financial Officer and the Controller of Borrower.

“Revolving Maturity Date” means, with respect to each Note, the maturity date set forth in such Note or such subsequent date as agreed to between the parties pursuant to a written amendment or modification of the Loan Documents.

“Schedule” means the schedule of exceptions attached hereto and approved by DPW, if any.

“Subordinated Debt” means any debt incurred by Borrower that is subordinated in writing to the debt owing by Borrower to DPW on terms reasonably acceptable to DPW (and identified as being such by Borrower and DPW).

“Subsidiary” means any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than fifty percent (50%) of the stock, limited liability company interest or joint venture of which by the terms thereof has the ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned by a Borrower, either directly or through an Affiliate.

“Trademarks” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of a Borrower connected with and symbolized by such trademarks.

“Warrant” means that certain five year warrant to purchase shares of common stock of Borrow in a number equal to the face amount of the Loan divided by \$0.50 with an exercise price equal to \$0.50 per share under the terms and conditions thereof as set forth in the form of Exhibit C hereto

1.2 Accounting Terms. Any accounting term not specifically defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term “financial statements” shall include the accompanying notes and schedules.

2. LOAN AND TERMS OF PAYMENT.

2.1 Credit Extensions.

(a) Promise to Pay. Borrower promises to pay to DPW, in lawful money of the United States of America, the aggregate unpaid principal amount of all Credit Extensions made by DPW to Borrower, together with interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof.

(b) Advances Under Non Revolving Line.

(i) Amount. Subject to and upon the terms and conditions of this Agreement and DPW’s availability of capital, Borrower may request Advances in an aggregate outstanding amount not to exceed the Non-Revolving Line. Amounts borrowed pursuant to this Section 2.1(b) which have been repaid may not be reborrowed at any time. All Advances under this Section 2.1(b) shall be immediately due and payable on the Revolving Maturity Date. Borrower may prepay any Advances without penalty or premium upon notice.

(ii) Form of Request. Whenever a Borrower desires an Advance, such Borrower will notify DPW by facsimile transmission or telephone no later than ten (10) Business Day prior to the date the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit D hereto. DPW is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in DPW’s discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. DPW shall be entitled to rely on any telephonic notice given by a person who DPW reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold DPW harmless for any damages or loss suffered by DPW as a result of such reliance. DPW will evidenced the amount of Advances made under this Section 2.1(b) by a Note.

2.2 Overadvances. If the aggregate amount of the outstanding Advances exceeds the Non-Revolving Line at any time, then within fifteen (15) days (or such longer period as DPW may grant in its sole discretion) of notice of such excess advanced, Borrower shall pay to DPW, in cash, the amount of such excess.

2.3 Interest Rates, Payments, and Calculations.

(a) Interest Rates. Except as set forth in Section 2.3(b), the Advances shall bear interest at the rate equal to the Interest Rate.

(b) Default Rate. If any payment is not made within ten (10) days after the date such payment is due, Borrower shall pay DPW a late fee equal to the lesser of (i) five percent (5%) of the amount of such unpaid amount or (ii) the maximum amount permitted to be charged under applicable law. All Obligations shall bear interest, from and after the occurrence and during the continuance of an Event of Default, at a rate equal to five (5) percentage points above the Interest Rate applicable immediately prior to the occurrence of the Event of Default.

(c) Payments. Interest and principal hereunder shall be due and payable on the Maturity Date. Borrower authorize DPW, at its option, to charge such interest, all DPW Expenses, and all Periodic Payments against the Non-Revolving Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder.

(d) Computation. All interest chargeable under the Loan Documents shall be computed on the basis of a three hundred sixty-five (365) day year for the actual number of days elapsed.

2.4 Crediting Payments. If no Event of Default exists, DPW shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. During the existence of an Event of Default, DPW shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment DPW may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by DPW or for its benefit at its financial institution after 12:00 noon Pacific time shall be deemed to have been received by DPW as of the opening of business on the immediately following Business Day. Whenever any payment to DPW under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.5 [Reserved]

2.6 Term. This Agreement shall become effective on the Closing Date and, subject to Section 12.7, shall continue in full force and effect for so long as any Obligations remain outstanding or DPW has any obligation to make Credit Extensions under this Agreement. Notwithstanding the foregoing, DPW shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default. After August 21, 2019, DPW will not be obligated to make any further Advances.

2.7 Warrant. As a condition of the extension of credit provide for under this Agreement, concurrent with the issuance of Advances as evidenced by a Note, Borrower will issue to DPW the Warrant.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Initial Credit Extension. The obligation of DPW to make the initial Credit Extension is subject to the condition precedent that DPW shall have received, in form and substance satisfactory to DPW, the following:

- (a) this Agreement duly executed by the Borrower;
- (b) a convertible promissory note providing for the conversion of the outstanding amount including interest thereon at the Conversion Price in the form of Exhibit B duly executed by each Borrower (the "Note");
- (c) the Warrant to purchase shares of common stock of the Borrower in a number equal to the face amount of the Note divided by \$0.50 per share and
- (d) an officer's certificate of each Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement.

3.2 Conditions Precedent to all Credit Extensions. The obligation of DPW to make each Credit Extension, including the initial Credit Extension, is further subject to the following conditions:

- (a) timely receipt by DPW of the Payment/Advance Form as provided in Section 2.1; and
- (b) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Credit Extension as though made at and as of each such date, and no Event of Default shall have occurred and be continuing, or would exist after giving effect to such Credit Extension (provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date). The making of each Credit Extension shall be deemed to be a representation and warranty by each Borrower on the date of such Credit Extension as to the accuracy of the facts referred to in this Section 3.2.

3.3 Cancellation of Prior Notes and Consolidation of Advances; Issuance of Warrant

(a) Subject to all of the terms and conditions hereof and in consideration of the increase in the extension of credit to Borrower, DPW and Borrower agree as follows:

- (i) DPW and Borrower agree to cancel the Prior Notes;
- (ii) DPW will issue a new Convertible Promissory Note in the aggregate face amount of \$3,474,400.00 which aggregates the Prior Notes and prior advances and which is convertible into shares of the Borrower's common stock at a conversion price equal to \$0.50 per share;
- (iii) Warrant. In connection with the initial extension of credit under this Non-Revolver Line of Credit and issuance of the new the Convertible Promissory Note, the Borrower agrees that it will issue a Warrant to purchase 6,948,800 shares of common stock at \$0.50 per share under the terms and conditions thereof as set forth in the Warrant; and
- (iv) DPW is not waiving any accrued interest and Borrower will continue to be obligated to pay interest on the face amount of the Prior Notes and prior advances based on the Interest Rate starting on the dates Borrower received the funds.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to DPW a continuing security interest in the Collateral to secure prompt repayment of any and all Obligations and to secure prompt performance by Borrower of its covenants and duties under the Loan Documents. Except for Permitted Liens, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral.

4.2 Perfection of Security Interest. Borrower authorizes DPW to file at any time financing statements, continuation statements, and amendments thereto that (i) specifically describing the Collateral or describe the Collateral as all assets of such Borrower of the kind pledged hereunder, and (ii) contain any other information required by the Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Borrower shall from time to time endorse and deliver to DPW, at the request of DPW, all Negotiable Collateral and other documents that DPW may reasonably request, in form satisfactory to DPW, to perfect and continue perfected DPW's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where DPW chooses to perfect its security interest by possession in addition to the filing of a financing statement. Borrower shall take such steps as DPW reasonably requests for DPW to obtain "control" of any Collateral consisting of investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in Revised Article 9 of the Code) by causing the securities intermediary or depository institution or issuing DPW to execute a control agreement in form and substance satisfactory to DPW. Borrower will not create any chattel paper in which Borrower is a lessor without placing a legend on the chattel paper acceptable to DPW indicating that DPW has a security interest in the chattel paper.

4.3 Right to Inspect. DPW (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours to inspect a Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify such Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES.

Each Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each Subsidiary is duly existing under the laws of the state in which it is organized and qualified and licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified, except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Certificate/Articles of Incorporation or Bylaws, nor will they constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement by which it is bound, except to the extent such default could not reasonably be expected to cause a Material Adverse Effect.

5.3 Collateral. Borrower has rights in or the power to transfer the Collateral, and its title to the Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens.

5.4 Intellectual Property. To the best of Borrower's knowledge, each of the Copyrights, Trademarks and Patents is valid and enforceable, and no part of such intellectual property has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of such intellectual property violates the rights of any third party except to the extent such claim could not reasonably be expected to cause a Material Adverse Effect.

5.5 Legal Name. Borrower's exact legal name is as set forth in the first paragraph of this Agreement.

5.6 Litigation. There are no actions or proceedings pending by or against Borrower or any Subsidiary before any court or administrative agency in which a likely adverse decision could reasonably be expected to have a Material Adverse Effect.

5.7 No Material Adverse Change in Financial Statements. All consolidated and consolidating financial statements related to Borrower and any Subsidiary that are delivered by Borrower to DPW fairly present in all material respects Borrower's consolidated and consolidating financial condition as of the date thereof and Borrower's consolidated and consolidating results of operations for the period then ended. There has not been a material adverse change in the consolidated or in the consolidating financial condition of Borrower since the date of the most recent of such financial statements submitted to DPW.

5.8 Solvency, Payment of Debts. Borrower is able to pay its debts as they mature; the fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Regulations. Borrower and each Subsidiary have met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that is reasonably likely to result in Borrower's incurring any liability that could have a Material Adverse Effect. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of the important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). Borrower has complied in all material respects with all the provisions of the Federal Fair Labor Standards Act. Borrower is in compliance with all environmental laws, regulations and ordinances except where the failure to comply is not reasonably likely to have a Material Adverse Effect. Borrower has not violated any statutes, laws, ordinances or rules applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect. Borrower and each Subsidiary have filed or caused to be filed all tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such taxes could not reasonably be expected to have a Material Adverse Effect.

5.10 Subsidiaries. Borrower does not own any stock, partnership or membership interest or other equity securities of any Person, except for MTIX Limited.

5.11 Government Consents. Borrower and each Subsidiary have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted, except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.12 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to DPW taken together with all such certificates and written statements furnished to DPW contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading, it being recognized by DPW that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that, until payment in full of all outstanding Obligations (other than inchoate indemnity obligations), and for so long as DPW may have any commitment to make a Credit Extension hereunder, such Borrower shall do all of the following:

6.1 Good Standing and Government Compliance. Borrower shall maintain its and each of its Subsidiaries' corporate existence and good standing in the jurisdiction of formation, shall maintain qualification and good standing in each other jurisdiction in which the failure to so qualify could have a Material Adverse Effect, and shall furnish to DPW the organizational identification number issued to Borrower by the authorities of the state in which Borrower is organized, if applicable. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply in all material respects with all applicable Environmental Laws, and maintain all material permits, licenses and approvals required thereunder where the failure to do so could reasonably be expected to have a Material Adverse Effect. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, and shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which or failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.2 Financial Statements, Reports, Certificates. Borrower shall deliver the financial statements, reports and certificates provided for in Schedule 3 thereto with the periods specified therein. Borrower may deliver to DPW on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and DPW shall be entitled to rely on the information contained in the electronic files, provided that DPW in good faith believes that the files were delivered by a Responsible Officer.

6.3 [Reserved].

6.4 Taxes. Borrower shall make, and cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, including, but not limited to, those laws concerning income taxes, F.I.C.A., F.U.T.A. and state disability, and will execute and deliver to DPW, on demand, proof satisfactory to DPW indicating that Borrower or a Subsidiary has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof; provided that each Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower.

6.5 Insurance.

(a) Borrower, at its expense, shall keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where each Borrower's business is conducted on the date hereof. Borrower shall also maintain liability and other insurance in an amount not less than One Million Dollars (\$1,000,000) and of a type that are customary to businesses similar to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to DPW. All policies of property insurance shall contain a DPW's loss payable endorsement, in a form satisfactory to DPW, showing DPW as an additional loss payee, and all liability insurance policies shall show DPW as an additional insured and specify that the insurer must give at least 30 days' notice to DPW before canceling its policy for any reason. Upon DPW's request, each Borrower shall deliver to DPW certified copies of the policies of insurance and evidence of all premium payments. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy will, at each Borrower's option, be payable to such Borrower to replace the property subject to the claim, provided that any such replacement property shall be deemed Collateral in which DPW has been granted a first priority security interest. If an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at DPW's option, be payable to DPW to be applied on account of the Obligations.

6.6 [Reserved].

6.7 Additional Filings. Borrower shall use its best efforts, to the extent requested by the DPW, to execute any documents necessary in order to consummate the transactions contemplated in this Agreement including without limitation, UCC-1 Financial Statement(s) filed in the either California or Nevada or both.

6.8 Registration Rights.

(a) Borrower agrees that if, at any time, and from time to time, the Board of Directors of Borrower shall authorize the filing of a registration statement under the Securities Act of 1933 on Form S-1, S-3, or other available registration statement in connection with the proposed offer of any of its securities by it or any of its stockholders, Borrower shall: (A) promptly notify DPW that such registration statement will be filed and that the Common Stock issuable to DPW upon conversion of the Note at the then conversion price and the purchase of Common Stock upon the exercise of the Warrant at the exercise price then in effect and warrant (the "Registrable Securities") will be included in such registration statement at DPW's request; (B) cause such registration statement to cover all of such Registrable Securities for which DPW requests inclusion; (C) use best efforts to cause such registration statement to become effective as soon as practicable; (D) use best efforts to cause such registration statement to remain effective until the earliest to occur of (i) such date as DPW has completed the distribution described in the registration statement and (ii) such time that all of such Registrable Securities are no longer, by reason of Rule 144 under the Securities Act, required to be registered for the sale thereof by DPW; and (E) take all other reasonable action necessary under any federal or state law or regulation of any governmental authority to permit all such Registrable Securities to be sold or otherwise disposed of, and will maintain such compliance with each such federal and state law and regulation of any governmental authority for the period necessary for such Holder to promptly effect the proposed sale or other disposition.

(b) The rights of DPW to request inclusion in any registration pursuant to this Agreement shall terminate if all Registrable Securities may immediately be sold under Rule 144.

(c) Notwithstanding any other provision of this Section 6.8, Borrower may at any time, abandon or delay any registration commenced by Borrower. In the event of such an abandonment by Borrower, Borrower shall not be required to continue registration of shares requested by DPW for inclusion in that registration statement.

(d) In connection with any offering involving an underwriting of shares of the Borrower's capital stock, Borrower shall not be required to include any of the Registrable Securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Borrower and the underwriters selected by it, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by Borrower. If the total amount of securities, including Registrable Securities, requested DPW to be included in such offering exceeds the amount of securities sold other than by Borrower that the underwriters determine in their sole discretion is compatible with the success of the offering, then Borrower shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders).

7. NEGATIVE COVENANTS.

Borrower covenants and agrees that, until the outstanding Obligations (other than inchoate indemnity obligations) are paid in full, Borrower will not do any of the following without DPW's prior written consent, which shall not be unreasonably withheld:

7.1 Dispositions. Convey, sell, lease, license, transfer or otherwise dispose of (collectively, to "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, other than Permitted Transfers. Borrower will not engage in any bulk sale of all or substantially all of its assets.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or its jurisdiction of formation or relocate its chief executive office without prior written notification to DPW; engage in any business, or permit any of its Subsidiaries to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by each Borrower; change its fiscal year end.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into a Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person except where (i) such transactions do not in the aggregate exceed One Million Dollars (\$1,000,000) during any fiscal year, (ii) no Event of Default has occurred, is continuing or would exist after giving effect to such transactions, (iii) such transactions do not result in a Change in Control, and (iv) Company is the surviving entity.

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness prior to its scheduled maturity or take any actions which impose on each Borrower an obligation to prepay any Indebtedness prior to its scheduled maturity, except Indebtedness to DPW.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries so to do, except for Permitted Liens.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, except that (i) Borrower may repurchase the stock of former employees pursuant to stock repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, (ii) Borrower may repurchase the stock of former employees pursuant to stock repurchase agreements by the cancellation of indebtedness owed by such former employees to a Borrower regardless of whether an Event of Default exists, (iii) Borrower may pay dividends in capital stock, and (iv) Company may make dividends or distributions to Parent.

7.7 Investments. Acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of a Borrower except for (i) transactions that are in the ordinary course of a Borrower's business, upon fair and reasonable terms that are no less favorable to a Borrower than would be obtained in an arm's length transaction with a non-affiliated Person and (ii) transactions that are otherwise permitted pursuant to Section 7.

7.9 No Investment Company; Margin Regulation. Become or be controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to pay any of the Obligations when due;

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under Sections 6.5 or 6.7 violates any of the covenants contained in Article 7 of this Agreement; or

(b) If Borrower fails or neglects to perform or observe any other material term, provision, condition, covenant contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and DPW and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within ten (10) Business Days after Borrower receives notice thereof; provided, however, that if the default cannot by its nature be cured within such ten (10) Business Day period or cannot after diligent attempts by Borrower be cured within such ten (10) Business Day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made;

8.3 Material Adverse Effect. If there occurs any Material Adverse Effect;

8.4 Attachment. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if a Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of a Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after a Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by a Borrower (provided that no Credit Extensions will be made during such cure period);

8.5 Insolvency. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or if an Insolvency Proceeding is commenced against a Borrower and is not dismissed or stayed within thirty (30) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Judgments. If a judgment or judgments (not covered by insurance) for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Thousand Dollars (\$100,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of thirty (30) days (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment);

8.7 Change in Control. If a Change in Control occurs; or

8.8 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to DPW by any Responsible Officer pursuant to this Agreement or to induce DPW to enter into this Agreement or any other Loan Document.

9. DPW'S RIGHTS AND REMEDIES.

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, DPW may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.6, all Obligations shall become immediately due and payable without any action by DPW);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and DPW;

(c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that DPW reasonably considers advisable;

(d) Make such payments and do such acts as DPW considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if DPW so requires, and to make the Collateral available to DPW as DPW may designate. Borrower authorizes DPW to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in DPW's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants DPW a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of DPW's rights or remedies provided herein, at law, in equity, or otherwise;

(e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by DPW, and (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by DPW;

(f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. DPW is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with DPW's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to DPW's benefit;

(g) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as DPW determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order DPW deems appropriate. DPW may sell the Collateral without giving any warranties as to the Collateral. DPW may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If DPW sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by DPW, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, DPW may resell the Collateral and Borrower shall be credited with the proceeds of the sale;

(h) DPW may credit bid and purchase at any public sale;

(i) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Collateral, without notice and without regard to the adequacy of the security for the Obligations and without regard to the solvency of Borrower, any guarantor or any other Person liable for any of the Obligations; and

(j) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

DPW may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

9.2 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints DPW (and any of DPW's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of DPW's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into DPW's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) dispose of any Collateral; (e) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; and (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which DPW determines to be reasonable. The appointment of DPW as Borrower's attorney in fact, and each and every one of DPW's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and DPW's obligation to provide Credit Extensions hereunder is terminated.

9.3 Accounts Collection. At any time after the occurrence and during the continuance of an Event of Default, DPW may notify any Person owing funds to Borrower of DPW's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for DPW, receive in trust all payments as DPW's trustee, and immediately deliver such payments to DPW in their original form as received from the account debtor, with proper endorsements for deposit.

9.4 DPW Expenses. If Borrower fail to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then DPW may do any or all of the following after reasonable notice to Borrower: (a) make payment of the same or any part thereof; (b) set up such reserves under the Revolving Line as DPW deems necessary to protect DPW from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.5 of this Agreement, and take any action with respect to such policies as DPW deems prudent. Any amounts so paid or deposited by DPW shall constitute DPW Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by DPW shall not constitute an agreement by DPW to make similar payments in the future or a waiver by DPW of any Event of Default under this Agreement.

9.5 DPW's Liability for Collateral. DPW has no obligation to clean up or otherwise prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 No Obligation to Pursue Others. DPW has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and DPW may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting DPW's rights against Borrower. Borrower waives any rights they may have to require DPW to pursue any other Person for any of the Obligations.

9.7 Remedies Cumulative. DPW's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. DPW shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by DPW of one right or remedy shall be deemed an election, and no waiver by DPW of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by DPW shall constitute a waiver, election, or acquiescence by it. No waiver by DPW shall be effective unless made in a written document signed on behalf of DPW and then shall be effective only in the specific instance and for the specific purpose for which it was given. Borrower expressly agrees that this Section may not be waived or modified by DPW by course of performance, conduct, estoppel or otherwise.

The parties agree that any dispute, controversy or claim arising out of or relating to this Agreement, the Loan Documents or any of the transactions contemplated therein DPW and Borrower agree that all such disputes, claims and controversies between them, whether individual, joint, or class in nature, including without limitation contract and tort disputes, shall be arbitrated pursuant to the rules of the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules and Supplemental Procedures for Financial Services Disputes, upon request of either party. No act to take or dispose of any collateral securing this Agreement shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Agreement, or any other Loan Document, including without limitation, any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Agreement shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. DPW and Borrower agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other State, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. The arbitrators shall not have power to make an award of \$1.0 million or more against any party to an arbitration unless it is in the form of a statement of decision as described in California Code of Civil Procedure Section 632, and the parties specifically reserve the right, upon a petition to vacate, to have any such award reviewed and vacated upon the same grounds as would result in reversal on appeal from a judgment after trial by court. Nothing in this Agreement or other Loan Documents shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes.

To the extent not provided by this Agreement, including the Rules incorporated herein, arbitration hereunder shall be governed by California arbitration law. Arbitration shall be conducted in California, in English and, unless otherwise agreed to by the parties with respect to a particular dispute, shall be heard by a panel of three arbitrators. The arbitrators in any arbitration shall be experienced in the areas of law raised by the subject matter of the dispute. Lists of prospective arbitrators shall include retired judges. Notwithstanding the AAA rules, (a) any party may strike from a list of prospective arbitrators any individual who is regarded by that party as not appropriate for the dispute; and (b), if the arbitrator appointment cannot be made from the initial list of prospective arbitrators circulated by the AAA, a second and, if necessary, a third list shall be circulated and exhausted before the AAA is empowered to make the appointment.

The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Borrower’s Initials _____ DPW’s Initials _____

12. GENERAL PROVISIONS.

12.1 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all Persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without DPW’s prior written consent, which consent may be granted or withheld in DPW’s sole discretion. DPW shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, DPW’s obligations, rights and benefits hereunder.

12.2 Indemnification. Borrower shall defend, indemnify and hold harmless DPW and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement; and (b) all losses or DPW Expenses in any way suffered, incurred, or paid by DPW, its officers, employees and agents as a result of or in any way arising out of, following, or consequential to transactions between DPW and Borrower whether under this Agreement, or otherwise (including without limitation reasonable attorneys' fees and expenses), except for obligations, demands, claims, liabilities and losses caused by DPW's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 Amendments in Writing, Integration. All amendments to or terminations of this Agreement or the other Loan Documents must be in writing. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.7 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations (other than inchoate indemnity obligations) remain outstanding or DPW has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify DPW with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against DPW have run.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date September 6, 2017.

Digital Power Corporation

By: /s/ Amos Kohn
Amos Kohn, President and CEO

Avalanche International Corp.

By: /s/ Philip E. Mansour
Philip E. Mansour, President and CEO

[Signature Page to Loan and Security Agreement]

DEBTOR

Avalanche International Corp.

SECURED PARTY:

Digital Power Corporation

EXHIBIT A

COLLATERAL DESCRIPTION ATTACHMENT
TO LOAN AND SECURITY AGREEMENT

Capitalized terms used but not defined herein have the meaning given to them in the Loan and Security Agreement with an effective date of August 21, 2017, between Digital Power Corporation and Avalanche International Convertible Promissory Notes.

In order to secure the due and punctual payment and performance of Borrower's, obligations under the Note, Borrower hereby grants to DPW and its respective successors and assigns, a continuing security interest in, and hereby collaterally assigns to the Secured Party, the following described assets, fixtures, personal property and intangible property (collectively, the "Collateral"), whether now owned or hereafter acquired, whether existing or hereafter arising and wherever located:

(a) **Equipment.** All machinery and equipment, all data processing and office equipment, all computer equipment, hardware and firmware, all furniture, fixtures, appliances and all other goods of every type and description, whether now owned or hereafter acquired and wherever located, together with all parts, accessories and attachments and all replacements thereof and additions thereto.

(b) **Inventory.** All inventory and goods, whether held for lease, sale or furnishing under contracts of service, all agreements for lease of same and rentals therefrom, whether now in existence or owned or hereafter acquired and wherever located.

(c) **General Intangibles.** All rights, interests, choses in action, causes of action, claims and all other intangible property of every kind and nature, in each instance whether now owned or hereafter acquired, including, but not limited to, all corporate and business records; all loans, royalties, and other obligations receivable; all trade secrets, inventions, designs, patents, patent applications, registered or unregistered service marks, trade names, trademarks, copyrights and the goodwill associated therewith and incorporated therein, and all registrations and applications for registration related thereto; goodwill, licenses, permits, franchises, customer lists and credit files; all customer and supplier contracts, firm sale orders, rights under license and franchise agreements, and other contracts and contract rights; all right, title and interest under leases, subleases, licenses and concessions and other agreements relating to real or personal property and any security agreements relating thereto; all rights to indemnification; all proceeds of insurance of which Maker or any of its subsidiaries is a beneficiary; all letters of credit, guarantees, liens, security interests and other security held by or granted to Maker or any of its subsidiaries; and all other intangible property, whether or not similar to the foregoing; and all products and all books and records related to any of the foregoing.

(d) **Cash; Accounts, Chattel Paper, Instruments, Securities and Documents.** All cash, accounts, accounts receivable, chattel paper, deposit accounts, instruments, investment property, letters of credit or rights with respect to any letters of credit, securities accounts, shares of stock and other securities, and documents, whether now in existence or owned or hereafter acquired, entered into, created or arising, and wherever located.

(e) **Other Property.** All property or interests in any other property now owned or hereafter acquired.

EXHIBIT B

[Form of Convertible Promissory Note attached hereto]

EXHIBIT C

Form of Warrant

EXHIBIT D

PAYMENT/ADVANCE FORM

TO: _____
Tel: () _____ Fax: () _____

<p>Date: _____</p> <p>From: <u>Avalanche International Corp.</u></p> <p>Mr./Ms. _____ (Contact Person) Tel: _____</p>

LOAN DISBURSEMENT: Amount US \$ _____

LOAN PAYMENT: Amount US\$ _____

Loan Number: _____

Partial Principal Only

Deadline 3:00 PM

Interest Only

Deadline 3:00 PM

Pay off (Total Principal and Interest):

Deadline 3:00 PM

Authorized Signature

Print Name

◆ *All deadlines are pacific time*

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS NOTE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (i) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A FORM GENERALLY ACCEPTABLE TO THE COMPANY'S LEGAL COUNSEL, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (ii) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT.

August 21, 2017
Principal Amount \$3,474,400.00
Las Vegas, Nevada

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, Avalanche International Corp., a Nevada corporation (hereinafter called "Borrower" or the "Company"), hereby promises to pay to Digital Power Corporation, a California corporation (the "Holder"), without demand, the aggregate principal amount of Three Million Four Hundred Seventy Four Thousand, Four Hundred Dollars and no cents (\$3,474,400.00) (the "Principal Amount"), together with all interest accrued thereon, payable on August 21, 2019 (the "Maturity Date").

This Convertible Promissory Note ("Note") is one of a series of notes (the "Notes") issued or may be issued pursuant to the terms of a Loan and Security Agreement (the "Loan Agreement"), by and between the Borrower and the Holder with an effective date as of August 21, 2017 (the "Issue Date"). Unless otherwise separately defined herein, all capitalized terms used in this Note shall have the same meaning as ascribed to them in the Loan Agreement.

WHEREAS, the Holder previously loaned the Company loans with a face amount of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) in the aggregate consisting of three notes dated October 5, 2016, November 30, 2016 and February 22, 2017 (collectively the "Prior Notes") and other advances in the face amount of One Million Eight Hundred Ninety-Nine Thousand Four Hundred Dollars (\$1,899,400) for an aggregate of Three Million Four Hundred Seventy Four Thousand, Four Hundred Dollars and no cents (\$3,474,400.00);

WHEREAS, subject to the terms and conditions contained therein, pursuant to the Loan Agreement, the Holder has agreed to extend the Company a non-revolving credit facility of up to \$5,000,000;

WHEREAS, in consideration for the extension of the credit facility as evidenced by the Loan Agreement, the Holder and the Company wish to cancel the Prior Notes in consideration and issue this Note, including the revision of the conversion price of this Note to fifty cents (\$0.50) per share.

ARTICLE I GENERAL PROVISIONS

1.1 Payment. The Principal Amount of the Note and interest earned thereon, or such portion thereof that has not previously been converted into common stock, no par value, of the Company (the "Common Stock") in accordance with Article II hereof, if any, shall be payable in full on the Maturity Date. The Company shall have the right to prepay all or part of this Note at any time without penalty upon 30 days written notice.

1.2 Secured Note. The Holder expressly acknowledges that payment of this Note is a secured obligation of the Company under the terms of the Loan Agreement.

1.3 Interest. Subject to the Default Rate provision contained in Section 2.3(b) of the Loan Agreement, the outstanding principal amount of the Note shall bear interest at twelve percent (12%) per annum (“Interest Rate”) from the Issue Date until the Note is paid in full. Accrued interest earned prior to the date of this Note will continue to accrue at the Interest Rate for the benefit of the Holder.

ARTICLE II CONVERSION RIGHTS

2.1 Conversion into the Borrower’s Common Stock. At the option of the Holder, this Note and any interest earned thereon may be converted into shares of the Borrower’s Common Stock.

(a) Conversion Price. The conversion price will be equal to \$0.50, subject to adjustment herein (the “Conversion Price”).

(b) Conversion. The number of shares of Common Stock (“Conversion Shares”) issuable upon a conversion hereunder shall be determined by dividing amount of this Note to be converted by the Holder by the Conversion Price.

(c) Mechanics of Conversion. Certificates evidencing that number of shares of Common Stock for the portion of the Note converted in accordance herewith shall be transmitted by the Company’s transfer agent to the Holder by (x) crediting the account of the Holder’s prime broker with the Depository Trust Company through its Deposit / Withdrawal at Custodian system if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Conversion Shares to, or resale of the Conversion Shares by, the Holder or (B) the shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, or (y) otherwise by physical delivery to the address specified by the Holder by the date that is three (3) Trading Days following conversion (“Share Delivery Date”).

(d) Obligation to Deliver Conversion Shares; Certain Remedies.

(i) Obligation Absolute. The Company’s obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder.

(ii) Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date pursuant to Section 2.1(c), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount, if any, by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Section 2.1(c) (the "Buy-In Liquidated Damages"). For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss.

(e) Adjustment. The Conversion Price and the number and kind of shares or other securities to be issued upon conversion determined pursuant to Section 2.1(b), shall be subject to adjustment, from time to time, upon the happening of certain events while this conversion right remains outstanding, as follows:

(i) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2.1 on the conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2.1 on the conversion of this Note). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section 2(e)(i) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Note (without regard to any limitations on the conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. The foregoing provisions shall similarly apply to successive Fundamental Transactions of a similar nature by any such successor entity.

(ii) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon conversion of, or payment of interest on, the Notes), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(f) Notice of Adjustment. Upon the occurrence of an event specified in Section 2.1(e), the Borrower shall promptly mail to the Holder a notice setting forth the adjustment and setting forth a statement of the facts requiring such adjustment, provided that any additional notice requirements set forth in Section 2.1(e)(i) shall also be applicable.

(g) Reservation of Shares. At such time when necessary, Borrower:

(i) will reserve from its authorized and unissued Common Stock a sufficient amount of Common Stock to permit the full conversion of Note;

(ii) represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable, free from all taxes, liens, charges and preemptive rights with respect to the issuance thereof; and

(iii) agrees that its issuance of Note shall constitute full authority to its officers, agents, and transfer agents who are charged with the duty of executing and issuing stock certificates to execute and issue the necessary certificates for shares of Common Stock upon the conversion of Note.

ARTICLE III EVENT OF DEFAULT

The occurrence of an Event of Default as defined in the Loan Agreement shall, at the option of the Holder hereof, make the outstanding Principal Amount and accrued and unpaid interest plus all other amounts payable under this Note immediately due and payable in cash:

ARTICLE IV SECURED NOTE

4.1 Secured Note. This Note is a secured obligation of the Borrower as set forth in the Loan Agreement.

ARTICLE VII MISCELLANEOUS

5.1 Failure or Indulgence Not Waiver. No failure or delay on the part of Holder hereof 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. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

5.2 Notices. All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and either faxed, mailed or delivered to each party at the respective addresses of the parties as set forth in the Loan Agreement.

5.3 Amendment Provision. No provision of this Note may be modified or amended without the prior written consent of holders of the Holder thereof. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

5.4 Assignability. Note shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. The Borrower may not assign its obligations under this Note.

5.5 Governing Law. Note shall be governed by and construed in accordance with the laws of the State of California in accordance with Section 11 of the Loan Agreement. 5.6 Construction. Each party acknowledges that its legal counsel participated in the preparation of Note and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of Note to favor any party against the other.

5.7 Shareholder Status. The Holder shall not have rights as a shareholder of the Company with respect to unconverted portions of Note.

5.9 Cost of Collection. If default is made in the payment of this Note, Borrower shall pay the Holder reasonable costs of collection, including attorney's fees.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by an authorized officer on September 6, 2017 with an effective date of August 21, 2017.

AVALANCHE INTERNATIONAL CORP.

By: _____ /s/ Philip E. Mansour

Name: Philip E. Mansour

Title: President & CEO

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE TRANSFERRED, UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR (II) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144 OR OTHER APPLICABLE EXEMPTION FROM APPLICABLE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE HOLDER OF THESE SECURITIES, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER, THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

**COMMON STOCK PURCHASE WARRANT
DIGITAL POWER CORPORATION**

Warrant Shares: 6,948,800

Issue Date: **August 21, 2017 (the “Issue Date”)**

THIS COMMON STOCK PURCHASE WARRANT (the “Warrant”) certifies that Digital Power Corporation, or its assigns (the “Holder”) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time commencing on the six month after the Issue Date and ending on or prior to 5:00 P.M. on August 21, 2022 (the “Termination Date”), to purchase from Avalanche International Corp., a Nevada corporation (the “Company”), up to 6,948,800 shares (as subject to adjustment hereunder, the “Warrant Shares”) of common stock, no par value per share, of the Company (“Common Stock”), at the per share Exercise Price as defined in Section 2(b). This Warrant is issued in connection with that certain Loan and Security Agreement entered into by and between Holder and the Company and that certain Convertible Promissory Note in the in the principal amount of \$6,948,800 issued thereunder.

Section 1. Definitions.

“Affiliate” means, as to any Person (the “subject Person”), any other Person (a) that directly or indirectly through one or more intermediaries controls or is controlled by, or is under direct or indirect common control with, the subject Person, (b) that directly or indirectly beneficially owns or holds ten percent (10%) or more of any class of voting equity of the subject Person, or (c) ten percent (10%) or more of the voting equity of which is directly or indirectly beneficially owned or held by the subject Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, through representation on such Person’s board of directors or other management committee or group, by contract or otherwise.

“Alternate Consideration” shall have the meaning set forth in Section 3(c).

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the United States are authorized or required by law or other governmental action to close.

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 2(e).

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Company’s common stock, no par value per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any convertible debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fundamental Transaction” shall have the meaning set forth in Section 3(c).

“Holder” shall have the meaning given such term in the first paragraph.

“Notice of Exercise” shall have the meaning set forth in Section 2(a).

“Person” means an individual or Company, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

“Warrant Shares” means, collectively, the shares of Common Stock issuable upon the exercise of this Warrant in accordance with the terms hereof.

“Warrant Share Delivery Date” shall have the meaning set forth in Section 2(d)(i).

Section 2. Exercise.

a) Upon delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed notice of exercise (the “Notice of Exercise”) in substantially the form of the Notice of Exercise Form annexed hereto and the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise, the Holder shall be entitled to Exercise the rights represented by this Warrant, in whole or in part, to acquire Warrant Shares at any time or times on or before the Termination Date by facsimile. Notwithstanding anything herein to the contrary (although the Holder may surrender the Warrant to, and receive a replacement Warrant from, the Company), the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. In the case of a partial exercise of this Warrant, the Holder may request that the Company deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of Warrant Shares with respect to which this Warrant shall remain unexercised); provided, however, that the Holder shall be entitled to exercise all or any portion of such new warrant, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate thereof. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Trading Day of delivery of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Warrant Shares under this Warrant shall be \$0.50 subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. This Warrant may also be exercised at the Holder's election, in whole or in part, at such time by means of a "cashless exercise." The Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing $[(A-B) \times (X)]$ by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (or other reliable source) based on a Trading Day from 9:30 a.m. (New York City time) (or such other time as the Trading Market publicly announces is the official open of trading) to 4:00 p.m. (New York City time) (or such other time as the Trading Market publicly announces is the official close of trading), (b) if no daily volume weighted average prices are reported by Bloomberg (or other reliable source), the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets LLC, or (c) in all other cases, the fair market value of a share of Common Stock as mutually determined by the Company and Holder.

d) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent ("Transfer Agent" means the transfer agent employed by the Company from time to time, for its Common Stock) to the Holder by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the date of delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Notwithstanding the above, Warrant Shares may be issued and delivered in uncertificated form (with a notice of share issuance delivered to Holder) and maintained in electronic form on the transfer agent's books and records. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date of delivery to the Company of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares (or delivery of notice of issuance, if shares are issued in uncertificated form), deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

iv. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder.

v. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions of shares of its Common Stock to the record holders of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged in the case of an exercise for Common Stock only. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded down to the nearest one hundredth of a cent. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holder) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security of the Company other than the Common Stock (which shall be subject to Section 3(b)) (a "Distribution"), then in each such case the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including, without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation). To the extent that this Warrant has not been exercised at the time of such Distribution, such portion of the Distribution shall be held in abeyance for the benefit of the Holder until the Holder has exercised this Warrant.

c) Fundamental Transaction. Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2.(e) on the conversion of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2.(e) on the conversion of this Warrant). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Warrant (without regard to any limitations on the conversion of this Warrant) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. The foregoing provisions shall similarly apply to successive Fundamental Transactions of a similar nature by any such successor entity.

d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

e) Notice to Holder.

Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

f) Adjustments. In the event that at any time, as a result of an adjustment made pursuant to this Section 3, the Holder shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this Section 3.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole but not in part, only to an Affiliate of the Holder and upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(a)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

i. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Principal Market upon which the Common Stock may be listed.

ii. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action to avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (ii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

iii. Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the laws of the state of Nevada (excluding its choice of law rules).

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if Holder does not utilize cashless exercise and Rule 144 is available, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of this Warrant.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Warrant as of September 6, 2017 with an effective date of August 21, 2017.

AVALANCHE INTERNATIONAL CORP.

By: /s/ Philip E. Mansour
Name: Philip E. Mansour
Title: President and CEO

DIGITAL POWER CORPORATION

By: /s/ Amos Kohn
Name: Amos Kohn
Title: President and CEO

NOTICE OF EXERCISE

TO: AVALANCHE INTERNATIONAL CORP.

(1) The undersigned hereby elects to purchase _____ Warrant Shares (to be comprised of _____ shares of Common Stock of the Company pursuant to the terms of the attached Warrant and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

(4) After giving effect to this Notice of Exercise, the undersigned will not have exceeded the Beneficial Ownership Limitation.

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name of Authorized Signatory:

Title of Authorized Signatory:

Date:

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

AVALANCHE INTERNATIONAL CORP.

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of the company and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.