

Notes Purchase Agreement (the “Agreement”)

The legal agreement between you and BitShares Music Foundation (“Foundation”) set out below governs your purchase of Notes, as further defined below. To agree to these terms, click “I Agree”. If you do not agree to these terms, do not click “I Agree” and do not purchase Notes.

PLEASE READ THIS NOTES PURCHASE AGREEMENT (“AGREEMENT”) CAREFULLY BEFORE PURCHASING NOTES. BY PURCHASING NOTES YOU ARE AGREEING TO BE BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, DO NOT PURCHASE NOTES AND, IF PRESENTED WITH THE OPTION TO “AGREE” OR “DISAGREE” TO THE TERMS, CLICK “DISAGREE”.

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1. General

The Agreement governs the Purchase of Notes and supersedes any public statements about the Notes Pre-Sale made by third parties or by the BitShares Music Team or individuals associated with any BitShares Music Parties, past, present and future.

The Foundation reserves the right, at its discretion, to change, modify, add, or remove portions of the Agreement, at any time by posting the amended Agreement on the website: BitSharesMusicFoundation.org (the “Site”). Any Purchaser will be deemed to have accepted such changes by the Purchase of Notes. If at any point you do not agree to any portion of the then-current version of the Agreement, you should not purchase Notes.

Section 1.01 The BitShares Music Platform

1. BitShares Music is a distributed open source software platform (“BitShares Music”) that is currently being built primarily by a volunteer contributor team, many of whom will be receiving gifts of Notes in acknowledgement of their work. BitShares Music will continue to be developed partly on a volunteer basis and partly by paid contractors. The group of developers and other personnel that is now, or will be, contracted by the Foundation is termed the “BitShares Music Team.” The Foundation anticipates (but does not guarantee) that after it is dissolved BitShares Music will continue to be developed by persons and entities who support BitShares Music, including volunteers as well as developers who are paid by other individuals and entities, unrelated to the Foundation, who are interested in supporting BitShares Music.
2. BitShares Music requires a token to fuel every computational step on the system. Notes are the tokens that are required for the necessary functions to keep Bitshares Music operating. Notes are used to pay owners of computational resources (delegates) in exchange for services such as, *inter alia*, processing transactions.
3. With a Note you can use the BitShares Music blockchain, pay transaction fees, pay for other tokens such as BitAssets and BitUSD, and tokens that may be created on the BitShares Music blockchain such as artistcoins. Notes can also be used to support the development of the BitShares Music platform.
4. Once the BitShares Music blockchain is operational, new Notes are expected to be spontaneously created at a varying rate exclusively via the delegates. *There is no guarantee that the rate of Note dilution will be a constant.*

Section 1.02 Overview of the Notes Pre-Sale

1. The Foundation will use the funds raised from the sale of Notes to pay for expenses related to the platform and growth of the BitShares Music network. BitShares Music is scheduled for release in the Spring of 2015. The Foundation will use the funds to reimburse initial start-up expenses, compensate front and back end developers, invest

in marketing and publicity, explore growth opportunities, and pay for legal and compliance services where appropriate.

2. For the network to thrive, there must be an active ecosystem of users using Notes. To ensure this happens, and to fund the development of BitShares Music, the Foundation will pre-sell 20% of Notes to be released in the genesis block. The only accepted means of payment for Notes during the Notes Pre-Sale is bitcoin (“BTC”).
3. **Auction Style Pre-Sale.** Beginning on October 6, 2014, and each day thereafter for a period of sixty (60) days, five (5) million Notes will be auctioned (referred to as the “Notes Pre-Sale”). A total of three hundred million (300 000 000) Notes are to be auctioned off during the entire Notes Pre-Sale. The amount of Notes Purchaser will receive for the BTC it has transferred will be confirmed at the end of each Notes Pre-Sale day. The amount of Notes that can be bought with the amount of BTC transferred will be in proportion to the total BTC that was transferred to the Foundation Address (as defined below) on that day. Each day, the five million (5 000 000) Notes will be allocated amongst those who sent BTC on a pro-rata basis. For example, if at the end of the day there has been only two Purchasers, Paul who sends 1 BTC and Sam who sends 3 BTC, then Paul will get 25% of the Notes issued on that day and Sam will get 75%.
4. **Distribution of remaining genesis block Notes.** Notes are also pre-allocated to holders of BitShares PTS, BitShares AGS and the Foundation and will be distributed at the launch of the BitShares Music genesis block.

Section 1.03 Purchase of Notes

1. The sending of bitcoin (“BTC”) to the public bitcoin address 37X8DHPfiiMB7PU5y35rfBcg5Vxj2R6umL (the “Foundation Address”) provided on the website BitSharesMusicFoundation.org (the “Site”) during the Notes Pre-Sale by an entity or individual (“Purchasers” collectively, and “Purchaser” individually) resulting in a corresponding modification to the Bitcoin public ledger, constitutes a pre-purchase of Notes (the “Purchase”). Prior to making a Purchase, the Purchaser must expressly agree to all of the terms and conditions set forth in this Agreement.
2. **Transaction Recorded in the Bitcoin Blockchain.** Purchaser is purchasing a right to own Notes launched in the BitShares Music genesis block. This right is recorded automatically by the stamping of the transaction on the Bitcoin blockchain ledger which records that the owner of a certain wallet is entitled to a certain number of Notes. When BitShares Music is launched the genesis block will contain the data relating to each Purchase and corresponding Note distribution.
3. Upon launch of the BitShares Music blockchain the initial batch of Notes will be created with the genesis block. Purchaser will take possession of its Notes by following the instructions provided on the Site to import their private keys into a new BitShares Music wallet.

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| IF PURCHASER LOSES THE PRIVATE KEY TO THE WALLET USED TO MAKE THE PURCHASE ITS NOTES WILL BE LOST. |
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Section 1.04 Delivery of Notes conditional

1. Purchaser understands and accepts that delivery of Notes purchased during the Notes Pre-Sale is conditional on a number of facts and events.
2. Actual delivery of Notes may never occur for a variety of reasons, including but not limited to the following:
 - i. BitShares Music blockchain is never completed or released for any reason; and
 - ii. BitShares Music does not function properly.

Section 1.05 Announcement of the launch of BitShares Music

1. Launch of BitShares Music and availability of Purchaser's Notes will be announced on the Site.
2. The only way for Purchaser to be informed via email of the launch of BitShares Music is by signing up for the BitShares Music newsletter (the "Newsletter"). Registration for the Newsletter is available at the Site.

Section 1.06 Acknowledgements of the Purchaser

1. By the Purchase of Notes, Purchaser is entering into this Agreement and Purchaser understands, acknowledges and undertakes those representations and warranties set out in the Agreement, and specifically those set out in section 5.07 titled Representations and Warranties of the Purchaser.
2. Purchaser understands, accepts, and acknowledges that:
 - i. BitShares Music is presently being developed and may undergo significant changes before release;
 - ii. There is no warranty whatsoever on Notes, express or implied, to the extent permitted by law, and that Notes is purchased on an "as is" basis. Purchaser also understands that the Foundation will not provide any refund of the purchase price for Notes under any circumstance;
 - iii. Between the time of purchase of Notes in the Notes Pre-Sale and the inception of BitShares Music with the creation of the genesis block, Notes will be unusable and not liquid; and
 - iv. Purchaser accepts sole risk for the purchase of Notes.

2. IMPORTANT

1. When you send BTC to the Foundation Address, you are purchasing tokens that will enable you to use the BitShares Music blockchain **when it launches**, nothing more.
2. Notes are **NOT** an investment in a venture. They are not equity in a corporation, nor stock. A Note does not come attached with any rights whatsoever. Notes are merely the tokens necessary to operate BitShares Music, an open source decentralized software. Notes do not represent any stake, ownership, nor interest whatsoever in the Foundation or any other legal entity or business venture.
3. All purchases of Notes are non-refundable.
4. Before the release of the genesis block in the Spring of 2015, Notes will not be usable in any way, in fact Notes will not exist until that point in time.
5. Individuals, businesses, and other organizations should carefully weigh the risks of acquiring Notes early via the Notes Pre-Sale versus waiting to purchase Notes on open, third-party exchanges once BitShares Music is operational.
6. By participating in the Notes Pre-Sale Purchaser expressly acknowledges and represents they have carefully reviewed the Agreement and fully understand the risks, costs, and benefits of purchasing Notes and agree to be bound by these terms. As set forth further below in Section 5.07, Purchaser further represents and warrants that, to the extent permitted by law, it is authorized to purchase Notes in its relevant jurisdiction, is of a legal age to be bound by this Agreement, and will not hold the Foundation, its parent and affiliates, and the officers, directors, agents, joint ventures, employees and suppliers of the Foundation or our parent or affiliates, now or in the future and any other member of the BitShares Music Team (collectively the “BitShares Music Foundation Parties”) liable for any losses or any special, incidental, or consequential damages arising out of, or in any way connected to the sale of Notes.

3. WARNINGS

1. **DO NOT PURCHASE NOTES IF YOU ARE NOT AN EXPERT IN DEALING WITH CRYPTOGRAPHIC TOKENS AND BLOCKCHAIN-BASED SOFTWARE SYSTEMS**

Purchases of Notes should be undertaken only by individuals, entities, or companies that have significant experience with, and understanding of, the usage and intricacies of cryptographic tokens, such as bitcoin (“BTC”), and blockchain-based software systems. While the BitShares Music Team will provide general guidelines for use and storage of Notes, Purchasers should have a functional understanding of storage and transmission mechanisms associated with other cryptographic tokens. While the Foundation will be available to assist Purchasers of Notes during and after the Notes Pre-Sale, the

Foundation will not be responsible for lost BTC or Notes resulting from actions taken by, or omitted by Purchasers.

If you do not have such experience or expertise, then you should not purchase Notes or participate in the Notes Pre-Sale.

2. NOTES PURCHASERS SHOULD TAKE GREAT CARE TO BACK UP THEIR WALLET AND NOT LOSE THEIR WALLET OR PRIVATE KEY

Purchasers will only be able to access their Notes when they become available after the Notes Pre-Sale if they have access to their Bitcoin wallet. Do not lose your wallet or private key or your Notes will be lost.

3. NOTES MUST BE PURCHASED WITH BTC SENT FROM A WALLET CONTROLLED BY THE PURCHASER

In order to receive pre-purchased Notes upon launch of the genesis block, purchasers must make payment in BTC. Purchaser must possess the private key to the wallet that is used to make the Purchase. This is necessary to be able to prove that Purchaser indeed sent the funds to the Foundation. If Purchaser sends funds directly from an exchange the Note issuer will not be able to allocate the Notes to Purchaser.

4. CRYPTOGRAPHIC TOKENS OF VALUE, SUCH AS NOTES, MAY EXPERIENCE EXTREME VOLATILITY IN PRICING

Cryptographic tokens that possess value in public markets, such as bitcoin, have regularly demonstrated extreme fluctuations in price over short periods of time. A Purchaser of Notes should be prepared to expect similar fluctuations, both down and up, in the price of Notes denominated in bitcoin, altcoins, United States dollars (“USD”) and other state currencies. Such fluctuations are due to market forces and represent changes in the balance of supply and demand. The Foundation cannot and does not guarantee market liquidity for Notes and therefore there may be periods of time in which Notes are difficult to buy or sell. Additionally, due to different regulatory dictates in different jurisdictions and the inability of citizens of certain countries to open accounts at local and international exchanges, the liquidity of Notes may be markedly different in different countries and this would likely be reflected in significant price discrepancies. By purchasing Notes, you expressly acknowledge and represent that you fully understand that Notes may experience volatility in pricing and will not seek to hold any of the BitShares Music Foundation Parties liable for any losses or any special, incidental, or consequential damages arising from, or in any way connected to the sale of Notes.

4. Disclosure of Risk

The purchase of Notes carries with it a number of risks. Prior to purchasing Notes, the Purchaser should carefully consider the below risks and, to the extent necessary, consult

a lawyer, accountant, and or tax professional prior to determining whether to purchase Notes.

If any of the following risks are unacceptable to you, you should not Purchase Notes. By purchasing Notes, and to the extent permitted by law, you are agreeing not to hold any of the BitShares Music Foundation Parties liable for any losses or any special, incidental, or consequential damages arising from, or in any way connected, to the sale of Notes, including losses associated with the risks set forth below.

Section 4.01 Risk of dissolution of BitShares Music due to a diminishment in the value of the BTC sale revenue

Purchasers may only Purchase Notes with BTC. It is possible that the value of BTC will drop significantly in the future, depriving the Foundation of the resources it requires for continuous operation. In order to guard against this risk, the Foundation intends to periodically convert proceeds from the sale of Notes from BTC into fiat currencies.

Section 4.02 Risk of regulatory action in one or more jurisdictions

Cryptocurrencies have been the subject of regulatory scrutiny by various regulatory bodies around the world. BitShares Music, the Foundation, and Notes could be impacted by one or more regulatory or governmental inquiries or regulatory action. This could impede or limit the ability of the Foundation and the BitShares Music Team to continue to develop the BitShares Music blockchain.

Section 4.03 Risk associated with development of alternative unofficial BitShares Music networks

Following the Notes Pre-Sale, and the development of the initial version of the BitShares Music blockchain, it is possible that alternative unofficial BitShares Music blockchain-based networks be established, which may utilize the same open source source-code and open source protocol underlying BitShares Music as well as the same name. The official BitShares Music may compete with these alternative, unofficial replicas of the BitShares Music blockchain-based network. The Foundation has no control over delegates who may transform BitShares Music. This could negatively impact BitShares Music and Notes.

Section 4.04 Risk of insufficient interest in BitShares Music

It is possible that BitShares Music will not be used by a large enough number of external businesses, individuals, and other organizations. Such a lack of interest could impact the development of BitShares Music and the potential uses and value of Notes. The Foundation has contracted developers to help build the BitShares Music blockchain and other unrelated third-party developers around the world are working to create an interest

in the BitShares Music blockchain. However, it is impossible to predict the success of any development efforts.

Section 4.05 Risk that BitShares Music as developed will not meet the expectations of Purchaser

The Purchaser recognizes that the BitShares Music blockchain is presently under development and may undergo significant changes before release. Purchaser acknowledges that any expectations regarding the form and functionality of BitShares Music held by the Purchaser may not be met upon release of BitShares Music, for any number of reasons including a change in the design and implementation plans and a change regarding the execution of the implementation of BitShares Music.

Section 4.06 Risk that BitShares Music may never be completed or released

Purchaser understands, that while the Foundation will make reasonable efforts to complete the BitShares Music software, it is possible that a completed version of the BitShares Music blockchain may not be released and there may never be an operational BitShares Music.

Section 4.07 Risk of theft

There may be attempts to steal the BTC revenue from the Notes Pre-Sale. Such a theft or attempted theft may impact the ability of the Foundation to fund the development of BitShares Music. To mitigate this risk, the Foundation has and will continue to implement comprehensive security precautions to safeguard BTC obtained from the Notes Pre-Sale. One such measure is the use of multi-signature wallets to hold the BTC.

Section 4.08 Risk of security weaknesses in the BitShares Music core infrastructure software

The BitShares Music blockchain rests on open-source software. There is a risk that the Foundation, or other BitShares Music Foundation Parties may unintentionally introduce weaknesses or bugs into the core infrastructural elements of BitShares Music. There is also a risk that third parties not affiliated with the BitShares Music Foundation Parties, may introduce, unintentionally or otherwise, weaknesses or bugs into the core infrastructural elements of BitShares Music. This may result in the loss of Notes stored in one or more Purchaser accounts or other accounts or loss of other valued tokens issued on BitShares Music. The Foundation has taken steps to build, maintain, and secure the infrastructure of the BitShares Music blockchain, and will continue to do so after the Notes Pre-Sale.

Section 4.09 Risk of weaknesses or exploitable breakthroughs in the field of cryptography

Advances in cryptography, such as code cracking or technical advances such as the development of quantum computers, could present risks to crypto-currencies and BitShares Music. This could result in the theft, loss, disappearance, destruction or devaluation of Notes. To a reasonable extent, the Foundation intends to take reasonable steps to update the protocol underlying BitShares Music to account for any advances in cryptography and to incorporate additional reasonable security measures where appropriate. It is impossible to predict the future of cryptography or the future of security innovations to an extent that would permit the Foundation to accurately guide the development of BitShares Music to take into account unforeseeable changes in the domains of cryptography or security.

Section 4.10 Risk of rapid adoption and insufficiency of computational application processing power on the BitShares Music blockchain

If the BitShares Music blockchain is rapidly adopted, the demand for transaction processing and computations could rise dramatically and at a pace that exceeds the rate with which delegates can bring online additional processing power. Under such a scenario, BitShares Music could become destabilized due to the increased cost of running BitShares Music. In turn, this could decrease interest in BitShares Music and the value and use of Notes. This would represent revenue losses to businesses or worst case, cause businesses to cease operations because such operations have become un-economical due to distortions in the crypto-economy.

5. Terms and Conditions

Section 5.01 Obligation to determine if purchaser can purchase Notes in Purchaser's jurisdiction

1. Purchasers shall comply with all applicable laws, statutes, ordinances and regulations regarding their use of the Site and their Purchase of Notes. Purchaser is responsible for paying all applicable fees and taxes incurred to Purchase Notes or access servers provided via the Site. Purchaser acknowledges that the Foundation has an express policy of complying with all applicable laws, including but not limited to Canadian laws and United States laws, and that the operation of the Site and the Purchase of Notes is not intended to facilitate illegal activity. To further that end, Purchaser represents and warrants to the Foundation that they do not intend to use the Site to violate the law.
2. The Purchase constitutes the sale of a token required to use an open source software product. This product sale is conducted by the Foundation, an

American legal entity operating under American law. It is the responsibility of each potential Purchaser of Notes to determine if the Purchaser can legally purchase Notes in the Purchaser's domiciliary jurisdiction.

Section 5.02 Acceptance of terms and conditions of the Notes Pre-Sale

By checking "I Agree" at the end of these Terms the Purchaser:

- (i) Consents and agrees to the Agreement;
- (ii) Affirms the representations and warranties made in section 5.07 titled Representations and Warranties of the Purchaser and any other representations and warranties contained herein.

Section 5.03 Independent confirmation of Purchases

When Purchaser sends payment, the transaction will be recorded in the Bitcoin blockchain. Purchasers can track and confirm that the Purchaser's BTC has been received at the Foundation Address via the Bitcoin blockchain ledger. Various services, operating separately and independently from the Foundation can assist with tracking transactions on the Bitcoin blockchain, including blockchain.info or AGS Explorer.

Section 5.04 Purchaser's sole responsibility to secure Private Key And wallet

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| Loss of Purchaser's Bitcoin Wallet Private Key and Wallet Will Cause the Loss of Purchased Notes |
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1. The Purchaser's private key to the Bitcoin wallet (the "Private Key") that was used to make the Purchase is necessary for accessing the Purchaser's Notes when they become available. Purchaser shall be responsible for keeping their Private Key secure and backing up their Bitcoin wallet. Purchaser's loss of their Private Key will cause the loss of the purchased Notes. Unauthorized access by any party to a Purchaser's Private Key along with access to the downloaded wallet, will enable that unauthorized party to access the purchased Notes and the Notes will be lost. By purchasing Notes, and to the extent permitted by applicable law, the Purchaser agrees not to hold any of the BitShares Music Foundation Parties liable for any losses or any special, incidental, or consequential damages arising out of, or in any way connected to, Purchaser's failure to properly secure and keep private his Private Key.
2. Purchaser shall be responsible for the security of his Private Key. Purchaser should have a good understanding of bitcoin security prior to making a Purchase. Purchaser can consult the following resources for more information on protecting their Private Key: Bitcoin.Org and Bitcoin Wiki.

Section 5.05 Purchase of Notes from the Site

1. Instructions for purchasing Notes with BTC on the Site will be available on the Site for the duration of the Notes Pre-Sale.
2. Failure to follow these instructions may prevent Purchaser from obtaining Notes. Any questions about these instructions should be directed to: contact@bitsharesmusicfoundation.org.
3. The BitShares community forum (the “Forum”) is very knowledgeable and Purchaser can likely find assistance with technical questions related to BitShares Music and the Purchase on the Forum. Purchaser can access the Forum via BitSharestalk.org and the Foundation will provide links to the Forum on the Site.
4. All requests for technical service and support should be made directly to contact@bitsharesmusicfoundation.org.
5. Notes will only be available for purchase during the Notes Pre-Sale on the Site. To the extent that any third-party website or service offers Notes for sale during the Notes Pre-Sale or facilitates the sale or transfer of Notes in any way during the Notes Pre-Sale or at any time up to the release of the genesis block, such third-party websites or services are not sanctioned by the Foundation or its parents and affiliates and have no relationship in any way with the BitShares Music Foundation Parties.
6. Purchasers shall take great care that the website used to purchase Notes has the following universal resource locator (“URL”): <http://bitsharesmusicfoundation.org/> Please ensure that the URL of your web browser indicates that it is using a hypertext transport protocol connection (“http”) and that the domain name is correct.
7. By purchasing Notes, and to the extent permitted by applicable law, the Purchaser agrees not hold any of the BitShares Music Foundation Parties liable for losses incurred by any person, entity, corporation, or group individuals or groups who use a third party service to purchase Notes.

Section 5.06 Payment methods

1. Purchase of Notes may only be made with BTC by sending an amount of BTC to the Foundation Address provided on the Site.
2. **Fraudulent attempts to double spend Bitcoin.** The Foundation will monitor all potential transactions for fraudulent attempts to double spend bitcoin. Any detected double spend of bitcoin will result in no Notes being generated in the genesis block for the associated wallet address.

Section 5.07 Representations and Warranties of the Purchaser

The Purchaser represents and warrants that Purchaser:

1. Is legally permitted to purchase Notes in the Purchaser's jurisdiction and is legally permitted to receive products of US origin;
2. Is of a sufficient age to legally purchase Notes or has received permission from a legal guardian who has reviewed and agreed to these Terms;
3. Will take sole responsibility for any restrictions and risks associated with the purchase of Notes as set forth in these Terms;
4. Is not exchanging bitcoin (BTC) for Notes for the purpose of speculative investment;
5. Is acquiring Notes in order to use the BitShares Music blockchain, pay transaction fees, pay for other tokens such as BitAssets and BitUSD, and tokens that may be created on the BitShares Music blockchain such as artistcoins; and
6. Has an understanding of the usage and intricacies of cryptographic tokens, like BTC, and blockchain-based software systems.

Section 5.08 Limitations on the Purchase of Notes by the Foundation

1. The Foundation will not Purchase Notes during the Notes Pre-Sale or at any time prior to the creation of the genesis block. Furthermore the Foundation warrants that it will not purchase Notes from any third party or acquire Notes in any manner, or acquire future control of Notes, during the Notes Pre-Sale and at any time prior to the creation of the genesis block.
2. Upon creation of the genesis block ten per cent (10%) of the Notes launched will be distributed to the Foundation. With these Notes the Foundation will be able to (i) vote for delegates that will ensure the health and growth of the BitShares Music system and (ii) finance development of BitShares Music.

Section 5.09 All Purchases of Notes are non-refundable

ALL PURCHASES OF NOTES ARE FINAL. DUE TO THE NATURE OF THE NOTES PRE-SALE AND THE TECHNOLOGY USED FOR THE NOTES PRE-SALE, PURCHASES OF NOTES ARE NON-REFUNDABLE. BY PURCHASING NOTES, THE PURCHASER ACKNOWLEDGES THAT NEITHER THE FOUNDATION NOR ANY OTHER OF THE BITSHARES MUSIC FOUNDATION PARTIES ARE REQUIRED TO PROVIDE A REFUND FOR ANY REASON, AND THAT THE PURCHASER WILL NOT RECEIVE MONEY OR OTHER COMPENSATION FOR ANY NOTES THAT REMAIN UNUSED OR UNDELIVERED.

Section 5.10 Taxation of Notes and taxation related to the Notes Pre-Sale

1. The Foundation makes no representations concerning the tax implications of the sale of Notes or the possession or use of Notes. The Purchaser bears the sole responsibility to determine if the purchase of Notes or the potential appreciation or depreciation in the value of Notes over time has tax implications for the Purchaser in the Purchaser's jurisdiction. By purchasing Notes, and to the extent permitted by law, the Purchaser agrees not to hold any of the BitShares Music Foundation Parties liable for any tax liability associated with or arising from the purchase of Notes.
2. Each Purchaser shall be solely responsible for all sales taxes or other taxes resulting from their purchase of Notes.

Section 5.11 Privacy

The Foundation is committed to protecting your privacy and has developed a privacy policy. When you make a purchase of Notes from the Site, you are not required to provide any personal information. Any personal information that Purchaser may provide, for example, through use of support services, or by signing up for the Newsletter will be used solely for the purpose of communicating with the Purchaser to assist them with their query or to inform them of relevant news regarding BitShares Music. Personal information, such as email addresses will not be disclosed to third parties without consent. Should you have any questions about the Foundation's privacy policy, please contact privacy@bitsharesmusicfoundation.org.

Section 5.12 Disclaimer of Warranties

PURCHASER EXPRESSLY AGREES THAT PURCHASER IS PURCHASING NOTES AT THE PURCHASER'S SOLE RISK AND THAT NOTES ARE PROVIDED ON AN "AS IS" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF TITLE OR IMPLIED WARRANTIES, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE (EXCEPT ONLY TO THE EXTENT PROHIBITED UNDER APPLICABLE LAW WITH ANY LEGALLY REQUIRED WARRANTY PERIOD TO THE SHORTER OF THIRTY DAYS FROM FIRST USE OR THE MINIMUM PERIOD REQUIRED).

WITHOUT LIMITING THE FOREGOING, NONE OF THE BITSHARES MUSIC FOUNDATION PARTIES WARRANT THAT THE PROCESS FOR PURCHASING NOTES WILL BE UNINTERRUPTED OR ERROR-FREE.

Section 5.13 Limitations Waiver of Liability

PURCHASER ACKNOWLEDGES AND AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY ANY APPLICABLE LAW, THE DISCLAIMERS OF LIABILITY CONTAINED HEREIN APPLY TO ANY AND ALL DAMAGES OR INJURY WHATSOEVER CAUSED BY OR RELATED TO USE OF, OR INABILITY TO USE, NOTES OR THE BITSHARES MUSIC PLATFORM UNDER ANY CAUSE OR ACTION WHATSOEVER OF ANY KIND IN ANY JURISDICTION, INCLUDING, WITHOUT LIMITATION, ACTIONS FOR BREACH OF WARRANTY, BREACH OF CONTRACT OR TORT (INCLUDING NEGLIGENCE) AND THAT NONE OF THE BITSHARES MUSIC FOUNDATION PARTIES SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING FOR LOSS OF PROFITS, GOODWILL OR DATA, IN ANY WAY WHATSOEVER ARISING OUT OF THE USE OF, OR INABILITY TO USE, OR PURCHASE OF, OR INABILITY TO PURCHASE, NOTES. THE PURCHASER FURTHER SPECIFICALLY ACKNOWLEDGES THAT BITSHARES MUSIC FOUNDATION PARTIES ARE NOT LIABLE, AND THE PURCHASER AGREES NOT TO SEEK TO HOLD ANY OF THE BITSHARES MUSIC FOUNDATION PARTIES LIABLE, FOR THE CONDUCT OF THIRD PARTIES, INCLUDING OTHER PURCHASERS OF NOTES, AND THAT THE RISK OF PURCHASING AND USING NOTES RESTS ENTIRELY WITH THE PURCHASER. TO THE EXTENT PERMISSIBLE UNDER APPLICABLE LAWS, UNDER NO CIRCUMSTANCES WILL ANY OF THE BITSHARES MUSIC FOUNDATION PARTIES BE LIABLE TO ANY PURCHASER FOR MORE THAN THE AMOUNT THE PURCHASER HAS PAID THE FOUNDATION FOR THE PURCHASE OF NOTES; THIS AMOUNT BEING DETERMINED IN US DOLLARS AS AT TIME OF PURCHASE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR CERTAIN TYPES OF DAMAGES. THEREFORE, SOME OF THE ABOVE LIMITATIONS IN THIS SECTION AND ELSEWHERE IN THE TERMS MAY NOT APPLY TO A PURCHASER. IN PARTICULAR, NOTHING IN THESE TERMS SHALL AFFECT THE STATUTORY RIGHTS OF ANY PURCHASER OR EXCLUDE INJURY ARISING FROM ANY WILLFUL MISCONDUCT OR FRAUD OF THE BITSHARES MUSIC FOUNDATION.

Section 5.14 Jurisdiction of the Notes Pre-Sale

The legal entity conducting the Notes Pre-Sale, the BitShares Music Foundation, is organized in the state of Texas, under the laws of the United States of America.

Section 5.15 Dispute Resolution

All disputes, controversies or claims arising out of, relating to, or in connection with the Agreement, the breach thereof, or the Foundation's sale of Notes shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. All claims between the parties relating to this Agreement that are capable of being resolved by arbitration, whether sounding in contract, tort, or otherwise, shall be submitted to ICC arbitration. Prior to

commencing arbitration, the parties have a duty to negotiate in good faith and attempt to resolve their dispute in a manner other than by submission to ICC arbitration. The arbitration panel shall consist of one arbitrator only, unless the ICC Court of Arbitration determines that the dispute is such as to warrant three arbitrators. If the Court determines that one arbitrator is sufficient, then such arbitrator shall be selected from Texas. If the Court determines that three arbitrators are necessary, then each party shall have 30 days to nominate an arbitrator of its choice -- in the case of the Claimant, measured from receipt of notification of the ICC Court's decision to have three arbitrators; in the case of Respondent, measured from receipt of notification of Claimant's nomination. All nominations must be from Texas. If a party fails to nominate an arbitrator, the Court will do so. The Court shall also appoint the chairman. All arbitrators shall be and remain "independent" of the parties involved in the arbitration. The place of arbitration shall be Texas, but the arbitral tribunal may conduct hearings, meetings, and deliberations at any location it considers appropriate. The language of the arbitration shall be English. In deciding the merits of the dispute, the tribunal shall apply the laws of Texas and any discovery shall be limited and shall not involve any depositions or any other examinations outside of a formal hearing. The tribunal shall not assume the powers of amiable compositeur or decide the case ex aequo et bono. In the final award, the tribunal shall fix the costs of the arbitration and decide which of the parties shall bear such costs in what proportion. Every award shall be binding on the parties. The parties undertake to carry out the award without delay and waive their right to any form of recourse against the award in so far as such waiver can validly be made.

Section 5.16 Force Majeure

The BitShares Music Foundation is not liable for failure to perform solely caused by:

- Unavoidable casualty,
- Delays in delivery of materials,
- Embargoes,
- Government orders,
- Acts of civil or military authorities,
- Acts by common carriers, emergency conditions (including weather conditions) incompatible with safety or good quality workmanship, or
- Any similar unforeseen event that renders performance commercially implausible.

If an event of force majeure occurs, the party injured by the other's inability to perform may elect to suspend the Agreement, in whole or part, for the duration of the force majeure circumstances. The party experiencing the force majeure circumstances shall cooperate with and assist the injured party in all reasonable ways to minimize the impact of force majeure on the injured party.

Section 5.17 Complete Agreement

This Agreement, sets forth the entire understanding between each Purchaser and the

Foundation with respect to the Purchase of Notes during the Notes Pre-Sale. For facts relating to the Purchase, the Purchaser agrees to rely only on these documents in determining purchase decisions and understands that these documents govern the sale of Notes and supersede any public statements about the Notes Pre-Sale made by third parties or by BitShares Music Foundation Team or individuals associated with any BitShares Music Foundation Parties, past and present and during the Notes Pre-Sale.

Section 5.18 Severability

The Purchaser and the Foundation agree that if any portion of this Agreement is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Agreement, which shall continue to be in full force and effect.

Section 5.19 No Waiver

The failure of the Foundation to require or enforce strict performance by the Purchaser of any provision of this Agreement or the Foundation's failure to exercise any right under this Agreement shall not be construed as a waiver or relinquishment of the Foundation's right to assert or rely upon any such provision or right in that or any other instance. The express waiver by Foundation of any provision, condition, or requirement of the Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

Section 5.20 Cooperation with Legal Authorities

The Foundation will cooperate with all law enforcement inquiries, subpoenas, or requests provided they are fully supported and documented by the law in the relevant jurisdictions.

Section 5.21 Further Information

For further information regarding the Notes Pre-Sale, please contact contact@bitsharesmusicfoundation.org.