STRATEGIC PARTNERSHIP AGREEMENT

by and between

RCHAIN COOPERATIVE,

a Washington Cooperative,

and

VENTURES LLC,

a Washington Limited Liability Company

STRATEGIC PARTNERSHIP AGREEMENT

THIS STRATEGIC PARTNERSHIP AGREEMENT (the "**Agreement**") is made and entered into effective as of this ___ day of January 2018 (the "**Effective Date**") by and between RChain Cooperative, a Washington cooperative ("**RChain**") and Ventures LLC ("**Ventures**"), a to-be-formed Washington limited liability company, and/or its assigns. RChain and Ventures may be referred to herein collectively as the "**Parties**" or individually as a "**Party**."

RECITALS

 WHEREAS, RChain is building a public blockchain platform written in the Rholang programming language and desires to have Rholang-based DApps ("**DApps**") and decentralized services used atop its blockchain;

WHEREAS, Ventures is an incubator of DApps and decentralized services and desires to facilitate the utilization of the RChain blockchain and Rholang by DApps and decentralized services; and

WHEREAS, the Parties believe it is mutually beneficial to enter into a strategic partnership relationship with the other Party.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1 LIMITED PARTNER INVESTMENT

1.1. Ventures will form a limited partnership (the "**Partnership**") that, in turn, will create a development fund ("**Fund I**") for the purposes of facilitating the Business (defined below). RChain will provide to Ventures 100,000,000.00 RHOC upon the execution of this Agreement (the "Initial Contribution") and, in return, Ventures, as general partner of the Partnership, will admit RChain as a limited partner in Fund I subject to the following terms and conditions:

    a.   <u>Calculation of Net Asset Value</u>. The initial net asset value of Fund I is $0.35 USD per RHOC multiplied by 100,000,000.00 RHOC for an initial total net asset value of $35,000,000.00 USD (the "**Net Asset Value**").

        i.   The Net Asset Value will be re-calculated yearly as of the last calendar day of the year ("**Year End**"). For the avoidance of doubt, the total dollar value of all assets held and/or otherwise owned by Fund I, including, but not limited to, all cryptocurrency held by Fund I, will be calculated using the market value of non-cryptocurrency assets and the average value of cryptocurrency assets as listed by the top three cryptocurrency exchanges over a period of (10) days prior to Year End.

    b.   <u>Distributions</u>.

        i.   At the time of any Liquidity Event (defined below) Ventures and RChain will allocate to Ventures and RChain (each, a "**Distribution**") any proceeds and other dollar amounts or dollar equivalents derived from the Liquidity Event in excess of the Net Asset Value, or any portion of Net Asset Value, to the extent either (i) the assets deployed by Ventures are less than the Net Asset Value, or (ii) the Liquidity Event only involves a portion of the allocation of the Net Asset Value of Fund I (the "**Net Profits**"), as follows: (i) 80% of the Net Profits to RChain; and (ii) 20% of the Net Profits to Ventures.

ii. Each Distribution will be calculated and paid to Ventures and RChain, respectively, no later than thirty (30) days after the Liquidity Event. Ventures may pay Distribution amounts in cryptocurrency, fiat currency, or a mixture of the two, at Ventures' sole discretion.

c. Liquidity Event. The term "**Liquidity Event**" means a liquidation or the sale of an investment, or portion thereof, held by Fund I (regardless of the form in which such sale shall occur, including through a merger or sale of stock or other interests in an entity, and regardless of whether such transaction is taxable or tax-free). For the avoidance of doubt, a Liquidity Event includes an asset sale (including, but not limited to, a cryptocurrency token sale or initial coin offering) or merger (including, but not limited to, a merger in which Ventures is the surviving entity).

d. Calculation of the Management Fee.

i. RChain agrees that Ventures will be paid an annual management fee ("**Management Fee**") equal to 2% of the Net Asset Value of Fund I. The Management Fee will be calculated on an annual basis and paid to Ventures once a year no later than thirty (30) days after the prior Year End. The Management Fee will be paid and distributed out of Fund I.

ii. In the event the Management Fee, properly calculated, is less than $2,200,000.00 USD (the "**Minimum Management Fee**"), then RChain will pay to Ventures the difference, if any, between the Management Fee (as calculated by multiplying the Net Asset Value for any one year by 2%) and the Minimum Management Fee

iii. If the Net Asset Value of Fund I exceeds $500,000,000.00 USD on the date of any Year End, then the Management Fee due and owed for the following year will be capped at $10,000,000.00 USD.

1.2. Ventures and RChain shall expeditiously and in good faith negotiate, execute, and deliver a limited partnership agreement evidencing the terms and conditions contained in this Article 1 and such other commercially reasonable terms as are customary in the industry.

ARTICLE 2   STRATEGIC PARTNERSHIP

2.1. **Purpose of the Strategic Partnership Agreement.** RChain and Ventures agree that Ventures currently possesses certain interests in and ownership of various RChain blockchain business opportunities (the "**Business**") and other intellectual property relevant and dedicated to the type of business conducted by RChain. The Parties agree to enter into the Strategic Partnership in order to attempt to advance the business intentions of all Parties. All efforts of the Parties, or either Party on behalf of the Strategic Partnership, shall be consistent with the business objectives of the Parties.

2.2. **Services Provided by RChain.** In order to achieve the goals of the Strategic Partnership, RChain shall provide to Ventures the following services set forth below:

a. Launch a viable, usable, and working version of the RChain blockchain by the end of 2018 on which the Ventures-incubated projects can deploy their DApps and decentralized services;

b.   Provide technical support and education to the Ventures-incubated projects that are creating DApps and services;

c.   Provide Rholang education to the Ventures-incubated projects creating DApps and services;

d.   Cross-market and jointly promote the Ventures-incubated projects creating DApps and services atop the RChain blockchain; and

e.   Secure member support and testing for the Ventures-incubated projects creating DApps and services atop the RChain blockchain.

f.   License to Ventures non-exclusive use of the "RChain" name and "Double R" logo.

2.3. **Services Provided by Ventures**. In order to achieve the goals of the Strategic Partnership, Ventures shall provide to RChain the following services set forth below:

a.   Advocate for the use of the RChain blockchain to blockchain entrepreneurs and developer communities in the first year of this Agreement beginning on the Effective Date ("**Year One**");

   i.   Find three qualified companies to incubate each quarter (i.e., a minimum of twelve companies) during Year One of this Agreement;

   ii.   Maintain a minimum of six prospective companies creating DApps per quarter in the Ventures incubator "pipeline"; and

   iii.   Identify one major insure-tech client interested in establishing a proof of concept on the RChain blockchain.

b.   Identify and facilitate local and national strategic partnerships for RChain in Year One; and

   i.   Secure three major strategic partners (e.g. a side-chain offering);

   ii.   Secure one of the larger post-ICO companies (e.g., Kik,FileCoin, or similarly sized post-ICO company) to use the RChain platform; and

   iii.   Secure one partnership with a cryptocurrency exchange ("**Exchange**") to have RHOC listed on such Exchange.

c.   Gain market awareness and facilitate RChain's growth.

   i.   Secure office space in the Seattle Metropolitan Area in which the Ventures-incubated companies can work. This space may also be used by RChain Cooperative employees and independent contractors;

   ii.   Attend or present a minimum of one major blockchain, technology, or FinTech conference or event each quarter in Year One; and

   iii.   Host at least one RChain-focused development event (e.g., hackathon, meet-up, or retreat) each quarter in Year One, which may be combined or in conjunction with an event held by Pyrofex, Inc., a Delaware corporation.

ARTICLE 3   COMPENSATION

3.1. **RChain's Compensation.** In connection with RChain's efforts and services provided pursuant to sections 1.2, and in order for the Parties to realize and maximize any monetary value associated with the technical and logistical support of onboarding Ventures-incubated DApps and services onto the RChain blockchain, RChain will be compensated as follows:

    a.   RChain shall be granted two seats on the Investment Decision Committee of Fund I and shall retain the seats until the termination of this Agreement. The RChain Representatives shall be Lucius ("**Greg**") Meredith, and one other member to be mutually agreed upon between Ventures and RChain and determined within thirty (30) days of the execution of this Agreement.

    b.   Ventures shall submit to RChain a quarterly operational and financial report detailing the progress of the Venture-incubated DApps and decentralized services that fall within "Fund I" that is created from the investment from RChain Co-op; and

    c.   Ventures shall provide RChain office space within the to be determined Ventures headquarters located in the Seattle Metropolitan Area.

ARTICLE 4   CONFIDENTIALITY

4.1. **Confidentiality; Exceptions.** Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that, for the term of this Agreement and for five (5) years thereafter, the receiving Party shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Information and other information and materials furnished to it by the other Party pursuant to this Agreement (collectively, "**Confidential Information**"). However, the foregoing obligations of non-use and non-disclosure shall not apply to any information or materials to the extent that the receiving Party can establish by competent proof that such information or materials:

    a.   was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the other Party;

    b.   was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

    c.   became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving Party in breach of this Agreement; or

    d.   was disclosed to receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others.

4.2. **Authorized Disclosure.** Each Party may disclose the other's Confidential Information to the extent such disclosure is required by law in complying with applicable governmental regulations or the order of a court of competent jurisdiction, provided, however, that if a Party is required by law or regulation to make any such disclosure of the other Party's Confidential Information, it shall give advance notice to the other Party of such disclosure requirement, prior to any such disclosure, and will use commercially reasonable efforts to secure confidential treatment of such Confidential Information required to be disclosed.

Strategic Partnership Agreement

4.3. **Survival.** This Article 4 shall survive the termination or expiration of this Agreement for a period of five (5) years.

ARTICLE 5   REPRESENTATIONS AND WARRANTIES

Each of the Parties hereby represents and warrants to the other Party as follows:

5.1. This Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms.

5.2. The execution, delivery, and performance of the Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a Party or by which it is bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

5.3. Such Party has not granted any right to any third party relating to such Party's respective intellectual property rights licensed hereunder which would conflict with the rights granted to the other Party hereunder.

5.4. Ventures is providing RChain with Services as set forth in Section 2.3 of this Agreement.

5.5. RChain is providing Ventures with Services as set forth in Section 2.2 of this Agreement.

5.6. At all stages of Ventures development, RChain will facilitate dialogue amongst other application developers who may be in a contract with RChain, to ensure that interoperability between applications.

5.7. All Ventures-incubated Dapps and decentralized services created pursuant to this agreement will commit to launch on the RChain platform.

5.8. All intellectual property ("**IP**") created with respect to Services set forth in Section 2.3 of this Agreement will be the property of Ventures and the Ventures-incubated DApp or decentralize service who created the services unless otherwise negotiated and agreed to by Ventures and RChain. Ventures shall grant to RChain a non-exclusive, perpetual, irrevocable, royalty-free, fully paid, worldwide license to exercise rights in the Ventures-incubated DApp or decentralize service as follows:

    a.   to reproduce the Ventures-incubated DApp or decentralize service, to incorporate the Ventures-incubated DApp or decentralize service into one or more collective products, and to reproduce the Ventures-incubated DApp or decentralize service as incorporated in the collective product;

    b.   to create and reproduce products derived from the Ventures-incubated DApp or decentralize service;

5.9. Ventures shall not use the RHOC to transact in any manner that (i) jeopardizes RHOC's status as a software access token or other relevant and applicable description of the RHOC as an "asset"— not a security— or (2) violates, in any manner, applicable U.S. Securities laws.

5.10.   The above rights may be exercised in all media and formats whether now known or hereafter devised. The above rights include the right to make such modifications as are technically

necessary to exercise the rights in other media and formats. All rights not expressly granted by RChain are reserved.

ARTICLE 6   TERM AND TERMINATION

6.1. **Term.** This Agreement shall commence as of the Effective Date and, unless sooner terminated as provided herein, shall continue in effect for five (5) years.

6.2. **Surviving Rights.** The obligations and rights of the Parties under Articles 3, 4, 5, 6, 7, and 8 of this Agreement shall survive the termination of this Agreement.

6.3. **Termination.** The failure of either Party to provide Services set forth in Sections 2.2 and 2.3 of this Agreement shall constitute an "**Event of Default**" and accordingly shall entitle the other Party to terminate the Agreement <u>only</u> <u>after</u> Year One of this Agreement.

    a.   If RChain fails to deploy a viable, usable, and working version of the RChain blockchain on which the Ventures-incubated projects can deploy their decentralized their DApps and decentralized services by the end of Year One, then Ventures' Year One Services and milestones shall be extended in three (3) month increments until such time as RChain launches a viable, usable, and working version of the RChain blockchain.

ARTICLE 7   INDEMNIFICATION

7.1. **Indemnification by RChain.** RChain shall indemnify, defend and hold Ventures harmless from and against any and all liability, damage, loss, cost (including reasonable attorneys' fees) and expense resulting from their relationship with RChain.

7.2. **Indemnification by Ventures.** Ventures shall indemnify, defend and hold RChain harmless from and against any and all liability, damage, loss, cost (including reasonable attorneys' fees) and expense resulting from its relationship with Ventures.

ARTICLE 8   MISCELLANEOUS

8.1. **Assignment.** Neither Party shall assign any of its rights and obligations hereunder except (i) as incident to the merger, consolidation, reorganization, or acquisition of stock affecting actual voting control or of substantially all of the assets of the assigning Party; or (ii) to an Affiliate; provided, however, that in no event shall either Party's rights and obligations hereunder be assigned without prior written notice to the other Party. In any case, neither Party may make an assignment of its assets which renders it unable to perform its material obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their permitted successors and assigns.

8.2. **Retained Rights.** Nothing in this Agreement shall limit in any respect the right of any of the Parties to develop and market products using such Party's intellectual property, but no license to use the other Party's intellectual property that is existence prior to this Agreement has been granted herein, whether expressly or by implication.

8.3. **Further Actions.** Each of the Parties agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

8.4. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or email transmission, mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by express courier service, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice; provided, that notices of a change of address shall be effective only upon receipt thereof):

If to Ventures, addressed to:
Martin Davis, PLLC
Attn: David M. Otto
1200 Westlake Ave N, Suite 802
Seattle, WA 98109
dotto@martindavislaw.com

If to RChain, addressed to:
Attn: _____

_____
_____
_____

With a copy to:
Martin Davis, PLLC
Attn: David M. Otto
1200 Westlake Ave N, Suite 802
Seattle, WA 98109
dotto@martindavislaw.com

8.5. **Waiver.** Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a continuing waiver of same or of any other of such Party's rights or remedies provided in this Agreement.

8.6. **Severability.** If any term, covenant, or condition of this Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then the remainder of this Agreement, or the application of such term, covenant or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

8.7. **Ambiguities.** Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

8.8. **Entire Agreement.** This Agreement and any agreements referenced herein set forth all the covenants, promises, agreements, warranties, representations, conditions, and understandings between the Parties hereto with regard to the subject matter discussed herein supersedes and terminates all prior agreements and understanding between the Parties with regard to the subject matter discussed herein. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties with regard to the subject matter discussed herein other than as set forth in this Agreement or any agreements referenced herein.

Strategic Partnership Agreement

8.9. **Headings.** The Section and Paragraph headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of the Section or Paragraphs to which they apply.

8.10.   **Governing Law and Venue**. This Agreement shall be governed by the interpreted in accordance with the laws of the State of Washington without reference to its conflicts of laws rules or principles. Each of the Parties consent to the exclusive jurisdiction of either (i) the Washington State Superior Court in and for King County or (ii) the federal court for the Western District of the State of Washington in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on *forum non coveniens*, to the bringing of any such proceeding in such jurisdictions.

8.11.   **Exhibits.** Any Exhibits attached to this Agreement are a part of this Agreement as if set forth in full herein. When a reference is made in this Agreement to a Section or Exhibit, such reference is to the respective Section or Exhibit to this Agreement unless otherwise indicated.

[Remainder of page left blank intentionally; Signature page to follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals by their proper officers as of the Effective Date.

RCHAIN COOPERATIVE.

DocuSigned by:

66DC2416196245C...

Print Name: Lucius Gregory Meredith

Title: President

VENTURES LLC

DocuSigned by:

Greg Heuss

8281559A36CD46B...

Print Name: Greg Heuss

Title: Managing Partner

Strategic Partnership Agreement