

GAME PHASE TERMS AND CONDITIONS

PROJECT 2 DEGEN FUSION

EFFECTIVE DATE: APRIL 11, 2025

THIS DOCUMENT CONSTITUTES A LEGALLY BINDING AGREEMENT GOVERNING YOUR PARTICIPATION IN PROJECT 2 DEGEN FUSION GAMEPLAY. BY ACCESSING THE GAME FUNCTIONS, CREATING NFTS, MERGING TOKENS, OR OTHERWISE ENGAGING WITH THE PROJECT 2 DEGEN FUSION SMART CONTRACT, YOU ACCEPT AND AGREE TO BE BOUND BY THESE TERMS IN THEIR ENTIRETY.

1. INTRODUCTION

- 1.1. These Game Phase Terms and Conditions (“**Game Terms**”) constitute a legally binding agreement between you (“**Participant**,” “**you**,” or “**your**”) and Code Alpha Holding Limited, a company incorporated under the laws of Abu Dhabi Global Market and any of its Subsidiaries or affiliated entities involved in operating or managing Project 2 DEGEN FUSION (“**Company**,” “**we**,” “**us**,” or “**our**”).
- 1.2. These Game Terms govern your participation in the operational phase of Project 2 DEGEN FUSION, including all Token acquisition, utility, NFT creation, merging, dismantling, prize-related activities, and all other interactions with Project 2 DEGEN FUSION.
- 1.3. If you participated in the Project 2 DEGEN FUSION utility token distribution event (“**UTDE**”) that occurred between March 31, 2025, and approximately April 09, 2025, your participation was governed by the Pre-Sale Terms of Service. These Game Terms supersede the Pre-Sale Terms with respect to gameplay activities but do not modify or eliminate any rights or obligations established under the Pre-Sale Terms with respect to the UTDE.
- 1.4. **RISK ACKNOWLEDGMENT:** PROJECT 2 DEGEN FUSION IS A BLOCKCHAIN-BASED DIGITAL ENTERTAINMENT EXPERIENCE. DIGITAL ASSETS ACQUIRED OR USED WITHIN THIS PLATFORM ARE UTILITY TOKENS DESIGNED EXCLUSIVELY FOR GAMEPLAY FUNCTIONALITY WITHIN THE PROJECT 2 DEGEN FUSION ECOSYSTEM. THESE TOKENS ARE CREATED FOR THEIR CONSUMPTIVE USE IN ACCESSING, INTERACTING WITH, AND ENGAGING IN PROJECT 2 DEGEN FUSION GAMEPLAY FEATURES. TOKENS DO NOT REPRESENT SECURITIES, INVESTMENTS, OR FINANCIAL INSTRUMENTS, NOR IS THERE ANY EXPECTATION OF PROFIT SOLELY FROM THE EFFORTS OF OTHERS. PARTICIPANTS ACQUIRE AND USE TOKENS PRIMARILY FOR THEIR INTENDED GAMEPLAY UTILITY. PROJECT 2 DEGEN FUSION INVOLVES PROBABILISTIC OUTCOMES AND SIGNIFICANT RISK OF TOKEN LOSS. THE PROBABILITY OF SUCCESS IN MERGING ACTIVITIES IS 50% AT EACH TIER. PARTICIPATION INVOLVES SUBSTANTIAL RISK OF COMPLETE LOSS OF VALUE AND SHOULD BE UNDERTAKEN SOLELY FOR ENTERTAINMENT PURPOSES.

2. DEFINITIONS

- 2.1. “**ADGM**” means the Abu Dhabi Global Market, the financial free zone in the Emirate of Abu Dhabi.

- 2.2. “**Airdrop**” means the initial distribution of Tokens to eligible Participants following the conclusion of the Utility Token Distribution Event.
- 2.3. “**Batch Merge**” means the process of simultaneously attempting to merge multiple pairs of same-tier NFTs in a single transaction.
- 2.4. “**Blockchain**” means a distributed digital ledger of transactions maintained by a distributed network of computers.
- 2.5. “**Chainlink VRF**” means the verifiable random function provided by Chainlink that generates cryptographically secure random numbers utilized for determining merge outcomes.
- 2.6. “**Digital Assets**” means blockchain-based tokens, including but not limited to ERC-20 and ERC-155 tokens on the Ethereum blockchain.
- 2.7. “**Dismantling**” means the process of converting an NFT back into Tokens at the specified conversion rate.
- 2.8. “**Distribution Day**” means April 10, 2025, the date on which Participants of the pre-sale received their Tokens following the conclusion of the UTDE.
- 2.9. “**Ethereum**” means the decentralized, open-source blockchain protocol that supports smart contract execution through its native programming language and virtual machine, and which operates using the Ether (ETH) token as its native unit of account. Ethereum facilitates the deployment of decentralized applications (dApps) and is maintained by a distributed network of validators under a proof-of-stake consensus mechanism as of the date of this Agreement.
- 2.10. “**Game Phase**” means the operational period of Project 2 DEGEN FUSION commencing on April 11, 2025, and continuing until the Prize has been claimed or until terminated by the Company.
- 2.11. “**Merge**” means the process of combining two NFTs of the same tier in an attempt to create one NFT of the next higher tier.
- 2.12. “**Merge Fee**” means the quantity of Tokens required to initiate a Merge operation, in addition to the NFTs being merged.
- 2.13. “**NFT**” means the non-fungible token created within Project 2 DEGEN FUSION, distinguished by tier level and other characteristics as defined in the Smart Contract.
- 2.14. “**Pre-Sale Terms**” means the Terms of Service governing participation in the UTDE with an effective date of March 31, 2025.
- 2.15. “**Prize**” means the reward to be awarded to the first Participant who successfully claims the prize using two (2) Tier 6 NFTs together, as determined by the Company pursuant to Section 7.
- 2.16. “**Prohibited Territory**” means any jurisdiction in which the acquisition or use of Digital Assets is prohibited by applicable law.
- 2.17. “**Project 2 DEGEN FUSION**” means the blockchain-based digital entertainment experience developed by the Company.
- 2.18. “**Season**” means the initial operational period of Project 2 DEGEN FUSION, which may be followed by subsequent seasons at the Company’s sole discretion.

- 2.19. “**Smart Contract**” means the self-executing contract with the terms of the agreement directly written into code deployed on a blockchain.
- 2.20. “**Solana**” means the decentralized, high-performance blockchain protocol designed to support scalable and low-latency decentralized applications, utilizing a hybrid consensus mechanism combining proof-of-history (PoH) and proof-of-stake (PoS), and operating with its native token SOL. Solana is maintained by a permissionless network of validators and supports smart contract functionality through its native runtime environment.
- 2.21. “**Subsidiary**” means any entity that is directly or indirectly controlled by the Company, where “control” means ownership of 50% or more of the shares or equity interest entitled to vote for the election of directors or other governing body.
- 2.22. “**Success Rate**” means the 50% probability of successfully creating a higher-tier NFT through the Merge process.
- 2.23. “**Tier**” means the hierarchical level of an NFT within Project 2 DEGEN FUSION, ranging from Tier 1 (lowest) to Tier 6 (highest).
- 2.24. “**Tier-Gating**” means the temporal restriction on creating higher tier NFTs, with each tier becoming available at specified intervals.
- 2.25. “**Token**” means the ERC-20 utility token utilized within Project 2 DEGEN FUSION for creating NFTs, paying Merge Fees, and other functions as specified in the Smart Contract.
- 2.26. “**UTDE**” means the Project 2 DEGEN FUSION utility token distribution event that occurred between March 31, 2025, and approximately April 09, 2025.
- 2.27. “**Utility Token**” means a digital cryptographic token designed to enable users to access, interact with, or participate in specific functionalities within the Project 2 DEGEN FUSION ecosystem, possessing primarily consumptive characteristics rather than speculative or investment properties.

3. **TOKEN UTILITY AND ECONOMIC STRUCTURE**

3.1. **Token Functions.**

- 3.1.1. Tokens serve as the primary utility asset within Project 2 DEGEN FUSION and may be used for:
- a) Creating Tier 1 NFTs;
 - b) Paying Merge Fees;
 - c) Trading on decentralized exchanges; and
 - d) Other functions as specified in the Smart Contract.
- 3.1.2. The Token supply is determined based on the total money sent by participants during the UTDE. Individual allocations were adjusted according to each participant's X-Score, but these adjustments only affected distribution proportions among participants.

3.2. **Token Utility Classification.**

- 3.2.1. The Token is specifically designed and intended as a utility token. Its primary and intended purpose is to facilitate gameplay within the Project 2 DEGEN FUSION ecosystem.
- 3.2.2. Token utility functions include:
 - a) Accessing gameplay features and environments;
 - b) Participating in in-game activities and challenges;
 - c) Unlocking content and digital experiences;
 - d) Facilitating player-to-player interactions; and
 - e) Other gameplay functionalities detailed in these Game Terms.
- 3.2.3. Users acquire and use these Tokens for their consumptive utility and gameplay value rather than expectation of profit or financial return. The Company has designed the Token distribution, mechanics, and ecosystem to align with utility token characteristics.
- 3.3. **No Expectation of Profit.**
 - 3.3.1. The Company does not promote or market the Tokens as investment vehicles or financial instruments. Any decision by third parties to create secondary markets for the Tokens is not endorsed, encouraged, or promoted by the Company.
 - 3.3.2. The Company makes no representations or warranties regarding the future value of Tokens or their tradability on any platforms. While the Company endeavours to maintain a stable ecosystem, participants are advised that Token appreciation or return on investment is not guaranteed and should not be expected.
 - 3.3.3. The Participant acknowledges that any references to future rewards, bonuses, or in-game benefits are illustrative only and do not constitute a binding commitment by the Company.
- 3.4. **Token Acquisition.**
 - 3.4.1. Participants may acquire Tokens through:
 - a) Participation in the UTDE (now concluded);
 - b) Dismantling NFTs;
 - c) Transfers from other users; or
 - d) Trading on decentralized exchanges.
 - 3.4.2. The Company makes no guarantees regarding Token availability, liquidity, or value.

4. **NFT CREATION AND CHARACTERISTICS**

4.1. **NFT Creation Process.**

- 4.1.1. Participants may create Tier 1 NFTs by converting a specified quantity of Tokens.
- 4.1.2. The Token-to-NFT conversion rate is fixed within the Smart Contract and cannot be modified.

- 4.1.3. Higher tier NFTs can only be created through the Merge process as described in Section 5.
- 4.2. **NFT Characteristics.**
 - 4.2.1. Each NFT is characterized by:
 - a) Tier level (1-6);
 - b) Creation timestamp;
 - c) Transaction history; and
 - d) Other attributes as defined in the Smart Contract.
- 4.3. NFTs are represented as ERC-1155 tokens on the Ethereum blockchain.
- 4.4. NFTs are freely transferable and may be traded on supported NFT marketplaces.

5. **MERGING MECHANICS**

5.1. **Merge Requirements.**

- 5.1.1. To initiate a Merge, Participants must:
 - a) Possess two NFTs of identical tier;
 - b) Have sufficient Tokens to pay the applicable Merge Fee (as defined in Section 5.1.2); and
 - c) Attempt the Merge after the applicable Tier-Gating period has elapsed.
- 5.1.2. Merge Fees vary by tier and are set in the Smart Contract as follows:
 - a) Creating Tier 2 (merging Tier 1): 15 Tokens
 - b) Creating Tier 3 (merging Tier 2): 45 Tokens
 - c) Creating Tier 4 (merging Tier 3): 135 Tokens
 - d) Creating Tier 5 (merging Tier 4): 405 Tokens
 - e) Creating Tier 6 (merging Tier 5): 1,215 Tokens

5.2. **Merge Outcomes.**

- 5.2.1. Each Merge has exactly two possible outcomes:
 - a) Success: One NFT of the next higher tier is created, and both input NFTs are consumed; or
 - b) Failure: One input NFT is consumed, the other input NFT remains unchanged, and no higher-tier NFT is created.
- 5.2.2. The probability of success for each Merge is fixed at 50% regardless of tier level.

5.3. **Randomness Mechanism.**

- 5.3.1. Merge outcomes are determined using Chainlink VRF, which provides cryptographically verifiable randomness.
- 5.3.2. The Company has no ability to influence, predict, or modify the randomness of Merge outcomes.

5.4. Batch Merge.

- 5.4.1. Participants may merge multiple pairs of NFTs of the same tier in a single transaction using the startMerge function with the pairsToMerge parameter.
- 5.4.2. Each multi-pair merge utilizes a single Chainlink VRF call to determine the outcome for all pairs in that transaction.
- 5.4.3. The outcome (success or failure) applies uniformly to all pairs in the same merge transaction.

5.5. Tier-Gating.

- 5.5.1. Creation of higher-tier NFTs is subject to the following temporal restrictions:
 - a) Tier 1 and Tier 2: Available immediately upon Game Phase commencement;
 - b) Tier 3: Available 24 hours after Game Phase commencement;
 - c) Tier 4: Available 48 hours after Game Phase commencement;
 - d) Tier 5: Available 72 hours after Game Phase commencement;
 - e) Tier 6: Available 96 hours after Game Phase commencement.
- 5.5.2. The Company reserves the right to adjust Tier-Gating periods with 24 hours' prior notice to Participants.

5.6. Merge Reclaim Mechanism.

- 5.6.1. The Smart Contract utilizes Chainlink VRF (Verifiable Random Function) to determine Merge outcomes, which requires an external service to fulfil randomness requests.
- 5.6.2. If Chainlink VRF fails to fulfil a randomness request within fifteen (15) minutes of the Merge request for any reason, Participants may reclaim their NFTs through the reclaimMerge function in the Smart Contract.
- 5.6.3. Successful reclaiming will restore the original quantity of NFTs submitted for merging, while the Merge Fee shall remain non-refundable unless the failure to fulfil the randomness request is attributable to a technical malfunction beyond the Participant's control.
- 5.6.4. The Company provides no guarantee regarding the reliability or response time of Chainlink VRF, as it is a third-party service outside the Company's control.
- 5.6.5. The reclaimMerge function is only available after fifteen (15) minutes have passed since the initial Merge request and only to the Participant who initiated the request.

6. DISMANTLING FEATURE

6.1. Dismantling Process.

- 6.1.1. Participants may dismantle any NFT they own to recover a portion of the Token creation cost.
- 6.1.2. Dismantled NFTs are permanently destroyed and cannot be recovered.

6.2. Recovery Rate.

- 6.2.1. Dismantling an NFT returns Tokens according to the fixed values specified in the Smart Contract.
- 6.2.2. The Token return value for dismantling each tier is as follows:
 - a) Tier 1: 50 Tokens
 - b) Tier 2: 115 Tokens
 - c) Tier 3: 275 Tokens
 - d) Tier 4: 685 Tokens
 - e) Tier 5: 1,775 Tokens
 - f) Tier 6: 4,765 Tokens
- 6.2.3. Recovery rates are fixed within the Smart Contract and cannot be modified.

7. PRIZE STRUCTURE AND DISTRIBUTION

7.1. Prize Eligibility.

- 7.1.1. The first Participant to successfully claim a Prize using two (2) Tier 6 NFTs, shall be eligible to claim the Prize.
- 7.1.2. Prize eligibility is determined automatically by the Smart Contract based on the first Participant to claim a Prize using two (2) Tier 6 NFTs.

7.2. Prize Amount and Distribution.

- 7.2.1. The Prize amount shall be determined entirely at the Company's discretion. While the total pool size accumulated during the UTDE may serve as a reference point, the Company reserves the absolute right to determine the final Prize amount based on any factors it deems relevant, without any predetermined allocation percentage or limitations.
- 7.2.2. The Prize will be distributed in ETH.
- 7.2.3. Prize distribution shall occur following verification of the winning Participant's identity and compliance with applicable anti-money laundering and know-your-customer requirements.

7.2.4. Prize Claimant Verification Requirements

- a) The prize winner may be required to complete a comprehensive verification process that includes:

- (i) Providing government-issued photographic identification documents;
- (ii) Proof of residential address dated within three (3) months of submission;
- (iii) Biometric verification through video identification procedures;
- (iv) Completion of a source of funds declaration for amounts exceeding USD 10,000 or equivalent;
- (v) Verification of wallet ownership through cryptographic signature challenges;
- (vi) Declaration of tax residency and provision of applicable tax identification numbers;
- (vii) Submission to screening against global sanctions lists, politically exposed persons (PEP) databases, and adverse media checks; and
- (viii) Any additional documentation or verification steps reasonably required by the Company to comply with applicable AML/KYC regulations in the ADGM and the prize winner's jurisdiction of residency.

7.2.5. Enhanced Due Diligence

- a) For prizes exceeding USD 50,000 or equivalent, the Company may conduct enhanced due diligence procedures, including:
 - (i) Verification of the source of any original funds used to acquire Tokens;
 - (ii) Review of the prize winner's transaction history within Project 2 DEGEN FUSION;
 - (iii) Comprehensive blockchain analytics to verify wallet activity patterns;
 - (iv) Obtaining information regarding the prize winner's occupation or business activities; and
 - (v) Verification of any third-party interests in the claimed prize.

7.2.6. Regulatory Compliance Framework

- a) All verification procedures shall be conducted in accordance with:
 - (i) The ADGM Anti-Money Laundering and Sanctions Rules and Guidance (as amended);
 - (ii) ADGM Financial Services Regulatory Authority requirements (if applicable);
 - (iii) FATF (Financial Action Task Force) Recommendations; and
 - (iv) Any other applicable international standards or regulations.
- b) The Company reserves the right to update verification requirements to reflect changes in applicable regulations without prior notice.

7.2.7. Verification Processing

- a) Upon qualifying for the Prize according to Section 7.1, the potential winner shall receive notification via the Project 2 DEGEN FUSION platform with instructions to initiate the verification process.
- b) The potential winner shall have seven (7) calendar days from the date of notification to submit all required verification documentation.
- c) The Company shall process verification submissions within fourteen (14) calendar days, subject to:
 - (i) Completeness and legibility of submitted documentation;
 - (ii) Responsiveness of the potential winner to any requests for additional information;
 - (iii) Cooperation with third-party verification service providers; and
 - (iv) Technical or regulatory factors beyond the Company's reasonable control.
- d) Failure to submit required documentation within the specified timeframe or to pass verification checks may result in disqualification and forfeiture of Prize eligibility, at the Company's sole discretion.

7.2.8. Verification Data Protection

- a) All personal data collected for verification purposes shall be:
 - (i) Processed in accordance with the Company's Privacy Policy;
 - (ii) Retained for a period of six (6) years following Prize distribution or as otherwise required by applicable law;
 - (iii) Shared only with authorized third-party verification service providers, regulatory authorities, or as required by law; and
 - (iv) Protected using industry-standard security measures.

7.2.9. Verification Failure

- a) In the event that a potential Prize winner:
 - (i) Fails to provide required verification documentation;
 - (ii) Provides false, misleading, or incomplete information;
 - (iii) Is determined to be ineligible under these Terms; or
 - (iv) Cannot be verified in accordance with applicable AML/KYC requirements,
- b) the Company reserves the right to:
- c) Disqualify such potential winner;
- d) Distribute the Prize according to an alternative methodology determined by the Company.

7.2.10. Jurisdictional Compliance

- a) The Company may modify verification requirements based on the prize winner's jurisdiction of residency to ensure compliance with local regulations.
- b) In jurisdictions where heightened compliance measures are required, the Company may:
 - (i) Implement additional verification steps;
 - (ii) Require certification of compliance from qualified legal professionals in the relevant jurisdiction; or
 - (iii) Arrange for verification to be conducted through approved local partners or agents.
- c) The prize winner shall be responsible for all costs associated with jurisdiction-specific compliance requirements.

7.2.11. Ongoing Monitoring Obligations

- a) Following successful verification and Prize distribution, the Company may be required to conduct ongoing monitoring of high-value Prize recipients in accordance with applicable regulations.
- b) Such monitoring may include:
 - (i) Periodic re-verification of identity and address information;
 - (ii) Transaction monitoring of wallet addresses associated with Prize recipients; and
 - (iii) Reporting of suspicious transactions to relevant regulatory authorities.

Prize recipients agree to cooperate with reasonable ongoing monitoring requirements for a period of up to twenty-four (24) months following Prize distribution.

7.3. Tax Implications.

- 7.3.1. The Prize winner is solely responsible for any tax obligations arising from receipt of the Prize.
- 7.3.2. The Company may require the Prize winner to provide tax documentation prior to Prize distribution.

7.4. Prize Modifications.

- 7.4.1. The Company reserves the right to modify the Prize structure, including but not limited to:
 - a) Adjusting the Prize amount based on participation levels and total pool size;
 - b) Establishing additional Prize tiers or bonus rewards; and

c) Implementing alternative distribution mechanisms.

7.5. Any material modifications to the Prize structure will be communicated to Participants via the Project 2 DEGEN FUSION website at least twenty-four (24) hours prior to implementation.

7.6. Bounty System.

7.6.1. In addition to the main Prize, the Company may establish bounties that can be claimed by Participants who achieve specified objectives within Project 2 DEGEN FUSION.

7.6.2. Claiming a bounty typically requires a two-step process:

- a) Creating the qualifying NFT or meeting the specified condition; and
- b) Executing a separate transaction to claim the bounty.

7.6.3. Multiple Participants may simultaneously attempt to claim the same bounty, but only the first Participant to successfully complete both required steps will receive the bounty.

7.6.4. Creating the qualifying NFT or meeting a bounty condition does not guarantee successful claim of the bounty, as other Participants may complete the claim process first.

7.6.5. Blockchain transaction confirmation times may significantly impact a Participant's ability to successfully claim a bounty, particularly during periods of network congestion.

8. SMART CONTRACT INTERACTION

8.1. Contract Functions.

8.1.1. The Smart Contract includes the following primary functions:

- a) mintTier1: Creates a Tier 1 NFT by converting 50 Tokens;
- b) mintTier1 with amountToMint parameter: Creates multiple Tier 1 NFTs in a single transaction;
- c) startMerge: Attempts to merge NFTs of the same tier, with options for merging multiple pairs;
- d) dismantle: Converts an NFT back to Tokens at the specified recovery rate;
- e) reclaimMerge: Reclaims NFTs if a merge request isn't fulfilled within the specified time;
- f) fulfillRandomWords: Chainlink VRF callback function that determines merge outcomes.

8.2. Transaction Requirements.

8.2.1. All interactions with the Smart Contract require payment of Ethereum network gas fees.

8.2.2. The Company has no control over gas fees, which may vary significantly based on network conditions.

8.3. Contract Verification.

8.3.1. The Smart Contract has been deployed with publicly verifiable source code.

8.3.2. Participants are encouraged to review the Smart Contract code prior to participation.

9. SEASON STRUCTURE AND DURATION

9.1. Initial Season.

9.1.1. The initial Season of Project 2 DEGEN FUSION will commence on April 11, 2025, and continue until:

- a) The Prize has been claimed; or
- b) Thirty (30) calendar days have elapsed, whichever occurs first.

9.1.2. In the event that no Participant successfully creates a Tier 6 NFT within the thirty (30) calendar day period specified in Section 9.1.1.b), the Prize shall remain unclaimed and the Company shall, at its sole and absolute discretion, determine the disposition of such unclaimed Prize. Such disposition may include, but is not limited to:

- a) Retention of the Prize by the Company;
- b) Allocation of the Prize to subsequent Seasons;
- c) Distribution of the Prize in whole or in part to existing Participants according to a methodology determined by the Company;
- d) Creation of alternative Prize structures; or
- e) Any other disposition deemed appropriate by the Company.

9.2. Subsequent Seasons.

9.2.1. The Company, at its sole discretion, may launch subsequent Seasons of Project 2 DEGEN FUSION.

9.2.2. Subsequent Seasons may involve:

- a) New Token distributions;
- b) Modified game mechanics;
- c) Different prize structures; and
- d) Other variations as determined by the Company.

9.2.3. Participation in subsequent Seasons will require acceptance of additional terms specific to those Seasons.

10. RISK DISCLOSURES

10.1. General Risk Warning.

10.1.1. PARTICIPATION IN PROJECT 2 DEGEN FUSION INVOLVES SIGNIFICANT RISK OF PARTIAL OR COMPLETE LOSS OF ALL VALUE TRANSFERRED OR ACQUIRED. DIGITAL ASSETS MAY HAVE NO VALUE OUTSIDE THE PROJECT 2 DEGEN FUSION ECOSYSTEM. PARTICIPANTS SHOULD NOT TRANSFER MORE VALUE THAN THEY CAN AFFORD TO LOSE ENTIRELY.

10.2. Probabilistic Outcomes.

10.2.1. Participants explicitly acknowledge that Project 2 DEGEN FUSION involves probabilistic outcomes with a fixed 50% success rate for Merges.

10.2.2. Past merge results do not influence future merge probabilities.

10.3. Blockchain Risks.

10.3.1. Participants acknowledge that blockchain technologies are subject to numerous risks, including but not limited to:

- a) Blockchain network congestion;
- b) Transaction failure;
- c) Smart contract vulnerabilities;
- d) Wallet security breaches;
- e) Blockchain reorganization; and
- f) Protocol-level vulnerabilities.

10.3.2. The Company shall not be responsible for any losses resulting from blockchain-related risks.

10.4. Regulatory Risks.

10.4.1. The regulatory status of Digital Assets, including utility tokens, is evolving in many jurisdictions, including within the ADGM and globally.

10.4.2. While the Tokens are designed as utility tokens for gameplay purposes, regulatory authorities may adopt different interpretations or classifications regardless of the Company's intent or the Token's design.

10.4.3. Future regulatory changes may adversely affect the value, functionality, or legality of the Tokens or Project 2 DEGEN FUSION, including potential restrictions on utility token distribution, trading, or usage.

10.4.4. The Company may be required to modify Token functionality, distribution mechanisms, or other aspects of Project 2 DEGEN FUSION to comply with evolving regulatory requirements, which could impact the intended utility or user experience.

10.4.5. Participants are solely responsible for compliance with all applicable laws in their respective jurisdictions, including any restrictions on acquisition or use of utility tokens.

10.5. Economic Risks.

10.5.1. Token values may fluctuate significantly based on:

- a) Market perception;
- b) Supply and demand dynamics;
- c) Progression toward Prize claiming; and
- d) Other market factors beyond the Company's control.

10.5.2. There is no guarantee of liquidity for Tokens or NFTs.

10.5.3. The Prize structure creates competitive dynamics that may result in significant value fluctuations.

10.6. Technical Risks.

10.6.1. Smart Contract execution is subject to the following risks:

- a) Blockchain network congestion and transaction delays;
- b) Potential Smart Contract vulnerabilities;
- c) Wallet security breaches; and
- d) Other technical failures beyond the Company's control.

10.6.2. Chainlink VRF, while designed to provide verifiable randomness, is a third-party service that may experience technical issues.

10.7. Technical Implementation Limitations.

10.7.1. UI Limitations. The Project 2 DEGEN FUSION user interface may not always reflect the most current state of the blockchain. Participants acknowledge that the Smart Contract state as recorded on the blockchain, rather than the user interface, represents the definitive record of NFT ownership, merging results, and all other game mechanics. Participants are advised to use blockchain explorers or other direct blockchain query methods for the most accurate information

10.7.2. Transaction Confirmation Timing. Blockchain transactions require confirmation by network validators and may experience varying delay times depending on network congestion and gas prices. These delays may affect a Participant's ability to perform time-sensitive actions, including but not limited to claiming prizes or bounties. Participants acknowledge this inherent limitation of blockchain technology.

10.7.3. Two-Step Processes. Certain operations, such as claiming bounties, may require multiple separate transactions that must be completed sequentially. Failure to complete all required steps may result in inability to claim certain rewards.

Participants are solely responsible for ensuring all steps in multi-transaction processes are completed.

11. PARTICIPANT REPRESENTATIONS AND WARRANTIES

11.1. By participating in Project 2 DEGEN FUSION, you represent and warrant that:

- 11.1.1. You are at least 18 years of age (or the age of legal majority in your jurisdiction, whichever is higher);
- 11.1.2. You are not a citizen, resident, or legal entity of a Prohibited Territory;
- 11.1.3. Your participation in Project 2 DEGEN FUSION is not prohibited under the laws of your jurisdiction;
- 11.1.4. You are the beneficial and legal owner of the digital wallet used to participate in Project 2 DEGEN FUSION;
- 11.1.5. You are participating in Project 2 DEGEN FUSION for entertainment purposes and not as an investment;
- 11.1.6. You have sufficient understanding of blockchain technology, digital wallets, and Digital Assets to appreciate the risks involved;
- 11.1.7. You have conducted your own investigation and analysis of the risks associated with Project 2 DEGEN FUSION;
- 11.1.8. You are not subject to economic or financial sanctions imposed by any government, regulatory authority, or international body;
- 11.1.9. The assets used to participate in Project 2 DEGEN FUSION are not derived from illegal activities; and
- 11.1.10. You are not participating in Project 2 DEGEN FUSION on behalf of any other person or entity.
- 11.1.11. You are acquiring and using Tokens primarily for their utility within the Project 2 DEGEN FUSION ecosystem and to participate in gameplay functionalities, rather than for speculative or investment purposes;
- 11.2. You understand that the value of Tokens is derived from their utility within Project 2 DEGEN FUSION, and not from expectation of profits based on the managerial efforts of the Company or others;
- 11.3. You acknowledge that any future trading or secondary market activity involving the Tokens is incidental to their primary purpose as utility tokens within Project 2 DEGEN FUSION. The Company expressly disclaims any control over, responsibility for, or relationship to any secondary market transactions involving the Tokens. The Company has not designed, promoted, or facilitated the Tokens for investment purposes, capital appreciation, or speculative trading, and makes no representations regarding their potential value in any secondary market. The Company's sole focus remains on developing and maintaining the utility functionality of the Tokens within the Project ecosystem.

12. PARTICIPANT CONDUCT

12.1. Prohibited Activities.

12.1.1. You shall not engage in any of the following prohibited activities:

- a) Violating any applicable laws or regulations;
- b) Creating false or duplicate accounts;
- c) Using automated systems to interact with Project 2 DEGEN FUSION without the Company's express consent;
- d) Attempting to circumvent technical restrictions or security measures;
- e) Engaging in fraudulent, deceptive, or manipulative activities; or
- f) Interfering with the proper functioning of the Project 2 DEGEN FUSION website or systems.

12.2. Economic Manipulation.

12.2.1. Participants shall not engage in:

- a) Market manipulation tactics;
- b) Wash trading;
- c) Fraudulent NFT sales; or
- d) Collusion intended to manipulate Token values.

12.3. Gameplay Conduct.

12.3.1. Participants must not engage in disruptive, abusive, exploitative, or otherwise inappropriate behavior during gameplay.

12.3.2. The Company reserves the right to suspend or terminate access to game features or withhold token grants in the event of misconduct, as determined at its sole discretion.

12.4. Violations.

12.4.1. The Company reserves the right to restrict or prohibit your participation in Project 2 DEGEN FUSION if it reasonably suspects that you have engaged in any prohibited activities.

12.4.2. Violation of prohibited conduct provisions may result in:

- a) Restriction of access to Project 2 DEGEN FUSION;
- b) Disqualification from Prize eligibility;
- c) Legal action; and
- d) Other remedies available to the Company.

13. INTELLECTUAL PROPERTY

13.1. Company Ownership.

- 13.1.1. All intellectual property rights, including but not limited to copyright, trademarks, and rights in software, relating to Project 2 DEGEN FUSION, the Project 2 DEGEN FUSION website, and all related materials are owned by the Company or its licensors.
- 13.1.2. The Company retains all intellectual property rights in Project 2 DEGEN FUSION, including but not limited to:
 - a) Smart Contract code;
 - b) Visual elements;
 - c) Game mechanics;
 - d) Trademarks and logos; and
 - e) Related documentation.

13.2. Limited License.

- 13.2.1. Participants are granted a limited, non-exclusive, non-transferable license to access and use Project 2 DEGEN FUSION for personal entertainment purposes.
- 13.2.2. This license does not confer any ownership rights or right to modify, adapt, or create derivative works.
- 13.2.3. Nothing in these Terms grants you any rights to use the Company's intellectual property except as expressly stated herein.
- 13.2.4. You may not modify, distribute, reproduce, or create derivative works based on any materials provided by the Company without the Company's prior written consent.

13.3. NFT Ownership.

- 13.3.1. Ownership of an NFT confers:
 - a) The right to hold the NFT in a compatible digital wallet;
 - b) The right to transfer the NFT to another wallet or eligible person;
 - c) The right to dismantle the NFT according to these Terms; and
 - d) The right to display the NFT for personal, non-commercial purposes.
- 13.3.2. NFT ownership does not confer any intellectual property rights in Project 2 DEGEN FUSION assets, code, or mechanics.

13.4. User-Generated Content.

- 13.4.1. By submitting any user-generated content to Project 2 DEGEN FUSION, you grant the Company a worldwide, non-exclusive, royalty-free license to use, display, modify, and distribute such content for promotional, gameplay, or community purposes.

14. PRIVACY AND DATA PROTECTION

- 14.1. The Company collects and processes personal data in accordance with its Privacy Policy, which is incorporated by reference into these Terms.
- 14.2. By participating in Project 2 DEGEN FUSION, you consent to the collection, use, storage, and disclosure of your personal data as described in the Privacy Policy.
- 14.3. The Company may collect blockchain analytics data, including but not limited to wallet addresses, transaction history, and on-chain activity, for the purpose of detecting fraudulent or prohibited activities.

15. ENTITY STRUCTURE

15.1. Corporate Structure.

- 15.1.1. The Company may, at its sole discretion, utilize one or more Subsidiaries or affiliated entities to fulfil any or all of its obligations under these Terms, including but not limited to:
 - a) Developing and operating Project 2 DEGEN FUSION;
 - b) Processing transactions;
 - c) Providing technical support; and
 - d) Managing gameplay features.
- 15.1.2. The Company may assign, transfer, or delegate any of its rights or obligations under these Terms to any Subsidiary without notice or consent.
- 15.1.3. Participants acknowledge and agree that all representations, warranties, and obligations of the Company under these Terms may be fulfilled by the Company directly or through one or more Subsidiaries acting on the Company's behalf.

16. LIMITATION OF LIABILITY

- 16.1. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE COMPANY AND ITS AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND REPRESENTATIVES SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, LOSS OF USE, LOSS OF DATA, OR LOSS OF GOODWILL, ARISING OUT OF OR IN CONNECTION WITH THESE TERMS OR PROJECT 2 DEGEN FUSION.
- 16.2. IN NO EVENT SHALL THE COMPANY'S TOTAL LIABILITY TO YOU FOR ALL CLAIMS EXCEED THE AMOUNT OF VALUE YOU HAVE TRANSFERRED TO OR WITHIN PROJECT 2 DEGEN FUSION.
- 16.3. The limitations of liability in this section shall apply even if the Company has been advised of the possibility of such damages.
- 16.4. **Subsidiary Liability.**

- 16.4.1. To the extent that any Subsidiary performs obligations under these Terms, such Subsidiary shall benefit from all limitations of liability, disclaimers, indemnifications, and other protections afforded to the Company under these Terms.
- 16.4.2. Participants agree to look solely to the contracting Company entity for the fulfillment of the Company's obligations under these Terms, and waive any right to bring claims against Subsidiaries performing services on behalf of the Company, except where prohibited by law.

17. DISCLAIMERS

- 17.1. THE PROJECT 2 DEGEN FUSION GAMEPLAY AND ALL RELATED SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED, OR STATUTORY.
- 17.2. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE COMPANY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT.
- 17.3. The Company does not warrant that Project 2 DEGEN FUSION will be uninterrupted, error-free, or secure, or that any defects will be corrected.
- 17.4. No information provided by the Company, whether oral or written, shall create any warranty not expressly stated in these Terms.

18. INDEMNIFICATION

- 18.1. You agree to indemnify, defend, and hold harmless the Company and its affiliates, directors, officers, employees, agents, and representatives from and against any and all claims, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to:
 - 18.1.1. Your participation in Project 2 DEGEN FUSION;
 - 18.1.2. Your violation of these Terms;
 - 18.1.3. Your violation of any applicable law, regulation, or third-party right; or
 - 18.1.4. Any claim that your use of Project 2 DEGEN FUSION has caused damage to a third party.

19. TERMINATION AND SUSPENSION

19.1. Participant Termination.

- 19.1.1. Participants may cease participation at any time by
 - a) Dismantling owned NFTs
 - b) Transferring owned Tokens; or
 - c) Simply discontinuing use of Project 2 DEGEN FUSION.

19.2. Company Termination Rights.

19.2.1. These Terms are effective upon your acceptance and will remain in effect until terminated in accordance with this section.

19.2.2. The Company may, in its sole discretion, terminate or suspend:

- a) Individual Participant access to Project 2 DEGEN FUSION for violations of these Game Terms;
- b) Specific Project 2 DEGEN FUSION functions for maintenance or security reasons; or
- c) The entirety of Project 2 DEGEN FUSION if required by legal, regulatory, or technical circumstances.

19.2.3. The Company may, in its sole discretion, suspend or terminate your access to Project 2 DEGEN FUSION if:

- a) You breach any provision of these Terms;
- b) You engage in any conduct that the Company reasonably believes to be harmful to Project 2 DEGEN FUSION or other participants;
- c) You provide any information that is inaccurate, not current, or incomplete;
- d) Your participation in Project 2 DEGEN FUSION would expose the Company to legal liability in any jurisdiction; or
- e) The Company ceases operations for any reason.

19.3. Effect of Termination.

19.3.1. Upon termination of Project 2 DEGEN FUSION:

- a) Tokens and NFTs will remain on the blockchain;
- b) The Smart Contract will remain deployed but may be rendered non-functional;
- c) The Prize, if unclaimed, will be distributed according to a methodology determined by the Company and communicated to Participants; and
- d) The Company shall have no further obligations except as expressly stated in these Game Terms or as required by law.

19.3.2. Sections 10, 11, 13, 14, 15, 16, 17, 18, 20, 21, 22, and 23 shall survive the termination of these Terms.

20. FORCE MAJEURE

20.1. The Company shall not be liable for any delay or failure to perform resulting from causes outside its reasonable control, including but not limited to:

20.1.1. Acts of God, natural disasters, pandemic, war, terrorism, riots, civil unrest, or government actions;

20.1.2. Blockchain-specific disruptions, including but not limited to:

- a) Network congestion or outages;
- b) Network forks;
- c) Protocol upgrades or failures;
- d) Consensus failures;
- e) Validator attacks or collusion;
- f) Significant changes to transaction costs;
- g) Smart contract vulnerabilities discovered after deployment;
- h) Dependencies on third-party blockchain infrastructure providers;
- i) Issues with oracles or other external data sources; and
- j) Other technical limitations inherent to blockchain technology.

20.2. Labor disputes, power failures, general network failures, or other technological disruptions.

21. DISPUTE RESOLUTION

21.1. Governing Law.

- 21.1.1. These Game Terms shall be governed by and construed in accordance with the laws in force in the Abu Dhabi Global Market, excluding its conflict of laws principles.
- 21.1.2. Nothing in these Game Terms shall be construed to create a joint venture, partnership, or other fiduciary relationship between the Participant and the Company.
- 21.1.3. To the extent that Tokens may be deemed subject to any ADGM regulations, Participants acknowledge that the Company makes no representations regarding compliance with such regulations beyond those explicitly stated in these Terms.

21.2. Arbitration.

- 21.2.1. Any dispute, controversy, or claim arising out of or in connection with these Game Terms, including any question regarding their existence, validity, interpretation, or termination, shall be finally resolved by binding arbitration administered by the ADGM Arbitration Centre in accordance with its rules, which are deemed to be incorporated by reference into this clause.
- 21.2.2. The arbitral tribunal shall consist of three arbitrators. The seat and legal place of arbitration shall be the Abu Dhabi Global Market. The language of the arbitration shall be English.

21.3. Interim Relief.

- 21.3.1. Nothing in this clause shall prevent either party from seeking interim or conservatory relief before the courts of the Abu Dhabi Global Market, prior to or during the arbitration, where such relief is necessary to preserve rights or assets.

21.4. Class Action and Representative Waiver.

- 21.4.1. To the fullest extent permitted by applicable law, each party agrees that any dispute resolution proceedings, whether in arbitration or before a court, shall be conducted solely on an individual basis and not as a plaintiff, class member, or representative in any purported class, collective, consolidated, or representative action or proceeding.
- 21.4.2. Unless otherwise expressly agreed in writing, the arbitrator or tribunal shall not consolidate the claims of multiple parties or preside over any form of a representative or class proceeding.
- 21.4.3. Each party expressly waives any right to bring or participate in a class, collective, or representative action, and acknowledges that this waiver is a material inducement to the other party entering into these Terms.
- 21.4.4. If any portion of this waiver is found to be unenforceable, the parties agree that it shall be severed to the narrowest extent required and that the remainder of the dispute shall proceed on an individual basis.

22. TAX CONSIDERATIONS

22.1. Token Acquisition Tax Treatment.

- 22.1.1. The tax characterization of acquiring, holding, using, or transferring Tokens is uncertain and may vary by jurisdiction. The acquisition of utility tokens may be considered a taxable event in certain jurisdictions.

22.2. No Tax Advice.

- 22.2.1. The Company does not provide tax advice, nor can it ensure that the utility token classification will be recognized by tax authorities for tax purposes in any jurisdiction.

22.3. Independent Tax Consultation.

- 22.3.1. Participants are strongly advised to consult with their own tax advisors regarding the potential tax consequences of acquiring, holding, using, or transferring Tokens in their respective jurisdictions.

22.4. Tax Reporting Obligations.

- 22.4.1. Participants are solely responsible for determining whether and to what extent any taxes apply to transactions involving the Tokens, and for withholding, collecting, reporting, and remitting the correct amounts to the appropriate tax authorities.

23. MISCELLANEOUS

23.1. Entire Agreement.

- 23.1.1. These Game Terms, together with the Privacy Policy and any other legal notices published by the Company, constitute the entire agreement between you and the Company concerning Project 2 DEGEN FUSION.
- 23.1.2. If you participated in the UTDE, these Game Terms supplement and, with respect to gameplay activities, supersede the Pre-Sale Terms, but do not modify or eliminate any rights or obligations established under the Pre-Sale Terms with respect to the UTDE.

23.2. Severability and Reformation.

- 23.2.1. If any provision of these Game Terms is held to be invalid, illegal, or unenforceable, the remaining provisions shall continue in full force and effect.
- 23.2.2. Any invalid, illegal, or unenforceable provision shall be deemed modified to the minimum extent necessary to make it valid, legal, and enforceable while preserving its intent. If such modification is not possible, the relevant provision shall be deemed deleted.
- 23.2.3. If modification under Section 23.2.2 affects the commercial basis of these Game Terms, the parties shall negotiate in good faith to amend and adjust the Game Terms as necessary to maintain their original commercial intent.

23.3. No Waiver.

- 23.3.1. The failure of the Company to enforce any right or provision of these Game Terms shall not constitute a waiver of such right or provision.

23.4. Assignment.

- 23.4.1. You may not assign or transfer these Game Terms or any rights or obligations hereunder without the Company's prior written consent.
- 23.4.2. The Company may freely assign or transfer these Game Terms or any of its rights or obligations hereunder to any Subsidiary or successor entity without restriction or notice.
- 23.4.3. In the event of any such assignment or transfer by the Company, references to the "Company" in these Game Terms shall be deemed to include the assignee or transferee.

23.5. Relationship of Parties.

- 23.5.1. Nothing in these Game Terms shall be construed as creating a partnership, joint venture, agency, or employment relationship between you and the Company.

23.6. No Third-Party Beneficiaries.

- 23.6.1. These Game Terms are solely for the benefit of you and the Company and do not confer any rights or benefits to any third party.

23.7. Notices.

- 23.7.1. All notices to the Company shall be sent to legal@project02.com. All notices to you shall be posted on the Project 2 DEGEN FUSION website or sent to the email address associated with your account.

23.8. Contact Information.

23.8.1. If you have any questions about these Game Terms, please contact us at legal@project02.com.

BY ACCESSING PROJECT 2 DEGEN FUSION GAME FUNCTIONS, CREATING NFTS, MERGING TOKENS, OR OTHERWISE ENGAGING WITH THE PROJECT 2 DEGEN FUSION SMART CONTRACT, YOU AFFIRM YOUR ACCEPTANCE OF THESE GAME TERMS.