

GAME DEVELOPMENT AND PUBLISHING AGREEMENT

This Game Development and Publishing Agreement (the “**Agreement**”) is made as of _____ (the “**Effective Date**”), and is entered into by and between **Walkin Games Inc.**, a company incorporated under the laws of Ontario whose principal office is located at 1105-28 Elizabeth Street North, Mississauga, ON, L5G 2Z6 (“**Walkin**”) and **BZR Empire Inc.**, a company incorporated under the laws of Canada, whose principal office is located at 171 Rue Adelard, Rosemere, QC, J7A 2Y3 (“**BZR**”). Walkin and BZR may be referred to collectively as the “**Parties**”.

WHEREAS BZR is a developer and publisher of game applications and related video game products;

WHEREAS Walkin is a creator of video game designs;

WHEREAS the Parties wish to establish the terms on which BZR will develop and publish a video game application based on the concept created by Walkin, and Walkin will partly fund the development of such application;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

Unless otherwise specified, the following definitions shall apply to the Agreement:

“**Additional Content**” means any content incorporated into the Game that was not originally included or contemplated in the Game Design Document;

“**Affiliate(s)**” means the parents, divisions and subsidiaries under common corporate Control of a Party, whether at present or hereafter acquired;

“**Agreement**” shall have the meaning provided for in the Preamble of the Agreement;

“**Business Day**” means any day other than a Saturday, a Sunday or a statutory holiday;

“**BZR**” shall have the meaning provided for in the Preamble of the Agreement;

“**BZR Rights**” shall have the meaning provided for in Section 6.1 of the Agreement;

“**Co-development Fee**” shall have the meaning provided for in Schedule B of the Agreement;

“**Concept**” means the concept of the Game as described in Schedule A of the Agreement;

“**Confidential Information**” shall have the meaning provided for in Section 11.1 of the Agreement;

“**Control**” means, with respect to any corporation, the ownership of shares of the corporation to which are attached more than fifty per cent of the votes that may be cast to elect directors of the corporation and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

“**Damages**” shall have the meaning provided for in Section 9.1 of the Agreement;

“**Defaulting Party**” shall have the meaning provided for in Section 10.1 of the Agreement;

“Deliverables” means the specific versions of the Game that are required to be delivered by BZR to Walkin for every Milestone pursuant to Schedule B of the Agreement, together with any other item(s) mutually agreed upon by the Parties;

“Subsequent Works” means any video game product based on or derived from the Game or any element or component therein, including without limitation any sequel, version of the Game for an electronic platform other than the one indicated in Schedule A, future version of the Game on the platform indicated in Schedule A, and translation of the Game in a language other than those indicated in Schedule A;

“Derivative Products” means any product or medium other than a video game product which is based on or derived from the Game or any element or component therein, including without limitation, T-shirts, board games, comic books, merchandise, books, films and television shows;

“Development Costs” means the costs incurred to develop the Game and any Additional Content and complete all of the Milestones, as defined in Schedule B of the Agreement;

“Digital Distributor” shall have the meaning provided for in Schedule B of the Agreement;

“Direct Sales and Marketing Expenditures” shall have the meaning provided for in Schedule B of the Agreement;

“Effective Date” shall have the meaning provided for in the Preamble of the Agreement;

“End-User(s)” means a person or entity that acquires a copy of the Game for use rather than resale or distribution;

“Error(s)” shall have the meaning provided for in Schedule A of the Agreement;

“Game” means the video game application to be developed by BZR in accordance with the specifications described in Schedule A and based on the Game Design Document;

“Game Design Document” means the document to be concluded by the Parties and appended to the Agreement detailing the core design elements of the Game, such as gameplay, art, sound and music, level/environment design, characters and story, which may be modified by the Parties from time to time;

“Gross Receipts” shall have the meaning provided for in Schedule B of the Agreement;

“Indemnified Party” shall have the meaning provided for in Section 9.1 of the Agreement;

“Indemnifying Party” shall have the meaning provided for in Section 9.1 of the Agreement;

“License” shall have the meaning provided for in Section 2.1 of the Agreement;

“Object Code” means the form of a software program resulting from the translation or processing of Source Code by a computer into machine language or intermediate code, and thus is in a form that is not convenient to human understanding of the program logic, but which is appropriate for execution or interpretation by a computer;

“Manufacturing Cost” shall have the meaning provided for in Schedule B of the Agreement;

“Marketing” or **“To Market”** means to advertise, promote, publish, sell, distribute, license and otherwise exploit;

“Milestones” means the steps in the development of the Game as defined in Schedule B of the Agreement;

“Net Profit” shall have the meaning provided for in Schedule B of the Agreement;

“Net Receipts” shall have the meaning provided for in Schedule B of the Agreement;

“Parties” shall have the meaning provided for in the Preamble of the Agreement;

“Personal Information” means information about an identifiable individual that is recorded in any form including, without limitation, the address of the individual and the name of the individual where it appears with other personal information relating to the individual or where the disclosure of the name itself would reveal information about the individual;

“PDF” means Portable Document Format.

“Products” means the Game including any Additional Content and Subsequent Works, if any;

“Report” shall have the meaning provided in Section 5.1 of the Agreement;

“Royalty” means the variable amount to be paid by BZR to Walkin for use of the licensed Walkin Content, the whole as set out in Schedule B, plus any and all applicable federal, provincial and municipal taxes presently or hereafter imposed upon any and all such amounts;

“Source Code” means the form of a software program in which the program logic is easily deduced by a human being, such as a printed listing of the program, or in an encoded machine-readable form, such as might be recorded on magnetic tape or disk, from which a printed listing can be made by processing it with a computer;

“Tentative Delivery Date” means the tentative date of delivery of the Deliverables associated with each Milestone, as defined in Schedule B of the Agreement;

“Term of the Agreement” shall have the meaning provided for in Section 10.1 of the Agreement;

“Terminating Party” shall have the meaning provided for in Section 10.1 of the Agreement;

“Territory” shall have the meaning provided in Schedule A of the Agreement;

“Trade Allowances and Discounts” shall have the meaning provided for in Schedule B of the Agreement;

“Walkin” shall have the meaning provided for in the Preamble of the Agreement;

“Walkin Content” means the Concept and Working Title of the Game created by Walkin, as defined in Schedule A;

“Walkin Rights” shall have the meaning provided for in Section 6.2 of the Agreement;

“Working Title” shall have the meaning provided for in Schedule A of the Agreement.

2. LICENSE

2.1 License. Subject to the terms of the Agreement, Walkin grants to BZR a perpetual and exclusive license to use the Walkin Content for the purposes of developing and Marketing the Products (including any Derivative Products) throughout the Territory, in any

language and through any form and media, with the additional right to sublicense any or all of the foregoing rights (the “**License**”).

3. DEVELOPMENT OF THE GAME

- 3.1 Development.** BZR shall develop the Game in accordance with the specifications described in Schedule A and based on the Game Design Document and execute the Milestones and deliver the Deliverables under the delivery schedule and in conformity with the requirements and description set forth in Schedule B.
- 3.2 Development Costs.** The Development Costs shall be borne by the Parties in the following manner:
- (a) Walkin shall pay BZR a Co-development Fee which shall be reimbursed by BZR to Walkin, the whole in the manner specified in Schedule B; and
 - (b) BZR shall bear any Development Costs not covered by the Co-development Fee.
- 3.3 Additional Content.** In the event that the Parties agree for BZR to develop Additional Content, the Parties shall negotiate in good faith to:
- (a) adjust the amount and terms of payment of the Co-development Fee in order to reflect the additional Development Costs incurred by BZR to develop the Additional Content, if applicable;
 - (b) adjust the delivery schedule in Schedule B to reflect the additional time needed by BZR to develop the Additional Content, if applicable.

4. MARKETING OF THE GAME

- 4.1 Marketing.** BZR shall Market the Game in the manner specified in Schedule C.
- 4.2 Walkin’s Involvement.** If Walkin decides to get involved in the Marketing of the Game, the Parties shall negotiate the terms of such involvement in good faith.
- 4.3 Walkin’s Cooperation.** Walkin shall provide BZR with reasonable cooperation and support in BZR’s efforts to Market the Game, as required by BZR, without further compensation.
- 4.4 Royalty.** BZR shall pay Walkin a Royalty in the manner specified in Schedule B.
- 4.5 Expenditures.** Direct Sales and Marketing Expenditures related to the Game shall be borne by BZR and shall not exceed the maximum amount previously agreed upon by the Parties for any given period. Direct Sales and Marketing Expenditures that were not pre-approved by Walkin shall not be deducted from the Gross Receipts for the purposes of the calculation of the Royalty specified in Schedule B.

5. REPORTING, ACCOUNTS AND AUDITING

- 5.1 Reports.** At the time of the reimbursement of the Co-development Fee and payment of the Royalty by BZR to Walkin as specified in Schedule B, BZR shall deliver to Walkin a report which shall provide all reasonably necessary information for computation of the payments, if any, due to Walkin for the relevant period, together with any adjustments in payments due by Walkin with respect to such period (the “**Report**”).

5.2 Separate accounts, books and records. BZR shall maintain separate accounts, books and records of all business done in connection with the Game and Derivative Products for the Term of the Agreement and one year after termination thereof. Such accounts, books and records shall be in sufficient detail to enable the Reports to be properly made under this Agreement.

5.3 Inspection and audit. Walkin may retain a third-party auditor at its own expense, upon reasonable notice to BZR, during normal business hours and no more than once per year, in order to inspect the books and records of BZR on which the Reports are based, provided that such auditor shall hold such records in strict confidence except as necessary to report to the Parties on the accuracy of BZR's Reports. Reports not subject to an audit within one year of delivery by BZR shall not be challenged by Walkin and shall be final and binding upon Walkin.

6. OWNERSHIP AND INTELLECTUAL PROPERTY RIGHTS

6.1 To the exception of and subject to the **Walkin Rights** (defined in Section 6.2), BZR shall own all rights in and to the Products and Deliverables as well as any rights related thereto, including intellectual property rights (the "**BZR Rights**"). Without limiting the generality of the foregoing, the BZR Rights shall include:

- (a) Any and all rights, including intellectual property rights, in and to the title if different from the Working Title, Source Code, Object Code, trade dress, trade name, trade-marks, logos, script, speech, dialogues, catch phrases, images, storyline, settings, characters, character creation system, models, animations, characterizations, designs, graphics, artwork, music, sounds, audio-visual display, and other characteristics and creative elements associated with the Products and Deliverables;
- (b) The rights in and to all materials created by or for BZR in relation the Marketing of the Products, including Derivative Products;
- (c) The right to obtain any intellectual property registrations relating to the Products and Deliverables;
- (d) Any and all data regarding the use of, and End-users of, the Products, including any Personal Information, regardless of the Party collecting or receiving such data and/or the manner in which such data is collected.

6.2 The Walkin Rights shall be held exclusively by Walkin and shall consist in:

- (a) Any and all rights in and to the Walkin Content, subject to the License; and
- (b) A percentage of the intellectual property rights in the Game (including any Additional Content) equivalent to the Co-development Fee over the Development Costs.

6.3 Upon request of any of the Parties, the Parties shall sign any additional documents confirming the Parties' respective ownership rights hereunder. All costs related to such request shall be borne by the Party who made such request.

6.4 At any time during or after the Term of the Agreement, each Party shall refrain from directly or indirectly, contesting, usurping, infringing or asserting any claim or interest in or to anything which may adversely affect the validity or enforceability of any intellectual property rights of the other Party under the Agreement, nor shall it participate in or facilitate the commission of such acts.

- 6.5** Walkin shall cooperate in all reasonable ways with BZR in BZR's anti-piracy and anti-counterfeiting efforts with respect to the Products. Without limiting the generality of the foregoing :
- (a) Walkin authorizes BZR to take such actions, including without limitation legal actions in its own name and/or the name of Walkin, as BZR deems necessary and desirable to enforce or protect BZR's and/or Walkin's intellectual property rights in or relating to the Products;
 - (b) Walkin agrees to cooperate with BZR to:
 - i. Obtain any intellectual property registrations relating to the Products as requested by BZR and in accordance with any reasonable schedule therefor provided by BZR; and
 - ii. Execute such additional documents as may reasonably be requested by BZR from time to time in connection with BZR's anti-piracy efforts with respect to the Products.
- 6.6** Notwithstanding anything to the contrary expressed or implied by this Agreement, the Parties shall not be prevented from using any ideas, knowledge, information, concepts, know-how, skills, or experience developed or obtained by it in the course of performing their obligations hereunder, provided that in so doing the Parties do not disclose any Confidential Information of the other Party.

7. TECHNICAL SUPPORT

- 7.1** After the Game is released, BZR shall be responsible for rendering support to End-users regarding the Game.

8. REPRESENTATIONS AND WARRANTIES

8.1 General Representations. Each Party represents and warrants that:

- (a) it has the full power and authority and is free to enter into this Agreement and to perform its obligations hereunder;
- (b) this Agreement, when executed, will be the legal, valid, and binding obligation of such Party; and
- (c) its performance thereof will not conflict with any other agreement it has with or obligation it owes to any third party.

8.2 Walkin Representations. Without limiting the generality of the foregoing, Walkin represents and warrants that:

- (a) it is the exclusive owner of the Walkin Content and has full authority to use the Walkin Content, authorize its incorporation into the Game and otherwise license it in accordance with the terms of the Agreement;
- (b) it will maintain those rights in good standing for the Term of the Agreement, and
- (c) such use, incorporation and licensing of the Walkin Content will not infringe or violate any rights of third parties, including any rights of publicity, rights of privacy, patents, copyrights, trademarks, trade secrets and/or licenses;

- (d) it has not previously granted nor will it grant any rights in the Walkin Content to any third party which are inconsistent with the rights granted to BZR under this Agreement;
- (e) the Walkin Content is free of all liens and encumbrances and there will be no claims, demands or actions pending or threatened with respect thereto, except as may be created by this Agreement;

8.3 BZR Representations. Without limiting the generality of the foregoing, BZR represents and warrants that:

- (a) the Game shall conform in all material respects with the specifications set out in Schedule A and the Game Design Document and be developed in accordance with the delivery schedule and Milestones set out in Schedule B;
- (b) the Game, including any Additional Content and excluding the Walkin Content, will be wholly original works of BZR and will not infringe or violate any rights of third parties, including any rights of publicity, rights of privacy, patents, copyrights, trademarks, trade secrets and/or licenses;
- (c) it shall perform its obligations under the Agreement in a proper and workmanlike manner in accordance with the standards reasonably expected in North America in the video games industry;
- (d) it has and will have, during the Term of the Agreement, the technology, personnel and systems necessary to perform its obligations under this Agreement;
- (e) it shall not include any language or material that is obscene, libelous or defamatory in the Game (and Additional Content, if any);
- (f) the Game (and Additional Content, if any) shall be free of all liens and encumbrances and there will be no claims, demands or actions pending or threatened with respect thereto, except as may be created by this Agreement.

8.4 LIMITED WARRANTIES. THE ABOVE EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND CONDITIONS (EXPRESS OR IMPLIED) AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF MERCHANTABLE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE. NO OTHER WARRANTIES OR CONDITIONS EXPRESS OR IMPLIED ARE GIVEN.

8.5 Extension of Representations. BZR shall have the right to extend Walkin's representations, warranties and indemnities contained herein to third parties, including BZR's customers and sublicensees, and Walkin shall be liable to the same extent as if such representations and warranties were made by Walkin directly to such third parties.

8.6 Survival. The representations, warranties and indemnities stated in this section shall survive the expiration or termination of this Agreement.

9. INDEMNIFICATION

- 9.1 Indemnification.** Each Party (the “**Indemnifying Party**”) shall defend, indemnify, and hold harmless the other, its Affiliates, their respective directors, officers and employees (the “**Indemnified Party**”) from and against any and all losses, claims (including third-party claims), actions, damages, liabilities, costs and expenses (including reasonable legal fees and expenses) (collectively, “**Damages**”) suffered by, imposed upon or asserted against any of them as a result of, in respect of, connected with, or arising out of, under, or pursuant to:
- (a) the failure of Indemnifying Party to perform or fulfil any of its obligations under this Agreement;
 - (b) any breach or inaccuracy of any representation, warranty or guarantee given by the Indemnifying Party contained in this Agreement; or
 - (c) the negligence or wilful misconduct on the part of the Indemnifying Party.
- 9.2 Limitation on Damages.** In no event will either Party hereto be liable with respect to the subject matter of this Agreement for any indirect, consequential, special, incidental, exemplary or punitive damages or similar damages or losses of any nature whatsoever, including, without limitation, for any loss of clientele, sales or profits, regardless of whether arising from breach of contract, warranty, tort, delict, quasi-delict, strict liability or otherwise, even if the Party is advised of the possibility of such damage or loss or if such loss or damage could have been reasonably foreseen.
- 9.3 Notification.** Promptly upon obtaining knowledge thereof, the Indemnified Party shall notify the Indemnifying Party of any cause which the Indemnified Party has determined has given or could give rise to indemnification under this section. The omission so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any duty to indemnify and hold harmless which otherwise might exist with respect to such cause unless (and only to that extent) the omission to notify materially prejudices the ability of the Indemnifying Party to exercise its right to defend.
- 9.4 Defence.** The Indemnified Party may, at its own expense, assist in the defence if it chooses, provided that the Indemnifying Party shall control such defence and all negotiations relative to the settlement of any such claim and further provided that any settlement intended to bind or otherwise obligate the Indemnified Party shall not be final without the Indemnified Party’s written consent, which shall not be unreasonably withheld.

10. TERM AND TERMINATION

- 10.1 Term of the Agreement.** The Agreement shall come into force on the Effective Date and, unless otherwise terminated, shall remain in force and shall continue indefinitely (the “**Term of the Agreement**”).
- 10.2 Termination with Cause.** Either Party (such Party being referred to as the “**Terminating Party**”) may terminate the Agreement in the following circumstances:
- (a) a bankruptcy proceeding is instituted against the other Party (such Party being referred to as the “**Defaulting Party**”) which is acquiesced in and not dismissed within thirty days, or results in an adjudication of bankruptcy;

- (b) any material adverse change occurs in the financial position of the Defaulting Party which, in the Terminating Party's opinion, impairs the former's capacity to perform its obligations under this Agreement;
- (c) upon notice by a third party of infringement by Walkin or BZR of such third party's intellectual property rights as a result of the performance by Walkin or BZR of its obligations hereunder or in the event of a significant challenge to manufacture or Marketing of the Product as provided hereunder that may not, in the reasonable opinion of BZR, be reasonably overcome; or
- (d) the material breach of a material provision hereof by the Defaulting Party.

Where any such default may be cured, the Terminating Party must give the Defaulting Party written notice detailing the nature of the alleged default. If the default is not cured within thirty (30) days after such notice, the Terminating Party may terminate the Agreement by giving written notice of termination to the Defaulting Party which will be effective upon receipt.

10.3 Consequences of Termination by BZR. In the event that BZR terminates the Agreement due to Walkin's default:

- (a) Before the Game is fully developed, BZR may pursue the development of the Game provided that it reimburses the portion of the Co-development Fee already paid by Walkin and provides reasonable compensation to Walkin for the assignment of the Walkin Rights to BZR, which assignment shall occur immediately and automatically (without further need to obtain Walkin's consent) upon payment by BZR to Walkin of such compensation;
- (b) After the Game is fully developed, BZR may pursue the Marketing of the Game for a year after termination, during which BZR remains liable for the reimbursement of the Co-development Fee and the payment of any Royalty and, should BZR wish to pursue the Marketing of the Game past that year, the Parties shall have the obligation to negotiate in good faith the terms upon which BZR may pursue the Marketing of the Game;
- (c) In all cases, Walkin shall remit to BZR any copy of the Deliverables, the Game and other materials created by BZR or on BZR's behalf in relation to the Game;
- (d) If BZR decides to pursue the development or Marketing of the Game, Walkin shall not have the right to exploit the Concept in any manner without BZR's prior approval.

10.4 Consequences of Termination by Walkin. In the event that Walkin terminates the Agreement due to BZR's default:

- (a) Before the Game is fully developed:
 - i. BZR shall cease any and all activities related to the development of the Game;
 - ii. Walkin shall pay to BZR the portion of the Co-development Fee associated with the completed Milestones;
 - iii. Walkin shall remit to BZR any copy of the Deliverables and other materials created by BZR or on BZR's behalf in relation to the Game and shall not have the right to use any such Deliverables, materials or elements thereto without BZR's prior approval. If Walkin wishes to keep the Deliverables and materials to pursue the development of the Game, the Parties shall negotiate in good faith to provide compensation to BZR for the development of the Deliverables and materials and the assignment of the BZR Rights in such Deliverables and materials.

- (b) After the Game is fully developed:
 - i. BZR shall pay any Royalty due to Walkin before the termination of the Agreement;
 - ii. Walkin shall remit to BZR any copy of the Deliverables, Game and other materials created by BZR or on BZR's behalf in relation to the Game and shall not have the right to use any such Deliverables, materials or elements thereto without BZR's prior approval. If Walkin wishes to pursue the Marketing of the Game and keep the Deliverables, Game and related materials:
 - 1) the Parties shall negotiate in good faith to provide compensation to BZR for the development of the Deliverables, Game and related materials and the assignment of the BZR Rights in such Deliverables, Game and related materials; and
 - 2) BZR shall disclose all relevant information to Walkin concerning the Marketing of the Game and take all necessary actions in order to avoid any disruption in such Marketing.
- (c) In all cases, Walkin shall have the right to exploit the Concept in any manner;
- (d) In all cases, BZR shall not have the right to use the Deliverables and/or the Game or any element thereto or to exploit the Concept in any manner without Walkin's prior approval.

10.5 No limitation. Save as otherwise provided above, nothing in this section shall be construed to limit or impair any other rights or remedies of the parties under this Agreement (especially Section 9) or at law or in equity by reason of any breach by a Party of this Agreement.

11. CONFIDENTIAL INFORMATION

11.1 Confidential Information. Each Party acknowledges that it will receive confidential information and trade secrets ("**Confidential Information**") from the other party in the course of performing the Agreement. The Confidential Information shall be deemed to include all the information one Party receives from the other, except anything designated as not confidential. Each Party agrees to maintain the secrecy of the other Party's Confidential Information and agrees not to use it except in performing the Agreement and not to disclose it to anyone outside BZR or Walkin or to anyone within BZR or Walkin who does not have a need to know it to perform under this Agreement, save and except for outside financial and legal advisors that are subject to a similar obligation of confidentiality, or pursuant to an order of a competent judicial body.

- (a) Without limiting the generality of the foregoing, Confidential Information shall include (i) information relating to existing or contemplated products, services, designs, technology, processes, technical data, engineering, methodologies and concepts; (ii) information relating to business plans, finances, sales or Marketing methods and customer lists or requirements; (iii) the content of the Agreement and any prior agreement or understanding entered into by the Parties prior to the Effective Date.
- (b) Without limiting the generality of the foregoing, Confidential Information shall not include any information which is publicly available at the time of disclosure or subsequently becomes publicly available through no fault of the recipient Party or is rightfully acquired by the recipient Party from a third party who is not in breach of an agreement to keep such information confidential.

11.2 The obligations of this Section are in addition to, not in place of, any confidentiality obligations the Parties and their respective employees, independent contractors and agents may be under pursuant to applicable law.

11.3 This Section shall survive the termination of the Agreement.

12. SUBSEQUENT WORKS AND DERIVATIVE PRODUCT

12.1 Right of First Negotiation. Walkin shall have the right to be the first to negotiate with BZR a share of the development fees and profits with regard to any Subsequent Work and Derivative Product that BZR intends to develop. If BZR wishes to develop any Subsequent Work or Derivative Product, it shall notify Walkin of such desire and give Walkin specific detail of the Subsequent Work or Derivative Product. Walkin shall notify BZR within ten (10) Business Days of Walkin's receipt of BZR's notice if it wishes to enter into negotiations with BZR with respect to such Subsequent Work or Derivative Product. BZR shall immediately thereafter negotiate exclusively with Walkin in good faith with respect to such Subsequent Work or Derivative Product for a period of thirty (30) days. If Walkin fails to notify BZR within ten (10) Business Days of its desire to enter into such negotiations, or if Walkin and BZR are unable to come to agreement in good faith with respect to such Subsequent Work or Derivative Product within thirty (30) days after BZR's receipt of Walkin's notice of its desire to enter into such negotiations, then BZR shall be free to pursue an agreement with a third party with regard to the Subsequent Work or Derivative Product, subject to Walkin's right of last offer set forth below.

12.2 Right of Last Offer. Walkin shall have the additional right to meet any *bona fide* offer received by BZR, which BZR is willing to accept, with respect thereto. BZR shall give Walkin notice of each and every such subsequent offer received by BZR in respect of the Subsequent Works, which BZR is willing to accept, specifying the particulars thereof, including the name of the offeror. Walkin shall have a period of ten (10) Business Days from receipt of such notice to notify BZR of its intention to exercise or not its right to meet such offer.

13. MISCELLANEOUS

13.1 Assignment by BZR. BZR's rights and obligations under this Agreement may not be assigned to a third party (to the exception of subcontractors, see Section 13.3) without prior written consent of Walkin, which consent may not be reasonably withheld. Such third party shall assume and be bound by all of the terms and restrictions hereof.

13.2 Assignment by Walkin. Walkin's rights and obligations under this Agreement may not be assigned to a third party without prior written consent of BZR, which consent may not be reasonably withheld. Such third party shall assume and be bound by all of the terms and restrictions hereof.

13.3 Subcontractors. BZR shall have the right to have recourse to the services of subcontractors to fulfill its obligations under the Agreement. Subcontractors of BZR shall assume and be bound by all of the terms and restrictions hereof relevant in the circumstances.

13.4 Invitation to BZR meetings. BZR shall invite Walkin to all internal meetings concerning the Game. BZR shall notify Walkin of any such meeting at least 24 hours in advance, where possible.

- 13.5 Competitors.** Walkin understands and agrees that BZR may enter into similar agreements with third parties, including agreements relating to products that may be deemed competing with the Game.
- 13.6 Force majeure.** Neither Party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or interruption of service resulting directly or indirectly from acts of God, civil or military authority, acts of public enemy, wars, riots, civil disturbances, accidents, fires, explosions, earthquakes, floods, the elements, strikes, lockouts, labour disturbances, shortages of suitable parts, labour or transportation, delays caused by suppliers or any other cause beyond the reasonable control of such Party. In any such event, each Party shall perform its obligations hereunder within a reasonable time after the cause of the failure has been remedied. If a force majeure condition occurs, the Party affected by such condition shall, as soon as reasonably practicable thereafter, notify the other Party, advising it as to the nature and extent of the force majeure condition.
- 13.7 Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian dollars.
- 13.8 Severability.** If any provision of this Agreement is held invalid under an applicable statute or rule of law, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provisions, and to this end the provisions of this Agreement are declared to be severable. Notwithstanding the above, such invalid provision shall be construed, to the extent possible, in accordance with the original intent of the Parties.
- 13.9 Relationship between the Parties.** The Parties are independent contractors and shall not at any time be considered as partners or operating a joint venture or acting as principal or agent (mandator or mandatary) or employee of each other merely because they enter into this agreement and none of the Parties shall be entitled or shall have the power or right to bind or to oblige the other Party regarding a third party, unless otherwise specified in the Agreement.
- 13.10 Further Assurance.** The Parties hereto agree to execute such further agreements, documents, instruments and the like as may be necessary or desirable from time to time in order to effect the purposes of this Agreement and to carry out its provisions.
- 13.11 Joint Drafting and Neutral Construction.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the parties and no rule of construction or interpretation shall apply against any particular party based upon a contention that the Agreement was drafted by one of the parties. This Agreement shall be interpreted in a neutral manner.
- 13.12 Applicable laws.** This Agreement is governed by the laws applicable in the Province of Quebec, Canada.
- 13.13 Election of Domicile.** The Parties agree to elect domicile in the judicial district of Montréal Province of Québec for the hearing of any claim arising with respect to the interpretation, application, performance, term, validity or effects of this Agreement.
- 13.14 Notice.** All notices or other communications required or permitted to be given hereunder shall be in writing and shall be validly communicated by the delivery thereof to its addressees, either personally, by email, mail (postage prepaid) or reputable commercial courier service at the following postal and email addresses:

(a) To Walkin:

Walkin Games Inc.
1105-28 Elizabeth Street North
Mississauga, ON
L5G 2Z6

Attention: Cary Walkin
Email: cary@walkin-games.com

(b) To BZR:

BZR Empire Inc.
171 Rue Adelard
Rosemere, QC
J7A 2Y3

Attention: Matthew Zoern
Email: matthew@bzrempire.com

or to such other email address, postal address or person as may be notified by any Party to the other. Any such demand, request or notice sent as aforesaid shall be deemed to have been received by the Party to whom it is addressed: (i) on the day it was delivered, if delivered personally or by commercial courier service, as aforesaid; (ii) on the third Business Day after it was mailed (excluding each Business Day during which there existed any general interruption of postal services due to strike, lock-out or other cause); or (iii) on the day of sending, if sent by email during normal business hours of the addressee on a Business Day and, if not, then on the first Business Day after the sending thereof.

- 13.15 Entire agreement.** This Agreement, together with the schedules or other attachments named herein, attached hereto and made a part hereof in the future, if any, constitutes the sole and entire agreement between the Parties hereto and no representations, inducements, promises or agreements, oral or otherwise, not embodied or referred to herein shall be of any force or effect. This Agreement supersedes all prior agreements and understandings between the Parties hereto with respect to the subject hereof, including but not limited to the Letter of Intent signed by the Parties on November 18, 2013.
- 13.16 Modifications.** Any modification to the Agreement shall be made in writing and shall be binding only if signed by the Parties.
- 13.17 Waiver.** Failure or delay to exercise any right does not prevent a Party from later demanding full and exact compliance with the Agreement. A term of the Agreement can only be waived by a specific release in writing.
- 13.18 Headings.** The paragraph headings contained in this Agreement are for reference only and shall not affect the interpretation or meaning of this Agreement.
- 13.19 Binding agreement.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their respective heirs, legal representatives, successors, successors in title and permitted assigns.
- 13.20 Language.** The Parties undersigned agree that this Agreement be written in English. Les Parties déclarent qu'elles ont demandé que la rédaction de ce contrat soit faite en anglais.

13.21 Counterparts. This Agreement may be executed in several counterparts, each of which shall be enforceable as an original.

13.22 Execution by Exchange of PDF Copies. This Agreement, including any schedules, may be executed by the Parties by exchange of PDF copies of the Agreement by email and the Parties are hereby authorized to act upon all such PDF copies as if they were originals.

13.23 Acknowledgement. Each Party acknowledges that it has read and understands this Agreement and agrees to be bound by its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement in _____ as of the date first set forth above.

WALKIN GAMES INC.

BZR EMPIRE INC.

By: _____

Name: ●

Title: ●

Date : ●

By: _____

Name: Matthew Zoern

Title: CEO

Date: ●

SCHEDULE A

SPECIFICATIONS OF THE GAME

General information about the Game

Working Title	Pattern Battles
Platform(s)	iOS
Language	French and English
Territory	The world.
	[NTD: Please add any other information about the Game that you see fit (e.g. USP, age rating, game genre, virtual economy, virtual style, point of view, technology used...).]

Summary description of the concept of the Game created by Walkin (the “Concept”)

The player must memorise and repeat a pattern of gestures and button commands correctly to progress to a more challenging sequence.

Logos and credits

Walkin's logo and/or name shall appear alongside BZR's name and/or logo in the opening screen of the Game and anytime credits are mentioned.

Quality requirements

The Game shall be exempt of the following technical issues (“**Errors**”) before it can be released:

- (a) Blocker: An issue of the highest importance that would have such a negative effect on the Game that it would be detrimental to release with it. This includes, without limitation, server crashes, client crashes, unplayable gameplay and exploits; and
- (b) Critical: An issue which severely effects Game play or player enjoyment but does not stop the player from progressing or playing the Game. A work around may exist but its use is unsatisfactory.

The Game can but should not be released if it presents the following Error:

- (c) Major: An issue which is easily noticeable and affects the player in a negative manner. Should this Error affect a lot of players, it should be bumped up in severity accordingly, as it reflects poorly on the Game.

The presence of the following Errors shall not impede the release of the Game:

- (d) Normal: An issue that is common, such as a graphical or design issue that does not impact Game play, could affect public perception as to the quality of the Game. Should this Error affect a lot of players, it should be bumped up in severity accordingly, as it reflects poorly on the Game;
- (e) Minor: An issue which is small, will not affect Game play and is unlikely to be noticed by a player.
- (f) Trivial: An issue which is negligible and often due to personal taste or a difference of opinion, or graphical issues that are difficult to notice.
- (g) Enhancement: A suggestion or feedback from a player that is not otherwise an Error.

SCHEDULE B

DELIVERY AND PAYMENT SCHEDULE

Milestone	Tentative Delivery Date	Co-development Fee Payment
Ideation and preproduction	●	\$2,500
Prototype	●	\$2,500
First Playable	●	\$2,500
Pre-alpha	●	\$2,500
Alpha	●	\$2,500
Closed Beta	●	\$2,500
Beta	●	\$2,500
Release	●	\$2,500

Milestone Definitions
Ideation and preproduction Conception, Critical Path Design and Planning.
Prototype Experimentation phase, attempting to answer technical, visual and game play questions
First Playable The structure of the game is in place representing the intended features, with limited functionality. Includes samples of intended production values and quality.
Pre-alpha Determine that the product is headed toward full functionality as planned, and that the functionality is achieving the products intended goal.
Alpha Full functionality with samples of final art work. Bugs may still persist, art work and presentation is not final, but all functionality is represented.
Closed Beta The majority of snagging issues are dealt with and only unknown or minor functional or aesthetic issues

persist.
Beta Only unknown issues persist and minor aesthetic issues.
Release Product is robust and only unknown issues persist.

Terms of Delivery

BZR shall deliver to Walkin the Deliverables associated with each one of the Milestones on the Tentative Delivery Date identified in the table above.

In the event that BZR cannot deliver the Deliverables on the Tentative Delivery Date to Walkin, BZR shall notify Walkin promptly. The Parties shall then re-negotiate the Tentative Delivery Dates in good faith. Failure by BZR to deliver the Deliverables on the corresponding Tentative Delivery Date shall not constitute a material breach by BZR provided that the delay within which the Deliverables are delivered is not unreasonable.

Walkin shall have two weeks following delivery of each of the Deliverables to provide feedback, suggestions and comments to BZR regarding the Deliverables. BZR shall make reasonable efforts to modify the Deliverables according to Walkin's comments, provided that such comments are reasonable in BZR's sole opinion. If applicable, BZR shall provide Walkin with a modified version of the Deliverables within a reasonable time period.

Terms of Payment and Reimbursement of the Co-development Fee

Walkin shall pay BZR a fee in the total amount of CAD \$20,000 plus any applicable taxes (the "**Co-development Fee**") in eight instalments of CAD \$2,500 upon the completion of each of Milestone. Each instalment of the Co-development Fee shall be paid within ten (10) days of the delivery of the Deliverables associated with each Milestone.

The Co-development Fee shall be reimbursed by BZR to Walkin after BZR recouped the Development Costs that it incurred. BZR shall then remit to Walkin the Net Profit (hereafter defined) generated by the sale of the Game on any digital distribution platform (the "**Digital Distributor**") within thirty (30) days of the receipt by BZR of the monies related to the exploitation of the Game by the Digital Distributor, which is expected to be on a monthly basis, up until the Co-development Fee is fully reimbursed.

Terms of Payment of the Royalty

Royalty amount. Upon full reimbursement of the Co-development Fee by BZR to Walkin, BZR shall pay Walkin a Royalty equivalent to 50% of BZR's Net Profit. The Royalty is calculated as follows:

Gross Receipts
<ul style="list-style-type: none"> - Trade Allowances and Discounts - Manufacturing Costs
= Net Receipts

- Direct Sales and Marketing Expenditures
= Net Profit
50% of Net Profit for Walkin (the “Royalty”)
50% of Net Profit for BZR

- (h) **“Direct Sales and Marketing Expenditures”** means any and all administrative, operational or other costs of any nature whatsoever relating to the Game and other than Trade Allowances and Discounts.
- (i) **“Gross Receipts”** means all monies actually received by BZR in connection with the sale of the Game by any Digital Distributor.
- (j) **“Manufacturing Cost”** means BZR’s fully burdened cost of manufacturing copies of the Game (if any), including reasonable overhead absorption and BZR’s actual cost of manufacturing and releasing or having manufactured and released such copies of the Game. As such, in the event that the overhead allocation unduly compromises the profitability of the exploitation of copies of the Game, both Parties will meet to discuss in good faith a remedy suitable to both Parties.
- (k) **“Net Profit”** means the Net Receipts less the Direct Sales and Marketing Expenditures.
- (l) **“Net Receipts”** means the Gross Receipts less Trade Allowances and Discounts and less the Manufacturing Costs.
- (m) **“Trade Allowances and Discounts”** means all allowances, discounts or rebates given in the ordinary course with respect to the Game in compliance with all applicable laws.

Subject to any agreed to cap or fixed amount or percentage set forth above, all of the foregoing shall be calculated in accordance with GAAP.

Royalty payment. The Royalty shall be paid to Walkin within thirty (30) days of the receipt by BZR of the monies related to the sale of the Game by the Digital Distributor, which is expected to be on a monthly basis. The Royalty shall be paid either by wire transfer or cheque.

SCHEDULE C

MARKETING OF THE GAME

Commencement. BZR shall commence the Marketing of the Game at the Beta Milestone, save for any delay caused by Walkin or by any other cause beyond BZR's control.

Commercially reasonable efforts. BZR shall be responsible for the production of copies of the Game as well as all Marketing materials (including any strategy guides and Derivative Products) and shall use its commercially reasonable efforts to Market the Game in the Territory by exercising the same degree of effort and diligence, and adhering to at least the same standards and level of resources generally employed for products with similar market potential in the Territory. BZR makes no representations or warranties, however, that the Game will be successfully Marketed or that any minimum level of sales or licensing will be achieved.

Marketing Rights. BZR shall have the right to Market the Products throughout the Territory in electronic form by any methods. Save and except as otherwise set out herein, all aspects of the Marketing of the Products shall be in BZR's sole control, including, without limitation, the methods of marketing, pricing, naming, packaging, labelling and identification, protection, advertising, terms and conditions of sale and/or license, collection of data regarding the use of, and End-users of, the Products, including any Personal Information, and use of warranty or End-user registration procedures.