

LOAN MODIFICATION AGREEMENT

THIS LOAN MODIFICATION AGREEMENT (this "*Modification Agreement*") is made and entered into effective as of the 11th day of June 2010 (the "*Effective Date*"), by and among Incentive Capital, LLC ("*Lender*"), on the one hand; and Camelot Film Group, Inc. ("*Borrower*"), Camelot Distribution Group, Inc. ("*CDG*"), Camelot Entertainment Group, Inc. ("*CEG*"), and Robert P. Atwell ("*Atwell*", and together with CDG and CEG, collectively, the "*Guarantors*"), on the other hand. Lender, Borrower, and the Guarantors are sometimes hereinafter collectively referenced as the "*Parties*", and individually referenced as a "*Party*." All capitalized terms used but not defined herein shall have the meanings assigned them in the Loan Documents. The following are not mere recitals but agreed-to terms:

RECITALS

- A. On or about April 27, 2010, Lender agreed to make a loan (the "*Loan*") to Borrower pursuant to a Promissory Note – Term Loan, dated April 27, 2010, in the stated principal amount of \$650,000 (the "*Note*").
- B. The Note is secured by, among other things, that certain Security and Participation Agreement dated April 27, 2010 (the "*Participation Agreement*"), under which Lender is entitled to receive "Secured Party Initial Revenue Participation" (as defined in the Participation Agreement) and "Final Secured Party Revenue Participation" (as defined in the Participation Agreement) (collectively, the "*Participation Payments*") from Borrower.
- C. In order to induce Lender to make the Loan to Borrower, each of the Guarantors executed and delivered to Lender a Commercial Guaranty (collectively, the "*Guaranties*" and together with the Note, and the Participation Agreement, and all other related agreements executed by both Parties in connection with the Loan, (collectively, the "*Loan Documents*" as further defined in the Note) dated April 27, 2010, whereby in the Guaranties each of the Guarantors guaranteed the obligations of Borrower to Lender under the Loan.
- D. A disagreement has arisen between the Parties, wherein (i) Lender alleges a claim against Borrower and the Guarantors for the failure to meet certain financial/operational benchmarks and (ii) Borrower and the Guarantors deny such claims and allege a claim against Lender for the failure to make one or more advances under the Note (collectively the "*Dispute*").
- E. The Parties desire to enter into this Loan Modification Agreement to address and resolve the Dispute and other matters set forth herein.
- F. Unless specifically and expressly modified herein, all remaining terms of the Loan Documents shall remain in full force and effect.

NOW, THEREFORE, in consideration of the mutual promises contained in this Modification Agreement and for other good and valuable consideration, including the forbearance by both Parties from instituting legal action, the receipt and sufficiency of the consideration is hereby acknowledged, the Parties hereby agree as follows:



AGREEMENT

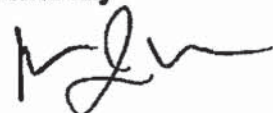
1. **Resolution.** Subject to the terms, conditions and understandings contained in this Modification Agreement, and for so long as there does not exist an "Event of Default" (as defined in the Note), each of the Parties hereby agrees to refrain and forbear from exercising and enforcing any of its remedies under the Loan Documents, or under applicable laws, with respect to the Dispute. No Party shall have an obligation to refrain and forbear from exercising or enforcing any of its rights or remedies upon the occurrence of an "Event of Default" (as defined in the Note).

2. **Modification.** The Parties hereby agree to the following modified Loan terms and, to the extent necessary to give them effect, hereby modify the Loan Documents:

A. By no later than April 27, 2011 (the "Deadline"), Borrower shall use its best efforts to generate sales from the exploitation of the "Liberation Assets" (as defined in the Loan Documents) in an amount not less than \$2,284,500 (the "*Minimum Sales Target*").

B. In the event Borrower fails to meet the Minimum Sales Target by the Deadline, then interest shall accrue on the "Deficiency Amount" (defined as the difference between Borrower's actual Liberation Assets gross sales and the Minimum Sales Target) at the rate of 1.50% per month (the "*Shortfall Interest*"), commencing as of the Deadline. Borrower shall make monthly payments of all accrued but unpaid Shortfall Interest on the last day of each such month thereafter where there is accrued but unpaid Shortfall Interest, which payments shall be made in cash or the "Cash Equivalent Stock" of CEG's common tradeable stock, in Borrower's discretion. Cash Equivalent Stock shall be valued at the point of sale and shall be the actual sale price of the stock.

C. Notwithstanding anything to the contrary in the Participation Agreement, in each month as of the date hereof where "Camelot Revenue" (as defined in the Security and Participation Agreement) from Borrower's exploitation of the Liberation Assets is greater than \$150,000 but less than \$200,000 for that month, then in lieu of the Participation provided for in Paragraph 2 of the Participation Agreement, Borrower shall make Participation Payments to Lender equal to 13% of the Camelot Revenues. In each such month where Camelot Revenues from Borrower's exploitation of the Liberation Assets are equal to or greater than \$200,000 for that month, then in lieu of the payments provided for in Paragraph 2 of the Participation Agreement or in the above sentence, Borrower shall make Participation Payments to Lender equal to 15% of the Camelot Revenues. Notwithstanding the foregoing increased Participation Payment percentages (collectively or separately the "*Increased Participation Amounts*"), once Borrower has made total Participation Payments to Lender in the amount of \$375,000 in the aggregate during any one year period, commencing as of April 27, 2010, then on the next month after the month in which Lender has received total Participation Payments of \$375,000, Lender shall only receive Participation Payments equal to 10% of Camelot's Revenues as set forth in the Security and Participation Agreement. If the payment of the Increased Participation Amounts in any given month for individual title(s) from the Liberation Assets would result in a net loss to Borrower for that month on such individual title(s) ("Net Loss Titles"), then the Increased Participation Amounts that Borrower shall pay to Lender shall be limited to the greater of 10% of the applicable Camelot Revenues for that month on such specific title(s) and the percentage of Camelot Revenues that would result in a break even for Borrower in net revenues for the month (i.e., no net gain or loss for Borrower from Revenues for that month). For months where any



Increased Payment Amounts are due to Lender hereunder, Borrower is limited to counting no more than 35% of its individual titles as "Net Loss Titles," and Borrower shall pay such Increased Payment Amounts on at least 65% of its title(s) whether or not such titles are in fact Net Loss Titles.

3. Default. The occurrence of an "Event of Default" (as defined in the Note) shall be deemed to include an occurrence of any such Event in connection with this Modification Agreement (a "Modification Default"), and therefore, the failure of Borrower, or Lender, as the case may be, to observe, perform or comply with any of the terms, conditions or provisions of this Modification Agreement, shall be deemed a Modification Default and subject the defaulting Party to the remedies set forth below.

4. Remedies. Immediately upon the occurrence of any Modification Default, the obligations, agreements, and commitments of each of the Parties under this Modification Agreement to forbear from exercising its remedies against the other Parties granted in the Loan Documents, shall immediately and automatically terminate and be of no further force or effect, subject to the cure provision below. In the event of an alleged Modification Default by either Party, the other Party shall provide written notification of such alleged Modification Default and the alleged defaulting Party shall have thirty (30) days from the receipt of such notice to cure such alleged Default. Notice of an Event of Default may be provided by email, but if it is emailed, it must also be accompanied by a notice sent *via* U.S. Mail or facsimile. In the event that such defaulting Party does not cure such alleged Event of Default, then all remedies available under the Loan Documents shall be available to the applicable non-defaulting Party.

5. Successors and Assigns. This Modification Agreement shall be binding upon and inure to the benefit of Borrower, the Guarantors, Lender and each of their respective heirs, personal representatives, successors, and assigns. Borrower shall not assign any of his rights or obligations under this Modification Agreement without the prior written consent of the Lender.

6. Time of Essence. Time is of the essence for this Modification Agreement.

7. Counterparts. This Modification Agreement may be executed in any number of duplicate originals or counterparts, each of which duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument.

8. Severability. In case one or more provisions contained in this Modification Agreement shall be invalid, illegal, or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions contained herein shall remain effective and binding and shall not be affected or impaired thereby.

9. Amendments. This Modification Agreement may be amended, modified, or supplemented only by written agreement of the Parties. No provision of this Modification Agreement may be waived except in writing signed by the Party against whom such waiver is sought to be enforced.

10. Continuing Enforceability. Except as otherwise modified by this Modification Agreement, the Loan Documents shall remain in full force and effect, enforceable in accordance with all of their original terms and provisions. This Modification Agreement shall not be

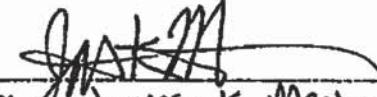


effective or binding unless and until it is fully executed and delivered by Lender, Borrower, and the Guarantors.

IN WITNESS WHEREOF, the Parties have executed this Loan Modification Agreement as of the Effective Date.

LENDER:

Incentive Capital, LLC

By: 
Name: James K. Melham
Title: Manager

Borrower:

Camelot Film Group, Inc.

By: 
Robert P. Atwell, President

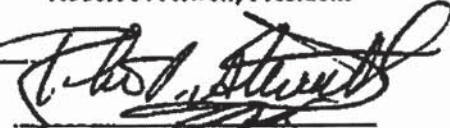
Guarantors:

Camelot Distribution Group, Inc.

By: 
Robert P. Atwell, President

Camelot Entertainment Group, Inc.

By: 
Robert P. Atwell, President

By: 
Robert P. Atwell, individually

