

Terms and Conditions for Participation in the Monochrome Workshop Community and Cooperative

Thank you for your willingness to participate in the development of Episode 1 of the Monochrome RPG!

In this Agreement, you are referred to either as “You” or “The Artist.” Those terms refer both to your participation in the Monochrome Community (under Section I of this Agreement) as well as your potential benefits as a member of the Monochrome Cooperative (under Section II of this Agreement)

Please read these Terms of Service ("Terms") carefully. These terms and conditions pertain to your participation in the development of art assets, content, gameplay ideas, and other concepts directly relating to the Monochrome RPG game and the production of Episode 1.

This document contains the legal terms and binding conditions that govern your use of services provided to you by the Monochrome Workshop, including information, text, images, graphics, pictures, illustrations, data or other materials submitted in any form ("Content"), as well as products, services, and applications as well as all elements, software, programs and code forming or incorporated in to www.Monochromerpg.com (the "Service"). This Service, referred to herein as the Monochrome Workshop, is operated by MadHat Ventures. ("the Owner"), which employs individuals, consultants and agents to manage, monitor and maintain the Service, as well as provide the administrative support for the Cooperative and its commercialization efforts. Monochrome Workshop and MatHat are also referred to in these Terms as "we", "our", and "us".

By accepting these Terms, you agree that you are receiving personal and/or professional benefits as a result of your participation in the Monochrome Workshop (the “Community”). In consideration for the benefits of participating in the Community, you will adhere to all Terms incorporated herein.

By using our Service, you agree to be bound by Section I of these Terms ("General Terms"), which contains provisions applicable to all users of our Service, including visitors to the Monochrome Workshop website (the "Site"). If you choose to register as a Member or Artist, you will be asked to check a box indicating that you have read, and agree to be bound by, the additional terms set forth in Section II, which provides the terms and conditions for the Commercial arrangements between you and the Owner.

Section I: General Terms for Community Participation

1. Availability

This Service is provided by Monochrome Workshop on an "AS IS" and "AS AVAILABLE" basis and Monochrome Workshop reserves the right to modify, suspend or discontinue the Service, in its sole discretion, at any time and without notice. You agree that Monochrome Workshop is and will not be liable to you for any modification, suspension or discontinuance of the Service.

2. Privacy and Confidentiality

Monochrome Workshop is a closed community of artists participating in the development of a video game, called the Monochrome RPG (the “Game”). We agree to hold all personal information regarding you, your art, and your contributions as confidential, and not to be released outside the community except as stipulated in Section II below. You also agree not to expose or reveal private information about other individuals using the Service outside of the Community.

3. Trademarks, Copyright and Ownership

All brand, product and service names used in this Service which identify Monochrome Workshop or third parties and their products and services are proprietary marks of Monochrome Workshop and/or the relevant third parties. Nothing in this Service shall be deemed to confer on any person any license or right on the part of Monochrome Workshop or any third party with respect to any such image, logo or name.

Unless otherwise stated, you agree that any Content you contribute to the Community is wholly owned by MatHat Ventures, without reservation. You grant to Monochrome Workshop an exclusive, royalty-free license to reproduce, distribute, re-format, store, prepare derivative works based on, and publicly display and perform contributed Content. This includes any text, concept, art, final art products, derivative works, community messaging, computer code, or work product appearing in the Community. MadHat Ventures will have the right to trademark and copyright any such images and information in conjunction with the development of the Monochrome Workshop game, or related commercialization of images, concepts, computer code, or data reduced to practice within the Community. You may not reproduce, distribute, publicly display or perform, or prepare derivative works based on any of the Content including any such works without our express, written consent.

Such rights allow us to use Your Content for any purpose, including the right to modify, alter, or create derivative forms of Content. Such derivative forms of Content will become the sole and exclusive property of MadHat Ventures and/or its successors and assigns.

If we, at our sole discretion, choose to use Your Content as a component in the Monochrome RPG game, we may choose to compensate you for its use. Such compensation will be subject to the terms and conditions of our Commission Agreement, which is available for review by Community Members after accepting this Agreement and completing the registration.

You are still permitted to use Your Content for any other personal use, but any use of Your Content for purposes of commercialization, including, but not limited to, the sale, reproduction, or use of Your Content for resale in any form, requires the written permission and consent of MadHat Ventures. You are also not permitted to use any of the Content provided by other to the site for any commercial purposes without the expressed written consent of MatHat Ventures.

You agree not to distribute any part of the Service in any medium other than as permitted in these Terms of Service or by use of functions on the Service provided by us. You agree not to alter or modify any part of the Service unless expressly permitted to do so by us or by use of functions on the Service provided by us.

5. Consideration

In consideration for above, you accept that your participation in the Community provides adequate compensation and value for the contributions of Your Content that you make to the Community, and that no other compensation or remuneration is required, excepting in circumstances explicitly provided for in Section II below.

6. External Links

Monochrome Workshop may provide links to third-party websites or resources. You acknowledge and agree that Monochrome Workshop is not responsible or liable for: the availability or accuracy of such websites or resources; or the Content, products, or services on or available from such websites or resources. Links to such websites or resources do not imply any endorsement by Monochrome Workshop of such websites or resources or the Content, products, or services available from such websites or

resources. You acknowledge sole responsibility for and assume all risk arising from your use of any such websites or resources.

7. Third Party Software

As a convenience, we may make third-party software available through the Service. To use the third-party software, you must agree to the terms and conditions imposed by the third party provider and the agreement to use such software will be solely between you and the third party provider. By downloading third party software, you acknowledge and agree that the software is provided on an "AS IS" basis without warranty of any kind. In no event shall Monochrome Workshop be liable for claims or damages of any nature, whether direct or indirect, arising from or related to any third-party software downloaded through the Service.

8. Conduct

You agree that you shall not interfere with or disrupt (or attempt to interfere with or disrupt) this Service or servers or networks connected to this Service, or to disobey any requirements, procedures, policies or regulations of networks connected to this Service; or provide any information to Monochrome Workshop that is false or misleading, that attempts to hide your identity or that you do not have the right to disclose. You agree to defend, indemnify, and hold harmless Monochrome Workshop, its officers, directors, employees and agents, from and against any claims, liabilities, damages, losses, and expenses, including, without limitation, reasonable legal and expert fees, arising out of or in any way connected with your access to or use of the Services, or your violation of these Terms.

At Owner's discretion and in appropriate circumstances, Monochrome Workshop may remove Your Content submitted to the Site, terminate the accounts of users or prevent access to the Site by users who infringe on our intellectual property rights.

9. Disclaimer of Warranty and Limitation of Liability

MONOCHROME WORKSHOP MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED AS TO THE OPERATION OF THE SERVICE, OR THE CONTENT OR PRODUCTS, PROVIDED THROUGH THE SERVICE. YOU EXPRESSLY AGREE THAT YOUR USE OF THE SERVICE IS AT YOUR SOLE RISK. MONOCHROME WORKSHOP DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW. MONOCHROME WORKSHOP MAKES NO WARRANTY AS TO THE SECURITY, RELIABILITY, TIMELINESS, AND PERFORMANCE OF THIS SERVICE. YOU SPECIFICALLY ACKNOWLEDGE THAT MONOCHROME WORKSHOP IS NOT LIABLE FOR YOUR DEFAMATORY, OFFENSIVE OR ILLEGAL CONDUCT, OR SUCH CONDUCT BY THIRD PARTIES, AND YOU EXPRESSLY ASSUME ALL RISKS AND RESPONSIBILITY FOR DAMAGES AND LOSSES ARISING FROM SUCH CONDUCT. EXCEPT FOR THE EXPRESS, LIMITED REMEDIES PROVIDED HEREIN, AND TO THE FULLEST EXTENT ALLOWED BY LAW, MONOCHROME WORKSHOP SHALL NOT BE LIABLE FOR ANY DAMAGES OF ANY KIND ARISING FROM USE OF THE SERVICE, INCLUDING BUT NOT LIMITED TO DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, EVEN IF MONOCHROME WORKSHOP HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING DISCLAIMERS, WAIVERS AND LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF OR LIMITATIONS ON CERTAIN WARRANTIES OR

DAMAGES. THEREFORE, SOME OF THE ABOVE EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO YOU. IN NO EVENT SHALL MONOCHROME WORKSHOP'S AGGREGATE LIABILITY TO YOU EXCEED THE AMOUNTS PAID BY YOU TO MONOCHROME WORKSHOP PURSUANT TO THIS AGREEMENT.

10. Amendment of the Terms

We reserve the right to amend these Terms from time to time in our sole discretion. If you have registered as a member, we shall notify you of any material changes to these Terms (and the effective date of such changes) by sending an email to the address you have provided to Monochrome Workshop for your account. For all other users, we will post the revised terms on the Site. If you continue to use the Service after the effective date of the revised Terms, you will be deemed to have accepted those changes. If you do not agree to the revised Terms, your sole remedy shall be to discontinue using the Service.

11. General

These Terms constitute the entire agreement between Monochrome Workshop and you with respect to your use of the Service. Monochrome Workshop's failure to enforce any right or provision in these Terms shall not constitute a waiver of such right or provision. If a court should find that one or more provisions contained in these Terms is invalid, you agree that the remainder of the Terms shall be enforceable. Monochrome Workshop shall have the right to assign its rights and/or delegate its obligations under these Terms, in whole or in part, to any person or business entity. You may not assign your rights or delegate your obligations under these Terms without the prior written consent of Monochrome Workshop. These Terms shall be governed by and construed in accordance with the laws of the State of California. Any disputes arising under or in connection with these Terms shall be subject to the exclusive jurisdiction of the state and federal courts of the State of California.

12. Registration

To register as a member of the Service, you must be 16 years or lawfully permitted to enter into and form contracts under applicable law. In no event may minors submit Content to the Service. You agree that the information that you provide to us upon registration and at all other times will be true, accurate, current and complete. You also agree that you will ensure that this information is kept accurate and up to date at all times. This is especially important with respect to your email address, since that is the primary way in which we will communicate with you about activities.

13. Password

When you register as a member you will be asked to provide a password. You are responsible for safeguarding the password and you agree not to disclose your password to any third party. You agree that you shall be solely responsible for any activities or actions under your password, whether or not you have authorized such activities or actions. You shall immediately notify Monochrome Workshop of any unauthorized use of your password.

14. Submitting Content

Community and Communications Forums - As a registered member of the Service, you will be granted the privilege of participating in online community forums on the Monochrome Workshop website as part of the Service, which means you may post Your Content in the form of text for display in these areas of the Monochrome Workshop website, subject to your compliance with the Terms.

Artist Materials – Upon approval by MadHat Ventures, as a registered member of the Service, you will also be granted the privilege of submitting certain types of Your Content, known as "Artist Materials."

15. Conduct and Responsibilities

The Monochrome Workshop is designed to offer a Community for artists, programmers, storytellers, and digital creators of every age and nationality. We expect the members of our community to reflect the values of inclusion, empathy, mutual respect and consideration that serve as the foundation of this Community.

We must insist that you refrain from comments which are racist, bigoted, or which otherwise offensively target a philosophy or religion. In addition, we ask that our members avoid making offensive remarks based on gender or sexual preference and that you do not make any remark, comment or critique which is intended to be a direct insult to an individual, group, or genre of artwork. Hate propaganda is met with zero tolerance. Comments which are overly aggressive, personally insulting or needlessly abusive are also prohibited.

Prohibited commentary is typically considered to be inherently disrespectful, aggressive, or otherwise abusive.

Members will not discriminate against any person because of sex, race, creed, age, sexual orientation, color, national origin or ancestry in any activities of the Cooperative.

You agree to be subject to and to conduct yourself in accordance with the rules outlined below. You are exclusively responsible for all your Content you upload, download, and otherwise copy, distribute and display using the Service. You must have the legal right to copy, distribute and display all parts of any content that you upload, download and otherwise copy, distribute and display. Content provided to you by others, or made available through websites, magazines, books and other sources, are protected by copyright and should not be uploaded, downloaded, or otherwise copied, distributed or displayed without the consent of the copyright owner or as otherwise permitted by law.

You agree not to use the Service:

- for any unlawful purposes;
- to upload, post, or otherwise transmit any material that is obscene, offensive, blasphemous, pornographic, unlawful, threatening, menacing, abusive, harmful, an invasion of privacy or publicity rights, defamatory, libelous, vulgar, illegal or otherwise objectionable;
- to upload, post, or otherwise transmit any material that infringes any copyright, trade mark, patent or other intellectual property right or any moral right or artist's right of any third party including, but not limited to, Monochrome Workshop or to facilitate the unlawful distribution of copyrighted content or illegal content;
- to harm minors in any way, including, but not limited to, uploading, posting, or otherwise transmitting content that violates child pornography laws, child sexual exploitation laws or laws prohibiting the depiction of minors engaged in sexual conduct, or submitting any personally identifiable information about any child under the age of 13;
- to forge headers or otherwise manipulate identifiers in order to disguise the origin of any Content transmitted through the Service;
- to upload, post, or otherwise transmit any material which is likely to cause harm to Monochrome Workshop or anyone else's computer systems, including but not limited to that which contains any virus, code, worm, data or other files or programs designed to damage or allow unauthorized access to the Service which may cause any defect, error, malfunction or corruption to the Service;
- for any commercial purpose, except as expressly permitted under these Terms;
- to sell access to the Service on any other website or to use the Service on another website for the primary purpose of gaining advertising or subscription revenue other than a personal blog or

social network where the primary purpose is to display content from Monochrome Workshop by hyperlink and not to compete with Monochrome Workshop.

16. Suspension and Termination of Access and Membership

You agree that Monochrome Workshop may at any time, and without notice, suspend or terminate any part of the Service, or refuse to fulfill any order, or any part of any order or terminate your membership and delete any Content stored on the Monochrome Workshop Site, in Monochrome Workshop's sole discretion, if you fail to comply with the Terms or applicable law ("Termination"). Any such Termination shall be at the sole discretion of the Owner, and, in the event of a Termination, your access to the Service shall be eliminated, your account deleted, and any economic consideration due to you under Section II shall be cancelled. You hereby indemnify and hold Owner harmless for any decision to terminate due to a failure to comply with the Terms, the General Terms, or any of the rules appearing in Section II below.

Section II

Participation in the Monochrome Cooperative: Commercial Terms and Conditions

This is the Agreement ("Agreement") between you as either an individual artist or as the legal authorized representative of a group artist ("Artist") and MadHat Ventures ("the Owner"). MadHat Ventures and its Service, the Monochrome Workshop, are also referred to in these Terms as "we", "our", and "us".

This Agreement concerns the contribution of the Artist's audio, visual, audiovisual and other materials (the "Artist Materials" defined below) to the Monochromerpg.com website, or any successor(s) websites and/or websites to which the contents in whole or in part of Monochrome Workshop are assigned (together the "Monochrome Workshop Site(s)") and concerning our use of Artist Materials on the Monochrome Workshop Site(s) and in its derivative works, including the Monochrome RPG game, as well as any other commercialization efforts as determined in the sole and exclusive discretion of Owner. If Artist is agreeing on behalf of a group artist or a group of artists then each reference to "Artist" in this Agreement refers to each member of the group or the group as a whole, as the case may be. Artist and Monochrome Workshop acknowledge the exchange of mutual benefits and promises and other consideration and agree as follows with respect to new submissions of Artist Materials and any former submissions of Artist Materials:

- 1. Term.** The term ("Term") of this Agreement starts on the date that the Artist registers on the Monochromerpg.com website. This Agreement continues until Owner terminates this Agreement in writing, with or without cause or subject to the survival of certain undertakings in this agreement set out below.
- 2. Ownership of Artist Materials.** MadHat Ventures exclusively owns all Content submitted and created on this site, including information, text, images, graphics, pictures, illustrations, data or other materials submitted in any form, or any derivative materials created by Artists and submitted to the Monochrome Workshop (the "Artist Materials"). Artist Materials may include without limitation Artist's name(s) (including professional names), trademarks, trade names, likenesses, photographs, biographical materials, audio-visual materials, artwork, liner notes, and other graphical, textual, video, film or audio materials and any and all "skins," computer-generated images or other artwork or images that Artist

submits to Monochrome Workshop in any medium or format whatsoever. Such rights are granted irrevocably and in perpetuity, irrespective of the Term of this contract or its Termination by Owner.

Artist further acknowledges that Artist will not have any right, title, or interest in any other materials with which Artist Materials may be combined or into which all or any portion of Artist Materials may be incorporated. This grant of Ownership by Artist includes the right, without limitation, of MadHat Ventures, or its agents, consultants, and/or designees, to commercialize Artist Materials (the "Commercialization Program"). The Commercialization Program includes, but is not limited, to:

- Incorporating Artist Materials in the Monochrome RPG game, or any other game derived by MadHat Ventures, its agents, successors or assigns;
- Commercializing Artist Materials in other derivative forms, including for use in print, merchandise, or other marketable products;
- Using Artist Materials in website, marketing or other promotional materials;
- Preparing and encoding Artist Materials or any part of them for digital or analog transmission, manipulation and exhibition in any format and by any means now known or not yet known or invented;
- Displaying, copying, reproducing, exhibiting, broadcasting, rebroadcasting, transmitting, retransmitting, distributing through any electronic means (including analog and digital) or other means, and electronically or otherwise publishing any or all of the Artist Materials, including any part of them, and to include them in compilations for publication, by any and all means and media now known or not yet known or invented;
- Modifying, adapting, changing or otherwise altering the Content and use the Artist Materials; and
- Sublicensing to any other person or company any of the licensed rights in the Artist Materials, or any part of them, subject to the terms and conditions of this Agreement.

3. **Personal Use of Artist Materials by Artist.** Owner grants the Artist the right to use Artist Materials contributed by Artist for personal, non-commercial use. This includes the right to use images on personal websites, portfolios, or other materials that promote the skills and experience of the Artist. Artist shall not be permitted to license Artist Materials to other third parties, or generate revenues from the sale or reproduction of Artist Materials. Owner reserves the right to revoke this grant if the Owner determines, in its sole and exclusive discretion, that the Artist has used Artist Materials for Commercial Use, rather than Personal Use.

4. **Consideration.** In consideration for the grant of ownership in Artist Materials, Artist shall have the opportunity to receive a portion of net revenues generated by MadHat Ventures through the use of Artist Materials, subject to the rules and regulations outlined in Paragraphs 4, 5, 6 and 7 below.

5. **Ownership of Project Intellectual Property.** "Project Intellectual Property" means and includes all materials related the Project that are developed by Owner, its agents, consultants or affiliates, and incorporated into the Monochromepg.com website, as well as any contributions made by Artist, or its agents, consultants or affiliates, that appear, are contributed to, or developed through interactions in the Community. Specifically, Project Intellectual Property refers to art assets and drawings, whether in concept or final form, website images, text or materials, computer code, gameplay concepts, storylines, game builds, style guides, reference materials or documents, technical information, inventions, developments, discoveries, software, know-how, methods, techniques, formulae, data, processes and other proprietary ideas, whether or not patentable or copyrightable, that are first conceived, discovered, developed or reduced to practice in the performance of this Agreement or appearing on the

Monochromerpg.com website as part of the Monochrome Workshop Community. Project Intellectual Property shall also include any materials, computer code, gameplay concepts, storylines, game builds, style guides, reference materials or documents, technical information, inventions, developments, discoveries, software, know-how, methods, techniques, formulae, data, processes and other proprietary ideas previously developed by Artist or Owner that predate this Agreement and pertain to the Monochrome Workshop.

Artist acknowledges and agrees that MadHat Ventures is the owner of all Project Intellectual Property, pertaining to the Monochrome Workshop, whether derived or contributed by Artist, or by agents of Artists, or developed in collaboration with other Artists, whether occurring after the acceptance of this agreement or previous to the acceptance of this Agreement that has been derived from other Monochrome Workshop materials. This grant of Ownership by Artist includes the right, without limitation, of MadHat Ventures, or its agents, consultants, and/or designees, to:

- to include Project Intellectual Property in the Monochrome RPG game, or any other game derived by MadHat Ventures, its agents, successors or assigns;
- to commercialize Project Intellectual Property in other derivative forms, including for use in print, merchandise, or other marketable products;
- to use Project Intellectual Property in website, marketing or other promotional materials;
- to prepare and encode Project Intellectual Property or any part of them for digital or analog transmission, manipulation and exhibition in any format and by any means now known or not yet known or invented;
- to display, copy, reproduce, exhibit, publicly perform, broadcast, rebroadcast, transmit, retransmit, distribute through any electronic means (including analog and digital) or other means, and electronically or otherwise publish any or all of the Artist Materials, including any part of them, and to include them in compilations for publication, by any and all means and media now known or not yet known or invented ;
- to modify, adapt, change or otherwise alter the Content and use the Project Intellectual Property; and
- the right to sublicense to any other person or company any of the licensed rights in the Project Intellectual Property, or any part of them, subject to the terms and conditions of this Agreement.

Artist further acknowledges that use of Project Intellectual Property is required for the development of Artist Content, and that Artist Content would have no independent commercial value without Project Intellectual Property.

6. Conditions of Participation in Owner Commercialization Program. Artist recognizes that Owner has the sole and exclusive right to determine whether Artist Materials will be included in Owner's Commercialization program. The submission of Artist Materials, proposal of ideas, concept art, concept drawings, or participation in the Monochrome Workshop community is not a sufficient condition for Artist to receive benefits from Owner's Commercialization Program. Artist shall have the opportunity to participate in Owner's Commercialization Program only if Artist meets the conditions outlined in Section 7 below.

7. Conditions for Acceptance of Artist Materials for Owner Commercialization Program. Owner can, at its sole discretion, approve Artist Materials for use in the Commercialization Program based on the following Requirements (the "Requirements"). Such Artist Materials must be:

- a. Submitted in a timely fashion by Artist at mutually agreed to dates and times
- b. Consistent with all style guides published in the Monochrome Workshop website and other Services
- c. Submitted in the appropriate technical format, in both native form (ie, Illustrator, Photoshop, or other approved native software format) as well as derivative form (.gif, .jpeg, or other approved graphic format).
- d. Adapted to and in compliance with any direction provided by the organizers of the Monochrome Workshop,
- e. Inclusive of all required components, including but not limited to sprite sheets, animations, or other collateral materials as directed by the Owner or managers of the Monochrome Workshop; and,
- f. In full compliance with Paragraph 15 of Section I, entitled Conduct and Responsibilities.

8. **Conditions for Rejection of Artist Materials for Owner Commercialization Program.** The Monochrome Workshop has as its goal the inclusion of a wide range of art styles and capabilities, but Owner and its representatives hold the exclusive right to accept or reject the Artist Materials for inclusion in the Commercialization Program. Examples of why art might be rejected for the Commercialization Program include:

- a. Lack of timely submission. Art assets need to be done on time; if they are not, we can not complete the game.
- b. Inadequate quality. We retain the absolute right to decide which pieces of art are of sufficient quality to include in the game. If your art is not good enough, it will be rejected.
- c. Inappropriate for the assignment. If you choose an art assignment and do not execute that assignment, but choose to submit something different, we will not accept it.
- d. Technically unfit for use in the Game. You can not just submit a drawing and expect that it will be accepted. Any file must adhere to the technical specifications provided on the website

Generally speaking, we will give each Artist at least three (3) opportunities to revise and resubmit their materials for review and approval, and will provide as much detailed guidance as possible to help the Artist obtain the Acceptance. Nonetheless, the members of the Monochrome Workshop are not responsible for ensuring the successful Acceptance of the Art, and the Artist can not hold the Owner or any individual member of the Monochrome Workshop community responsible for the rejection of their art.

Artist further acknowledges and accepts that any incomplete submissions, or submissions that are not made in a timely fashion, or are rejected for reasons relating to the specific technical requirements provided on the Monochrome Workshop website still become our property and can be used in the Game without compensation to you. Your incomplete submissions can be modified by Owner or its representatives to ensure suitability for use in the Commercialization Program. In such circumstances, Owner shall decide, in its sole and absolute discretion, whether or not the Artist submission shall be deemed to be Accepted and subject to inclusion as part of the Commercialization Program. Artist is solely responsible for the completion of its submissions and its adherence to our requirements and those appearing in the Monochrome Workshop. Therefore, the Artist will hold Owner harmless and not liable for lost revenue or income that might have been derived from Artists' Work in this circumstance.

9. **Confirmation of Acceptance of Artists Materials for Owner Commercialization Program.**

Upon receipt of Artist Materials, and subject to the conditions above, Owner will confirm the acceptance of the Art Asset via electronic mail and/or within the Artist's home page on the Monochromerpg.com website. An "Art Asset" is defined as a digital file (or files) meeting all the requirements outlined in Paragraph 6 above. Upon receipt of this confirmation, the Artist obtains the rights associated with other members of the Monochrome Cooperative (known herein as the "Monochrome Cooperative" or simply "the Cooperative"). The Monochrome Cooperative consists of all artists who have been accepted as participants in the Company Commercialization Program. This acceptance to the Monochrome Cooperative is subject to the receipt by Owner of any and all required information regarding the real name of the artist, social security number, address, and any other information that is required by law or regulation for tax reporting to the Internal Revenue Service or other relevant tax agencies.

Owner has the exclusive right to define and accept an Art Asset under this Agreement. If Artist has not received an electric confirmation that the Art Asset has been accepted by the Owner, the Artist shall not be granted the consideration described in Paragraphs 8, 9 and 10 below.

10. **Net Revenue Share, Defined.** In consideration for the submission and acceptance of Artist Materials, and upon acceptance of the Art Asset as part of the Company Commercialization Program, Artist shall receive a percentage of Net Revenue derived from the sale of the Monochrome RPG game. Net Revenue is defined as Gross Receipts minus the Cost of Sales. Gross receipts includes any payments received from any and all sales of Episode 1 of the Monochrome RPG Game. Cost of Sales is defined as any costs directly associated with the marketing and sale of the game, including sales taxes, or any fees due and payable to third parties for promotion or product placement. A five percent (5%) administrative fee calculated on the total Cost of Sales will be added to the Cost of Sales and included in this calculation. This administrative fee covers the cost of accounting, bookkeeping and other functions required to manage the revenue sharing program.

11. **Net Revenue Share for the Monochrome Cooperative.** The Cooperative will receive a 33% share of the Net Revenue derived from the sale of the Monochrome RPG game, as defined in Paragraph 8 above. Owner shall report the Gross Receipts and Cost of Sales to the Cooperative on a quarterly basis, no later than forty five (45) days after the end of each calendar quarter.

12. **Net Revenue Share for Individual Members of the Monochrome Cooperative.** The proportion of the Net Revenue Share due to each individual member of the Monochrome Cooperative through the Company Commercialization Program is based on the total number of Art Assets contributed by the Artist. The value of each Art Asset is based on the percentage of Net Revenue shared with the Cooperative, divided by the total number of art assets required for the completion of the specific episode of the Monochrome RPG game. An illustration appears below:

		Sales Scenarios for Episode 1				
A	Games Sold	10,000	20,000	50,000	75,000	100,000
B	Proposed Game Price	\$ 9.99	\$ 9.99	\$ 9.99	\$ 9.99	\$ 9.99
C	Gross Receipts (A x B)	\$ 99,900	\$ 199,800	\$ 499,500	\$ 749,250	\$ 999,000
D	Costs of Sales (approx 35% of C)	\$ 34,965	\$ 69,930	\$ 174,825	\$ 262,238	\$ 349,650
E	Net Revenue (C - D)	\$ 64,935	\$ 129,870	\$ 324,675	\$ 487,013	\$ 649,350
F	Share for Cooperative (33% of E)	\$ 21,429	\$ 42,857	\$ 107,143	\$ 160,714	\$ 214,286
G	Estimated # of Art Assets for Episode 1	1,500	1,500	1,500	1,500	1,500
H	Shared Net Revenue for each Art Asset (F / G)	\$ 14.29	\$ 28.57	\$ 71.43	\$ 107.14	\$ 142.86

This table is presented for illustration purposes only. The table does not represent a guarantee of payment; no representational warrantee shall be realized by the figures presented herein.

The illustration depicts a number of scenarios, based on the number of Games Sold (in row A). Depending on the total number of games sold, and depending on the total Cost of Sales (estimated at 35% for in Row D for illustration purposes), the artist would receive a total payment for each art asset equivalent to the amount appearing in Row H.

The final number of art assets required for the development of the game shall be provided by Owner upon the completion of Episode 1. The number of assets listed above is offered for illustration purposes only.

13. **Payment for Net Revenue Share.** Payments for Net Revenue Share shall be calculated on a quarterly basis, and reported to each member of the Cooperative within forty five (45) days of the end of each calendar quarter. Payments shall be due to Cooperative Members as compensation for qualifying Art Assets within fifteen (15) days of the issuance of the report.

14. **Termination of Payments.** Any obligations of Owner to make payments to the Cooperative shall be terminated upon one or any of the following conditions:

- a. A decision by Owner, in its sole and exclusive right to so choose, to cease the sale and commercialization of the Game
- b. A decision by Owner, in its sole and exclusive right to so choose, to cease operations of the Monochrome Workshop

In such circumstances, Owner shall be obligated to pay any final sums due to the Cooperative members within sixty (60) days of ceasing operation.

Owner may, in its sole and exclusive discretion, terminate payments to individual members of the Monochrome Cooperative if the Artist violates Paragraph 16 of Section I above. If the Owner determines, in its sole and exclusive discretion, that Artist has violated the terms and conditions appearing in this Paragraph, or any other Code of Conduct posted on the Monochrome Workshop website, Artist agrees that any contractual obligations for payment become null and void and no further payments shall be due past the date in which the Owner terminates this Agreement.

15. **Liquidation or Sale of the Monochrome Workshop.** If the Owner, in its sole and exclusive discretion, chooses to sell the assets of the Monochrome Workshop, or the Ownership Entity, MadHat Ventures LLC, the purchase price shall be treated as Gross Receipts and subject to the same revenue

sharing proportions as described above. Any transaction costs relating to the Liquidation or Sale of the Monochrome Workshop, as well as any payments or distributions made to the investors in MadHat Ventures as part of the transaction, shall be treated as a Cost of Sale and deducted from the Gross Receipts to determine a Net Revenue amount to be subject to the Net Revenue Share calculation above. The decision to Liquidate or Sell the Monochrome Workshop, as well as the calculation of the Cost of Sale relating to the Liquidation or Sale of the Monochrome Workshop shall be at the sole discretion of MadHat Ventures and not subject to appeal, audit, or rejection by members of the Cooperative.

16. **Relationship of the Parties.** **THE ARTIST IS AN INDEPENDENT CONTRACTOR AND IS IN NO WAY AUTHORIZED TO MAKE ANY CONTRACT, AGREEMENT, OBLIGATION OR REPRESENTATION ON BEHALF OF THE OWNER OR ITS AFFILIATES. EXCEPT AS EXPRESSLY PROVIDED HEREIN, EXPENSES OF ANY NATURE OR DESCRIPTION WHATSOEVER INCURRED BY THE ARTIST IN THE PERFORMANCE OF THE SERVICES HEREUNDER SHALL BE PAID BY THE ARTIST WHO SHALL NOT BE ENTITLED TO ANY REIMBURSEMENT OR CREDIT FROM THE OWNER. THE ARTIST ACKNOWLEDGES THAT, AS AN INDEPENDENT CONTRACTOR, THE OWNER IS NOT RESPONSIBLE TO WITHHOLD INCOME OR EMPLOYMENT TAXES FOR THE ARTIST OR TO PAY THE EMPLOYMENT TAXES ASSESSED TO AN EMPLOYER IN RESPECT TO A “CONSULTANT” OR OTHER SAID OR LEGAL BENEFIT.**

17. **Acknowledgement of Risk.** Artist recognizes and acknowledges that the Monochrome Workshop may not successfully complete Episode 1 of the Game and may not be able to successfully commercialize the Game. As such, Artist accepts that the Artist may receive no monetary compensation for participation in the Monochrome Workshop or through acceptance of Art Assets that are incorporated into the Game. Artist will hold Owner, its successors and its assigns, its agents and consultants, harmless and will indemnify the same against any claims that might arise due to its inability to generate revenue through sales of the Monochrome RPG.

18. **Right to Contract.** You hereby represent and warrant to the Owner that (i) you have full right and authority to enter into this Agreement and to perform obligations hereunder, and (ii) the execution and delivery of this Agreement by the Artist and the performance of Artist’s work hereunder will not conflict with or breach any agreement, order or decree to which the Artist is a party or by which it is bound. Artist hereby indemnifies and holds Owner and its affiliates, agents or consultants harmless from any breach that may arise from Artist’s acceptance of this Agreement.

19. **Rights of Artists.** Artist also agrees not to assert against Monochrome Workshop any privacy, publicity, moral or similar rights held by Artist and on behalf any other person(s) whose name(s), photographs and/or likeness(es) and/or performances are embodied in the Artist Materials. Artist also agrees that any persons other than Artist appearing recognizably or otherwise in Artist Materials will not assert of any privacy, publicity, moral or similar rights) under the laws of the United States and any other country in connection with the exploitation of the materials as described in this Agreement.

20. **Responsibilities of Artist.** Artist warrants that:

- a. Artist has obtained all necessary third-party consents, rights, licenses and permissions, if any, required for Artist to enter into and perform this Agreement and to grant Owner the rights to use the Artist Materials set out in this Agreement (including, without limitation,

consents and permissions from owners of any elements that are used in the Artist Materials),

- b. The Artist Materials (and Owner's use of them under this Agreement) do not and will not infringe on any rights of any third party, including any trademark, copyright, patent, trade secret, right of privacy or publicity or moral rights of any third party,
- c. All information that Artist has provided or will provide to Monochrome Workshop is true and complete,
- d. the Artist Materials do not and will not violate any law, statute, ordinance or regulation,
- e. the Artist Materials do not and will not be defamatory, libelous, threatening, pornographic, obscene, harmful to minors, violations of child pornography or child sexual exploitation laws,
- f. the Artist Materials do not and will not contain any viruses or other programming routines that may detrimentally interfere with computer systems or data, whether those of Monochrome Workshop or any third party, and
- g. if Artist or any member of Artist's group is a minor, Artist hereby warrants that Artist has the legal right to execute this Agreement on behalf of the minor artist and guarantee such person's performance of the terms of this Agreement. These warranties shall survive any termination of this Agreement.

21. **Third Party Payments.** Artist is responsible for all licensing, reporting and payment obligations of any kind to third parties in connection with the Artist Materials.

22. **Indemnity.** Artist agrees to defend, indemnify, reimburse and hold Owner, Monochrome Workshop and its parent, subsidiary and affiliated entities, and its and their members, managers, officers, directors, representatives, employees, agents, successors, designees, licensees, sublicensees and assigns harmless from and against any and all liability, loss, damages, judgments, costs and expenses (including reasonable attorney's fees, costs and expenses and court costs) arising out of or related to:

- a. Artist's use of the Monochrome Workshop Site(s);
- b. any breach or alleged breach of Artist's representations and warranties and/or any breach, alleged breach or violation of the notices, terms and conditions of this Agreement;
- c. Artist's violation or alleged or threatened violation of any rights of a third party, including, without limitation, any trademark, copyright, patent, trade secret, right of privacy or publicity or moral rights of any third party, arising from the submission and/or use of Artist Materials as provided in this Agreement

23. **Exclusion of Damages.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT (INCLUDING NEGLIGENCE) SHALL OWNER, NOR THE MONOCHROME WORKSHOP, NOR OWNER'S OFFICERS, DIRECTORS, MEMBERS, PARENTS, AFFILIATES, SUBSIDIARIES, LICENSEES, ASSIGNS, SUCCESSORS, AGENTS, REPRESENTATIVES, EMPLOYEES OR LICENSORS BE LIABLE FOR ANY DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES ARISING OUT OF AN ACTION UNDER CONTRACT, NEGLIGENCE OR ANY OTHER THEORY AND DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR OTHER PECUNIARY LOSS, INCIDENTAL DAMAGES, CONSEQUENTIAL DAMAGES, PUNITIVE DAMAGES, EXEMPLARY DAMAGES), WHETHER OR NOT DEVIANT ART HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE USE OR PERFORMANCE OF THE MONOCHROME WORKSHOP SITE(S).

IN NO EVENT SHALL MONOCHROME WORKSHOP'S TOTAL LIABILITY TO ARTIST UNDER THIS AGREEMENT FROM ALL CAUSES OF ACTION AND UNDER ALL THEORIES OF LIABILITY EXCEED \$1. THE PARTIES ACKNOWLEDGE AND AGREE THAT MONOCHROME WORKSHOP HAS ENTERED INTO THIS AGREEMENT IN RELIANCE ON THE LIMITATIONS OF LIABILITY SPECIFIED IN THIS AGREEMENT, WHICH ALLOCATE THE RISK BETWEEN ARTIST AND MONOCHROME WORKSHOP, AND FORM THE BASIS OF THE BARGAIN BETWEEN THE PARTIES.

24. **Copyright and Trademark Notices.** Monochrome Workshop, the Monochrome Workshop logos and mascots, and the layout and design of the Monochrome Workshop Site(s), among other marks that may appear on the Monochrome Workshop Site(s) are trademarks of MadHat Ventures (the "Monochrome Workshop Marks"). Other trademarks and service marks on the Monochrome Workshop Site(s) may be the property of the advertisers, content partners and/or providers, or other third parties. Artist may not use any of the Monochrome Workshop Marks without Monochrome Workshop's prior written permission, and Artist may not use any third-party marks without the third party's prior written permission.

25. Miscellaneous.

- a. **Governing Law; Jurisdiction.** THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO ITS OR ANY OTHER JURISDICTION'S CONFLICT OF LAWS PRINCIPLES. THE SOLE VENUE AND JURISDICTION FOR DISPUTES ARISING FROM THIS AGREEMENT SHALL BE THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN LOS PHILADELPHIA PA, AND ARTIST AND OWNER BOTH IRREVOCABLY AGREE TO SUBMIT TO THE JURISDICTION OF SUCH COURTS.
- b. **Assignment.** Monochrome Workshop shall have the right to assign this Agreement in whole or in part to any person or business entity. Artist may not assign Artist's rights or delegate Artist's obligations under this Agreement without the prior written consent of Monochrome Workshop.
- c. **Notice.** All notices, requests and other communications ("Communications") under this Agreement must be in writing and sent to MadHat Ventures, 33 East Glenside Avenue, Suite #6, Glenside PA 19038, ATTN: Legal Department. Communications shall be deemed received:
 - i. for Communications sent by registered or certified mail, postage prepaid, return receipt requested or by Federal Express or other reputable overnight courier service, on the date of receipt or refusal as indicated on the return receipt;
 - ii. for Communications sent by personal delivery, on the date of personal delivery;
 - iii. No other form of notice shall be accepted under this Agreement, other than the electronic notification for individual works under the circumstances specifically described above.
- d. **Entire Agreement.** This Agreement sets forth the entire understanding and agreement of Artist and Owner as to the subject matter hereof and supersedes all prior proposals, discussions or agreements (oral and written) with respect to such subject matter.
- e. **Modification.** Owner reserves the right to amend the terms of this Agreement from time to time in its sole discretion. Owner will notify Artist of any material changes to this Agreement by sending an email to the address listed in Artist's account. If Artist

continues to upload Artist Materials after being notified of the changes to the Agreement, Artist will be deemed to have accepted those changes and the new terms of the Agreement will govern all prior and future submissions of Artist Materials. If Artist does not accept the new terms of the Agreement, Artist's only and exclusive remedy will be to terminate this Agreement. Otherwise, this Agreement may be changed only by a writing signed by both parties that specifically refers to the parties' intent to amend this Agreement.

- f. Survival. The provisions of Sections Paragraphs 7 through 13 shall survive any termination of this Agreement. In addition, any sublicenses granted to third parties for the display of Artist Materials on electronic or other devices pursuant to Section 2 shall survive any termination of this Agreement; any use of Artist Materials pursuant to Section 3 with respect to the making of so-called backup copies or caching of Monochrome Workshop Sites or any equivalent activity or function for general site maintenance and protection shall survive any termination of this Agreement; and, Artist Materials consisting of comments posted to Monochrome Workshop will remain as part of the Monochrome Workshop database and available to all users of Monochrome Workshop Sites following termination of this Agreement.