

otherwise, (x) will not result in a breach of or constitute a default under (i) the certificate of incorporation or bylaws or other charter provision of Debtor, or (ii) any other agreement or instrument to which Debtor is a party or by which any of the Collateral is bound except, in the case of clause (ii), where such breach or default would not have a material adverse effect on the Collateral or on the business, operations or financial condition of Debtor, (y) will not violate any law or any rule or regulation of any administrative agency or any order, writ, injunction or decree of any court or administrative agency, and (z) does not require the consent of any person, entity or governmental agency or any notice or filing with any governmental or regulatory body, except as shall have been previously obtained, given or made or where the failure to obtain such consent would not have a material adverse effect on the Collateral or on the business, operations or financial condition of Debtor.

(e) Perfection. Debtor's exact legal name, type of organization and jurisdiction of organization is set forth in the introduction of this Security Agreement. Debtor's organizational identification number is NV20051246701. Debtor's principal place of business is located at the address set forth on the date hereof in Section 14 of this Security Agreement. Upon (i) the execution and delivery of this Security Agreement by Debtor; and (ii) the proper and timely filing of a financing statement with the Secretary of State of Nevada, the Secured Party will have a first perfected first priority security interest in and to the Collateral.

(f) Employment of Jamie Thompson: Debtor has entered into an employment agreement with Jamie Thompson ("Thompson") as of September 1, 2009 (the "Employment Agreement"), whereunder Thompson shall render services as President of Debtor to, among other responsibilities, manage and supervise Debtor's general business operations, including without limitation services in connection with the exploitation of the Liberation Assets. Debtor hereby acknowledges and agrees that it shall use its best efforts to continue Thompson's Employment Agreement for a period of five (5) years from the date hereof. During said period of the Employment Agreement, Thompson shall be primarily responsible for the exploitation of the Liberation Assets.

6. Affirmative Covenants. Debtor covenants and agrees that until such time as the Note is indefeasibly paid or otherwise satisfied in full, unless the Secured Party shall otherwise consent in writing:

(a) Conduct of Business and Maintenance of Assets and Licenses. Debtor shall do or cause to be done all things reasonably necessary to preserve in full force and effect its existence, its corporate powers and authority, its qualifications to carry on business in all applicable jurisdictions, and all rights, interests and assets necessary to the conduct of its business, except where the failure to do so does not have a material adverse effect on the financial condition or operations of Debtor.

(b) Protection of Security and Legal Proceedings. Debtor shall, at its own expense, take any and all actions reasonably necessary to preserve, protect and defend the security interests of the Secured Party in the Collateral and the perfection and priority thereof against any and all adverse claims, including appearing in and defending all actions

and proceedings which purport to affect any of the foregoing. Debtor shall promptly reimburse the Secured Party for any and all sums, including costs, expenses and actual attorneys' fees, which the Secured Party may pay or incur in defending, protecting or enforcing its security interest in the Collateral or the perfection or priority thereof.

(c) Payment of Taxes. Debtor shall pay or cause to be paid all taxes and other levies with respect to the Collateral when the same become due and payable, except for any taxes which are being diligently contested in good faith by appropriate proceedings and for which appropriate reserves have been established.

(d) Use and Maintenance of Collateral. Debtor shall comply in all material respects with all laws, statutes and regulations pertaining to its use and ownership of the Collateral and its conduct of its business; maintain all of the Collateral in good condition, reasonable wear and tear excepted, and keep accurate and complete books and records pertaining to the Collateral in accordance with generally accepted accounting principles, except where the failure to do any of the foregoing does not have a material adverse effect on the Collateral or the Secured Party's rights therein.

(e) Inspection. Debtor shall give the Secured Party such information as may be reasonably requested concerning the Collateral and shall during regular business hours and upon reasonable notice during the continuance of an Event of Default, permit the Secured Party and its agents and representatives to have full access to and the right to examine, audit and make copies and abstracts from any and all of Debtor's books and records pertaining to the Collateral, to confirm and verify the value of the Collateral and to do whatever else the Secured Party reasonably may deem necessary or desirable to protect its interests. Furthermore, Debtor agrees to furnish promptly to the Secured Party such information regarding the financial condition or business of Debtor or the Collateral as the Secured Party may reasonably request, and all such information hereafter furnished to the Secured Party by Debtor will be true and correct in all material respects when furnished.

(f) Notification. Debtor shall notify the Secured Party in writing within ten (10) business days of the occurrence of any event which materially adversely affects the value of the Collateral, the ability of Debtor or the Secured Party to dispose of the Collateral or the rights and remedies of the Secured Party in relation thereto.

7. Negative Covenants. Debtor covenants and agrees that until such time as the Note is indefeasibly paid or otherwise satisfied in full, without the prior written consent of the Secured Party:

(a) Sale or Hypothecation of Collateral. Debtor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise (i) sell, assign, license, transfer, exchange, lease, lend, grant any option with respect to or dispose of any of the Collateral or any of Debtor's rights therein, except for sales, assignments, licenses, transfers, exchanges, leases or loans in the ordinary course of the Debtor's business; nor (ii) create or permit to exist any lien on or with respect to any of the Collateral. The

Inclusion of "proceeds" as a component of the Collateral shall not be deemed a consent by the Secured Party to any sale, assignment, transfer, exchange, lease, loan, granting of an option with respect to or disposition of all or any part of the Collateral.

(b) Change of Location or Name. Debtor shall not, without giving to the Secured Party at least thirty (30) days' prior written notice (i) move its principal place of business; (ii) change its name, its trade or fictitious business name(s) or its organizational identification number; (iii) keep Collateral at locations other than its principal place of business, except as otherwise disclosed to Secured Party in writing; or (iv) change its type of organization, jurisdiction of organization or other legal structure.

8. Secured Party Appointed Attorney-in-Fact. Debtor hereby appoints the Secured Party as Debtor's attorney-in-fact with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time in the Secured Party's sole and absolute discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement. Debtor acknowledges that the foregoing grant of power of attorney is coupled with an interest and is irrevocable.

9. Secured Party May Perform. If Debtor fails to perform any agreement or covenant contained herein, then the Secured Party in its discretion may perform or cause the performance of such agreement or covenant, and the reasonable expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor. However, nothing in this Security Agreement shall obligate Secured Party to act, nor shall the actions of Secured Party under this section be construed as a waiver or cure of any such failure.

10. Remedies upon Default.

(a) "Event of Default" shall mean the occurrence of any of the following events:

i. The failure of Borrower to pay the Note when due.

ii. The failure, refusal or neglect of Debtor, Borrower or any guarantor to observe or perform for any reason any of the covenants, conditions, agreements or provisions contained in this Security Agreement or in any of the other agreements or instruments referenced herein or contemplated hereby (referred to herein individually as a "Loan Document" and collectively as the "Loan Documents") (other than the payment of the Note of which the failure to pay constitutes an Event of Default described in Section 9(a) hereof) or to execute and deliver any documents, agreements or instruments reasonably requested by Secured Party hereunder or thereunder, provided that if such failure, refusal or neglect is capable of remedy within fifteen (15) days the Debtor shall be entitled to cure the same within fifteen (15) days of Debtor's receipt of written notice from Secured Party of the occurrence of such failure, refusal or neglect.

iii. Any representation or warranty made by Debtor, Borrower or any guarantor in any Loan Document or any report, certificate, financial statement or other

Instrument furnished by or on behalf of Debtor in connection with any Loan Document shall prove to have been false or misleading in any material respect.

iv. Subject to the provisions of Section 6.6 of the Purchase Agreement, Secured Party shall cease to have valid and perfected first priority security interest at any time for any reason in the Collateral, or any portion thereof.

v. If any judgment against Debtor or any of its property or assets which would or might materially adversely affect (a) its ability to perform its obligations under any Loan Document; and/or (b) the Collateral and/or the Secured Party's rights therein, remains unpaid, unstayed or undismissed for a period of more than forty-five (45) days.

vi. Debtor shall be dissolved or shall sustain the loss, cancellation or forfeiture of its legal status or good standing by reason of any judicial, extrajudicial or administrative proceedings or otherwise, or shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of Debtor or of all or a substantial part of Debtor's assets; (b) be unable to, or admit in writing its inability to, pay its debts as they mature; (c) make a general assignment for the benefit of creditors; (d) be adjudicated a bankrupt or insolvent; (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement for the benefit of creditors or take advantage of any insolvency law in its capacity as a debtor; (f) interpose an answer admitting the material allegations of the petition filed against Debtor in any bankruptcy, reorganization or insolvency proceedings; (g) take any action which would have the effect of dissolving Debtor; or (h) take any action for the purpose of effecting any of the foregoing.

vii. Any (a) involuntary petition is filed against Debtor seeking to subject Debtor to any bankruptcy, insolvency or similar laws and such petition shall remain unstayed or not be withdrawn for a period of forty-five (45) days; or (b) an order, judgment or decree shall be entered against Debtor by any court of competent jurisdiction approving a petition seeking its reorganization or appointment of a receiver, trustee or liquidator of Debtor or of all or a substantial part of its assets and such order, judgment or decree shall continue and stay in effect for a period of forty-five (45) days.

(b) If an Event of Default exists, the Secured Party may exercise one or more of the following rights and remedies at any time or times and without notice to or demand upon Debtor:

(i) Declare the Note to be forthwith due and payable, whereupon the Note shall be accelerated and shall become immediately due and payable without presentation, demand or notice of any kind to the Debtor (all of which are hereby waived by Debtor), except that if an Event of Default specified in Sections 9(a)(vi) and 9(a)(vii) shall occur, such acceleration shall be automatic and no declaration or other act of Secured Party shall be necessary to effect such acceleration;

(ii) Proceed to protect and enforce the rights of Secured Party to payment of the Note and its rights to proceed against the Collateral and exercise its remedies

whether by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision of any of the Loan Documents or any other legal or equitable right or remedy of Secured Party;

(iii) In addition to those actions that may otherwise be permitted to be taken by Secured Party under any of the Loan Documents, with respect to the Collateral, take the following actions:

(a) Collections, etc. Secured Party may demand, sue for, collect or receive, in the name of Secured Party or in the name of Debtor, or otherwise, any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral (but Secured Party shall be under no obligation to do so), or extend the time of payment, arrange for payment in installments, or otherwise modify the term of, or release, any of the Collateral, without thereby incurring responsibility to discharge, or discharging, or otherwise affecting any liability of Debtor hereunder. Secured Party shall not be required to take any steps to preserve any rights against other parties to the Collateral. Secured Party may (but is not obligated to) make such payments and take all such actions as Secured Party deems necessary to protect its security interest in the Collateral and/or the value thereof, and Secured Party is hereby authorized (without limiting the general nature of the authority hereinabove conferred) to pay, purchase, contest or compromise any lien or encumbrance on the Collateral; and

(b) Possession and Sale of Collateral, etc. Secured Party may exercise in respect of the Collateral all rights and remedies hereunder and under the Loan Documents, all the rights and remedies of a secured party under the Code and all rights and remedies otherwise available to it. In addition, Secured Party may notify any and all account debtors of the Debtor to make all further payments to Secured Party, and enter upon each premises of wherever the Collateral may be and take possession of the Collateral and demand and receive such possession from any Person who has possession thereof; and take such measures as it may deem necessary or proper for the care or protection thereof, including the right to remove all or any portion of the Collateral (but Secured Party shall not be obligated to do so). With or without taking such possession, Secured Party may sell or cause to be sold, whenever Secured Party shall decide, in one or more sales or parcels, and at such price or prices and upon such other terms as may be commercially reasonable (irrespective of the impact of any such sales on the market price of such assets), and for cash or on credit or for future delivery, without assumption of any credit risk, all or any portion of the Collateral at any broker's board or at public or private sale. Secured Party may be the purchaser at any public or private sale to the extent permitted by law and provided such sale is conducted in accordance with the Code of any or all of the Collateral so sold and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of such assets sold at any such public or private sale, to use and apply the Note as a credit on account of the purchase price payable by Secured Party at such sale. Each purchaser (including the Secured Party) at any such sales shall thereafter hold the Collateral purchased absolutely

free from any claim or right of whatever kind, including any equity of redemption of the Debtor, any such demand, notice, claim, right and equity being hereby expressly waived and released. Debtor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice of sale to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice be made at the time and place to which it was so adjourned. Debtor hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree, provided such private sale is conducted in a commercially reasonable manner.

(c) Appointment of a Receiver. Upon the occurrence of an Event of Default, the Secured Party shall be entitled to the appointment of a receiver, to take possession of all or any portion of the Collateral and to exercise such powers as the court shall confer upon the receiver.

(d) Power of Attorney. Debtor does hereby irrevocably make, constitute, and appoint the Secured Party and its designees as its true and lawful attorney-in-fact, with full power in the name of Secured Party and/or Debtor, to take the following actions upon the occurrence of an Event of Default: to endorse any notes, checks, drafts, money orders or other evidences of payment relating to the Collateral that may come into the possession of the Secured Party; to enforce all of Debtor's rights under and pursuant to all agreements with respect to the Collateral, all for the sole benefit of Secured Party, to enter into and perform such agreements as may be necessary in order to carry out the terms, covenants, and conditions of this Security Agreement which are required to be observed or performed by Debtor, to execute such other and further mortgages, pledges and assignments of the Collateral as Secured Party may require for the purpose of protecting, maintaining, or enforcing the security interests granted to Secured Party by this Security Agreement and the other Loan Documents, and to do any and all other things necessary or proper to carry out the intention of this Security Agreement and the other Loan Documents; and Debtor hereby ratifies and confirms all the Secured Party, as such attorney-in-fact, or its substitutes shall properly do by virtue of this power of attorney, provided, however, that Secured Party agrees to notify Debtor prior to any such endorsement, execution or action and to provide Debtor with a reasonable period to endorse or execute the subject documents on Debtor's own behalf. Such powers of attorney are coupled with an interest and are therefore irrevocable.

(e) Rights and Remedies Cumulative. No right or remedy conferred upon Secured Party herein or in any of the other Loan Documents or otherwise available at law or in equity (or both) shall be exclusive of any other right or remedy contained herein or therein or otherwise made available. All such rights and remedies are

cumulative and are not exclusive of any right or remedy which Secured Party may otherwise have.

(f) Application of Proceeds. Any cash held by the Secured Party as Collateral and all cash proceeds received by either of the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to this Security Agreement) in whole or in part by the Secured Party against all or any part of the Note in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by either of the Secured Party and remaining after payment in full of all the Note shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive such surplus.

11. Liability and Indemnification. The powers conferred upon Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise such powers. Nothing in this Security Agreement shall be deemed to constitute an assumption by either of the Secured Party of any liability or obligation of the Debtor with respect to any of the Collateral. The Secured Party shall not be liable to either Debtor for any act (including, without limitation, any act of active negligence) or omission by the Secured Party under this Security Agreement unless the Secured Party's conduct constitutes willful misconduct or gross negligence. Debtor agrees to indemnify and to hold the Secured Party harmless from and against all losses, liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees and disbursements) with respect to (a) any action taken (including, without limitation, any act of active negligence) or any omission by either of the Secured Party with respect to the Payment Obligations or this Security Agreement, provided that Secured Party's conduct does not constitute willful misconduct or gross negligence, and (b) any claims arising out of Debtor's ownership of the Collateral or Secured Party's security interest therein.

12. Expenses. Debtor agrees to pay upon demand to the Secured Party any and all reasonable expenses, including the reasonable fees and expenses of its outside counsel and of any experts and agents which the Secured Party may incur in connection with (a) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (b) the exercise or enforcement of any of the rights of the Secured Party under the Payment Obligation and/or this Security Agreement, and (c) the failure by Debtor to perform or observe any of the provisions of the Payment Obligation and/or this Security Agreement.

13. Security Interest Absolute. All rights of the Secured Party and security interests hereunder shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Purchase Agreement or any other Loan Document;



(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Note, or any other amendment or waiver of or any consent to any departure from any of the Loan Documents; or

(c) any furnishing, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Note.

14. Amendments, Waiver. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Party and Debtor and/, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose any party for which given.

15. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered by messenger or overnight delivery service, or sent by first class mail (or air mail where available), postage prepaid, certified or registered, return receipt requested, as set forth in the Purchase Agreement or at such other address as may be furnished in writing. Any notice given by messenger or overnight delivery service as provided in this Section 15 shall be deemed given when delivered if during normal business hours on a business day (or if not, the next business day after delivery); any notice given by first class mail (or air mail where available), postage prepaid, certified or registered, return receipt requested shall be deemed given five (5) business days after the date of mailing. Any party may by notice to the other change the address at which notices and demands may be given to it.

16. Continuing Security Interest; Release of Security Interest Upon Payment. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until indefeasible payment or other satisfaction in full of the Note, (b) be binding upon Debtor, and its successors and assigns, (c) inure, together with the rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and its successors, transferees and assigns, (d) constitute the entire agreement between Debtor and the Secured Party with respect to the subject matters covered hereby, and (e) be severable in the event that one or more of the provisions herein is determined to be illegal or unenforceable. Upon the indefeasible payment or other satisfaction in full of the Note, the Secured Party, at the request and expense of Debtor, shall release the security interests in the Collateral granted herein and execute such termination statements as may be necessary therefore, to the extent that such Collateral shall not have been sold or otherwise applied pursuant to the terms hereof.

17. Return of Collateral. Subject to any duty imposed by law or otherwise to the holder of any subordinate lien on the Collateral known to the Secured Party, and subject to the direction of a court of competent jurisdiction, upon payment in full of the Note, Debtor shall be entitled to the return of all Collateral belonging to Debtor in the possession of the Secured Party; provided, however, that the Secured Party shall not be obligated to return to Debtor or deliver to the holder of any subordinate lien any such Collateral until it is

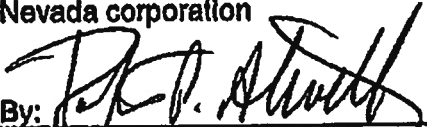
satisfied that all amounts with respect to the Note are no longer subject to being recaptured under applicable bankruptcy or insolvency laws or otherwise. The return of Collateral, however effected, shall be without recourse to the Secured Party and the Secured Party shall be entitled to receive appropriate documentation to such effect. The return of Collateral shall be effected without representation or warranty and shall not entitle Debtor to any right to any endorsement.

18. Governing Law: Terms. This Security Agreement shall be deemed to have been made in the state of Utah and the validity, construction, interpretation, and enforcement hereof, and the rights of the parties hereto, shall be determined under, governed by, and construed in accordance with the Internal laws of the state of Utah. Debtor hereby consents to the jurisdiction of any Utah state or United States Federal court sitting in Utah with respect to disputes arising out of this Security Agreement.

19. Waiver of Jury Trial. Debtor HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. Any legal action or proceeding with respect to this Security Agreement must be brought in the federal or state courts located in the State of Utah, unless Secured Party elects to bring such legal action or proceeding elsewhere. Debtor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the federal or state courts located in the State of Utah as having proper venue. Debtor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Security Agreement brought in the aforesaid Utah courts and irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum, and also consents to the service of process by any means authorized by the State of Utah.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

Debtor:
CAMELOT DISTRIBUTION GROUP, INC., a
Nevada corporation

By: 
Robert P. Atwell, CEO

Secured Party:
INCENTIVE CAPITAL, LLC, a Utah corporation

By: _____
, President



CAMELOT ENTERTAINMENT

10 UNIVERSAL CITY PLAZA, NBC/UNIVERSAL BUILDING 20TH FLOOR, UNIVERSAL CITY, CA 91608
P: 818.308.8858 F: 818.308.8848 E: INFO@CAMELOTFILMS.COM W: WWW.CAMELOTENT.COM

Schedule J

Certain distribution and license rights that have been acquired pursuant to distribution and license agreements entered into by Debtor with respect to the following films:

1. Samurai Avenger
2. First Strike
3. Screwball: The Ted Whitfield Story (aka The Wiffler)
4. The Fallen
5. One Lucky Dog (aka Weiner Dog Nationals)
6. Never Sleep Again
7. Hellraiser Unleashed
8. Rink!
9. Nude Nuns With Big Guns
10. Zombie Culture
11. National Lampoons Dirty Movie
12. Who Is KK Downey
13. Next of Kin

EXHIBIT D

SECURITY AND PARTICIPATION AGREEMENT

THIS SECURITY AND PARTICIPATION AGREEMENT ("Security Agreement"), dated as of April 27, 2010 by and between Camelot Film Group, Inc., a Nevada corporation ("Debtor") and Incentive Capital, LLC, a Utah limited liability company ("Secured Party"), is made with reference to the following facts:

A. Debtor has executed or shall execute and deliver to Secured Party simultaneously herewith that certain Promissory Note -Term Loan (the "Note") in the original principal amount of \$850,000 in connection with a secured term loan (the "Loan") from Secured Party to Debtor.

B. Debtor has agreed to grant the Secured Party a security interest in the property hereinafter described as security for the prompt and complete payment of the payment and other obligations of the Debtor to the Secured Party under the Note.

C. Debtor has agreed to grant the Secured Party a continuing profit participation in the revenue actually received by Debtor from the Debtor's exploitation of the Liberation Assets, as set forth in this Security Agreement.

D. The property covered by this Security Agreement includes certain assets (the "Liberation Assets") purchased substantially simultaneously herewith from CMBG Advisors, Inc., a California corporation in its sole and limited capacity as assignee for the benefit of creditors of Liberation Group, Inc. ("CMBG") pursuant to an Asset Purchase Agreement of even date (the "Asset Purchase Agreement") as well as other assets of Debtor as set forth hereinbelow.

E. Secured Party and CMBG have entered into an Intercreditor Agreement (the "Intercreditor Agreement") contemporaneously herewith setting forth the agreed rights and obligations of each as secured parties with respect to the Liberation Assets, it being expressly understood and agreed that Secured Party shall at all times have and maintain a first priority security interest in the Liberation Assets, and CMBG shall at all times have and maintain a second priority security interest in the Liberation Assets.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and other agreements hereinafter contained, and subject to the terms and conditions of the Intercreditor Agreement, Debtor hereby agrees with Secured Party for the benefit of Secured Party as follows:

1. Grant of Security Interest.

Debtor hereby grants to the Secured Party a continuing first priority security interest in all property identified on Schedule 1 attached hereto and by this reference incorporated herein, and all products and proceeds thereof, including (a) the Liberation Assets; (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or

other exploitation of the Liberation Assets in all media, from all sources, worldwide during the term hereof; and (c) other assets of the Debtor as set forth on said Schedule 1 (collectively, the "Collateral"). Terms used in this Security Agreement are used as defined in (i) the Utah Uniform Commercial Code in effect from time to time; or (ii) the Asset Purchase Agreement.

2. Profit Participation.

(a) Commencing on the date of this Security Agreement, the Debtor shall pay to the Secured Party ten percent (10%) of one hundred percent (100%) of all gross revenues actually received thereafter by Debtor within 14 days of receiving any such revenue, CMGR or their respective subsidiaries, successors and assigns (collectively "Camelot"), from any third party paying Camelot revenues in connection with Camelot's exploitation of the Liberation Assets in all media, worldwide, from all sources (the "Camelot Revenue"), for an initial period of five (5) years ("Initial Period") from the date of this Security Agreement ("Secured Party Initial Revenue Participation"). After the Initial Period, Camelot shall pay the Secured Party two and one-half percent (2.5%) of all such revenues, calculated as set forth above (the "Final Secured Party Revenue Participation"), it being understood that the Secured Party shall receive the Final Secured Party Revenue Participation for so long as Camelot receives Camelot Revenue from exploiting the Liberation Assets. In the event of a sale of all or a portion of the Liberation Assets to a third party during the Initial Period, the Secured Party shall receive ten percent (10%) of the monies received by Camelot from such sale; provided, however, that if such sale occurs after the Initial Period, then the Secured Party shall receive two and one-half percent (2.5%) of the monies received by Camelot from such sale. Payments shall be made payable to Incentive Capital, LLC.

(b) Debtor shall render detailed statements (including, without limitation, an accounting of all revenue and expenses related to the disposition or other exploitation of the Collateral and its several parts) to the Secured Party on a quarterly basis, commencing as of the end of the first quarter in which Debtor receives any Camelot Revenue. Each statement shall be delivered to Secured Party within sixty (60) days after the end of the applicable quarter, accompanied with payment of the applicable amount, if any, shown due to Secured Party. In addition to the quarterly detailed accounting of Camelot Revenue and expenses, Debtor shall provide to Secured Party on a monthly basis a general statement indicating the total gross revenues received for or in connection with the disposition or other exploitation of the Collateral for the previous month. Debtor will maintain accurate records in local currency of all financial records regarding Camelot Revenue using generally accepted accounting principles on a consistent, uniform and nondiscriminatory basis until three (3) years after each such statement and during any period while a dispute about payments remains unresolved. Such records will include all receipts derived, all recoupable expenses paid, and all other information necessary to render any statement due. Debtor will also maintain full and accurate copies of every statement, contract, electronic record, audit report, correspondence and other records relating to the Camelot Revenue, and shall make available such records for inspection and copying by Secured Party at the Debtor's principal place of business during normal business hours.

(c) The Secured Party, on thirty (30) days prior written notice, may examine and copy, through its auditors, Debtor's financial records regarding Camelot Revenue twice only in any year period. Such examination shall be at the Secured Party's expense unless it uncovers an underpayment, uncontested or later determined due, of more than ten percent (10%) of the amount shown due Secured Party on the statements, in which case Debtor shall pay on demand the reasonable costs of such examination.

3. Security for Obligations. This Security Agreement secures, and the Collateral, including the Liberation Assets, is collateral security for, the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise (including the payment of amounts which would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. Section 362(a)), to Secured Party of Debtor's indebtedness and other obligations now existing or hereafter arising to Secured Party with respect to the Note, whether for principal or interest (including, without limitation, interest which, but for the filing of a petition in bankruptcy, would accrue on such obligations) or payments of fees, expenses or otherwise pursuant to the Note and/or any other documents or instrument executed pursuant thereto or hereto (all such obligations being the "Note").

4. Actions to Perfect. Debtor hereby authorizes Secured Party at any time and from time to time to file one or more financing or continuation statements describing the Collateral. Debtor further agrees that at any time and from time to time, at the expense of the Debtor, Debtor will promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Such actions may include, without limitation, the delivery to Secured Party of Collateral for which delivery is required to perfect, the signature by bailees or depository banks on control agreements in favor of Secured Party with respect to Collateral in the possession of bailees, or complying with the provisions of any applicable statutes governing perfection or protection of the security interest granted hereby in the Collateral.

5. Representations and Warranties. Debtor represents and warrants as follows:

(a) Status of Debtor; Authorization. Debtor (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of Nevada, and (ii) is duly qualified or licensed to conduct business in each jurisdiction in which the nature of its business or assets requires such qualification or licensing under applicable law except where the failure to be so qualified would not have a material adverse effect on the business, operations or financial condition of Debtor. Debtor has the requisite power and authority to own its assets and to transact the business in which it is presently engaged and in which it proposes to engage and to grant to Secured Party the security interests in the Collateral as herein provided. Debtor has taken all action necessary to authorize the

execution and delivery of the Note and this Security Agreement, and the consummation of the transactions contemplated thereby and hereby.

(b) **Binding Security Agreement.** This Security Agreement constitutes the legal, valid and binding agreement and obligation of Debtor, enforceable against Debtor in accordance with its terms, except as enforceability may be limited by the bankruptcy, insolvency, fraudulent conveyance, and similar laws and equitable principles affecting the enforcement of creditors' rights generally.

(c) **Title to Collateral.** Except as otherwise expressly acknowledged and contemplated in the Purchase Agreement, such Debtor has good and marketable title to all and every part of the Collateral, free and clear of any mortgage, pledge, lien, security interest, encumbrance, conditional sale contract or other title retention agreement, or any other adverse claim of any nature whatsoever (collectively, "Lien") except for (x) the first priority security interest granted to the Secured Party hereby; and (y) the second priority security interest granted to CMBG as provided for in the Asset Purchase Agreement (referred to herein collectively as the "Permitted Liens"). No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed with respect to the Permitted Liens.

(d) **No Default or Required Consent.** Except as otherwise expressly acknowledged and contemplated in the Asset Purchase Agreement, the execution, delivery and performance of this Security Agreement by Debtor, and the effectuation by the Secured Party of any of its rights and remedies thereunder or hereunder, whether upon default or otherwise, (x) will not result in a breach of or constitute a default under (i) the certificate of incorporation or bylaws or other charter provision of Debtor, or (ii) any other agreement or instrument to which Debtor is a party or by which any of the Collateral is bound except, in the case of clause (ii), where such breach or default would not have a material adverse effect on the Collateral or on the business, operations or financial condition of Debtor, (y) will not violate any law or any rule or regulation of any administrative agency or any order, writ, injunction or decree of any court or administrative agency, and (z) does not require the consent of any person, entity or governmental agency or any notice or filing with any governmental or regulatory body, except as shall have been previously obtained, given or made or where the failure to obtain such consent would not have a material adverse effect on the Collateral or on the business, operations or financial condition of Debtor.

(e) **Perfection.** Debtor's exact legal name, type of organization and jurisdiction of organization is set forth in the introduction of this Security Agreement. Debtor's organizational identification number is NV20071127932. Debtor's principal place of business is located at the address set forth on the date hereof in Section 14 of this Security Agreement. Upon (i) the execution and delivery of this Security Agreement by Debtor; and (ii) the proper and timely filing of a financing statement with the Secretary of State of Nevada, the Secured Party will have a first perfected first priority security interest in and to the Collateral.

(f) Employment of Jamie Thompson: Camelot Distribution Group, Inc. ("CDG") has entered into an employment agreement with Jamie Thompson ("Thompson") as of September 1, 2009 (the "Employment Agreement"), whereunder Thompson shall render services as President of CDG to, among other responsibilities, manage and supervise CDG's general business operations, including without limitation services in connection with the exploitation of the Liberation Assets. Debtor hereby acknowledges and agrees that it shall use its best efforts to continue Thompson's Employment Agreement for a period of five (5) years from the date hereof. During said period of the Employment Agreement, Thompson shall be primarily responsible for the exploitation of the Collateral.

6. Affirmative Covenants. Debtor covenants and agrees that until such time as the Note is indefeasibly paid or otherwise satisfied in full, unless the Secured Party shall otherwise consent in writing:

(a) Conduct of Business and Maintenance of Assets and Licenses. Debtor shall do or cause to be done all things reasonably necessary to preserve in full force and effect its existence, its corporate powers and authority, its qualifications to carry on business in all applicable jurisdictions, and all rights, interests and assets necessary to the conduct of its business, except where the failure to do so does not have a material adverse effect on the financial condition or operations of Debtor.

(b) Protection of Security and Legal Proceedings. Subject to the provisions of Section 6.5 of the Purchase Agreement pursuant to which the Secured Party expressly understands and acknowledges that Debtor may have no obligation to defend adverse claims with respect to, and certain items of the Collateral may be sold, assigned or abandoned by Debtor as Debtor may determine in its sole discretion, Debtor shall, at its own expense, take any and all actions reasonably necessary to preserve, protect and defend the security interests of the Secured Party in the Collateral and the perfection and priority thereof against any and all adverse claims, including appearing in and defending all actions and proceedings which purport to affect any of the foregoing. Debtor shall promptly reimburse the Secured Party for any and all sums, including costs, expenses and actual attorneys' fees, which the Secured Party may pay or incur in defending, protecting or enforcing its security interest in the Collateral or the perfection or priority thereof.

(c) Payment of Taxes. Debtor shall pay or cause to be paid all taxes and other levies with respect to the Collateral when the same become due and payable, except for any taxes which are being diligently contested in good faith by appropriate proceedings and for which appropriate reserves have been established.

(d) Use and Maintenance of Collateral. Debtor shall comply in all material respects with all laws, statutes and regulations pertaining to its use and ownership of the Collateral and its conduct of its business; maintain all of the Collateral in good condition, reasonable wear and tear excepted, and keep accurate and complete books and records pertaining to the Collateral in accordance with generally accepted accounting principles, except where the failure to do any of the foregoing does not have a material adverse effect on the Collateral or the Secured Party's rights therein.

(e) Inspection. Debtor shall give the Secured Party such information as may be reasonably requested concerning the Collateral and shall during regular business hours and upon reasonable notice during the continuance of an Event of Default, permit the Secured Party and its agents and representatives to have full access to and the right to examine, audit and make copies and abstracts from any and all of Debtor's books and records pertaining to the Collateral, to confirm and verify the value of the Collateral and to do whatever else the Secured Party reasonably may deem necessary or desirable to protect its interests. Furthermore, Debtor agrees to furnish promptly to the Secured Party such information regarding the financial condition or business of Debtor or the Collateral as the Secured Party may reasonably request, and all such information hereafter furnished to the Secured Party by Debtor will be true and correct in all material respects when furnished.

(f) Notification. Debtor shall notify the Secured Party in writing within ten (10) business days of the occurrence of any event which materially adversely affects the value of the Collateral, the ability of Debtor or the Secured Party to dispose of the Collateral or the rights and remedies of the Secured Party in relation thereto.

7. Negative Covenants. Debtor covenants and agrees that until such time as the Note is indefeasibly paid or otherwise satisfied in full, without the prior written consent of the Secured Party:

(a) Sale or Hypothecation of Collateral. Except as otherwise provided in Section 6.5 of the Purchase Agreement, Debtor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise (i) sell, assign, license, transfer, exchange, lease, lend, grant any option with respect to or dispose of any of the Collateral or any of Debtor's rights therein, except for sales, assignments, licenses, transfers, exchanges, leases or loans in the ordinary course of the Debtor's business; nor (ii) create or permit to exist any lien on or with respect to any of the Collateral, other than Permitted Liens. The inclusion of "proceeds" as a component of the Collateral shall not be deemed a consent by the Secured Party to any sale, assignment, transfer, exchange, lease, loan, granting of an option with respect to or disposition of all or any part of the Collateral.

(b) Change of Location or Name. Debtor shall not, without giving to the Secured Party at least thirty (30) days' prior written notice (i) move its principal place of business; (ii) change its name, its trade or fictitious business name(s) or its organizational identification number; (iii) keep Collateral at locations other than its principal place of business, except as otherwise disclosed to Secured Party in writing; or (iv) change its type of organization, jurisdiction of organization or other legal structure.

8. Secured Party Appointed Attorney-in-Fact. Debtor hereby appoints the Secured Party as Debtor's attorney-in-fact with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time in the Secured Party's sole and absolute discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this

Security Agreement. Debtor acknowledges that the foregoing grant of power of attorney is coupled with an interest and is irrevocable.

9. **Secured Party May Perform.** If either Debtor fails to perform any agreement or covenant contained herein, then the Secured Party in its discretion may perform or cause the performance of such agreement or covenant, and the reasonable expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor. However, nothing in this Security Agreement shall obligate Secured Party to act, nor shall the actions of Secured Party under this section be construed as a waiver or cure of any such failure.

10. **Remedies upon Default.**

(a) "Event of Default" shall mean the occurrence of any of the following events:

- i. The failure to pay the Note when due.
- ii. The failure, refusal or neglect of Debtor to observe or perform for any reason any of the covenants, conditions, agreements or provisions contained in this Security Agreement or in any of the other agreements or instruments referenced herein or contemplated hereby (referred to herein individually as a "Loan Document" and collectively as the "Loan Documents") (other than the payment of the Note of which the failure to pay constitutes an Event of Default described in Section 9(a) hereof) or to execute and deliver any documents, agreements or instruments reasonably requested by Secured Party hereunder or thereunder, provided that if such failure, refusal or neglect is capable of remedy within fifteen (15) days the Debtor shall be entitled to cure the same within fifteen (15) days of Debtor's receipt of written notice from Secured Party of the occurrence of such failure, refusal or neglect.
- iii. Any representation or warranty made by Debtor in any Loan Document or any report, certificate, financial statement or other instrument furnished by or on behalf of Debtor in connection with any Loan Document shall prove to have been false or misleading in any material respect.
- iv. Subject to the provisions of Section 6.5 of the Purchase Agreement, Secured Party shall cease to have valid and perfected first priority security interest at any time for any reason in the Collateral, or any portion thereof (subject to Permitted Liens).
- v. Subject to the provisions of Section 6.5 of the Purchase Agreement, if any judgment against Debtor or any of its property or assets which would or might materially adversely affect (a) its ability to perform its obligations under any Loan Document; and/or (b) the Collateral and/or the Secured Party's rights therein, remains unpaid, unstayed or undischarged for a period of more than forty-five (45) days.
- vi. Debtor shall be dissolved or shall sustain the loss, cancellation or forfeiture of its legal status or good standing by reason of any judicial, extrajudicial or

administrative proceedings or otherwise, or shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of Debtor or of all or a substantial part of Debtor's assets; (b) be unable to, or admit in writing its inability to, pay its debts as they mature; (c) make a general assignment for the benefit of creditors; (d) be adjudicated a bankrupt or insolvent; (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement for the benefit of creditors or take advantage of any insolvency law in its capacity as a debtor; (f) interpose an answer admitting the material allegations of the petition filed against Debtor in any bankruptcy, reorganization or insolvency proceedings; (g) take any action which would have the effect of dissolving Debtor; or (h) take any action for the purpose of effecting any of the foregoing.

vii. Any (a) involuntary petition is filed against Debtor seeking to subject Debtor to any bankruptcy, insolvency or similar laws and such petition shall remain unstayed or not be withdrawn for a period of forty-five (45) days; or (b) an order, judgment or decree shall be entered against Debtor by any court of competent jurisdiction approving a petition seeking its reorganization or appointment of a receiver, trustee or liquidator of Debtor or of all or a substantial part of its assets and such order, judgment or decree shall continue and stay in effect for a period of forty-five (45) days.

(b) If an Event of Default exists, the Secured Party may exercise one or more of the following rights and remedies at any time or times and without notice to or demand upon Debtor:

(i) Declare the Note to be forthwith due and payable, whereupon the Note shall be accelerated and shall become immediately due and payable without presentation, demand or notice of any kind to the Debtor (all of which are hereby waived by Debtor), except that if an Event of Default specified in Sections 9(a)(vi) and 9(a)(vii) shall occur, such acceleration shall be automatic and no declaration or other act of Secured Party shall be necessary to effect such acceleration;

(ii) Proceed to protect and enforce the rights of Secured Party to payment of the Note and its rights to proceed against the Collateral and exercise its remedies whether by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision of any of the Loan Documents or any other legal or equitable right or remedy of Secured Party;

(iii) In addition to those actions that may otherwise be permitted to be taken by Secured Party under any of the Loan Documents, with respect to the Collateral, take the following actions:

(a) Collections, etc. Secured Party may demand, sue for, collect or receive, in the name of Secured Party or in the name of Debtor, or otherwise, any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral (but Secured Party shall be under no obligation to do so), or extend the time of payment, arrange for payment in installments, or otherwise modify the term of, or release, any of the

Collateral, without thereby incurring responsibility to discharge, or discharging, or otherwise affecting any liability of Debtor hereunder. Secured Party shall not be required to take any steps to preserve any rights against other parties to the Collateral. Secured Party may (but is not obligated to) make such payments and take all such actions as Secured Party deems necessary to protect its security interest in the Collateral and/or the value thereof, and Secured Party is hereby authorized (without limiting the general nature of the authority hereinabove conferred) to pay, purchase, contest or compromise any lien or encumbrance on the Collateral; and

(b) Possession and Sale of Collateral, etc. Secured Party may exercise in respect of the Collateral all rights and remedies hereunder and under the Loan Documents, all the rights and remedies of a secured party under the Code and all rights and remedies otherwise available to it. In addition, Secured Party may notify any and all account debtors of the Debtor to make all further payments to Secured Party, and enter upon each premises of wherever the Collateral may be and take possession of the Collateral and demand and receive such possession from any Person who has possession thereof; and take such measures as it may deem necessary or proper for the care or protection thereof, including the right to remove all or any portion of the Collateral (but Secured Party shall not be obligated to do so). With or without taking such possession, Secured Party may sell or cause to be sold, whenever Secured Party shall decide, in one or more sales or parcels, and at such price or prices and upon such other terms as may be commercially reasonable (irrespective of the impact of any such sales on the market price of such assets), and for cash or on credit or for future delivery, without assumption of any credit risk, all or any portion of the Collateral at any broker's board or at public or private sale. Secured Party may be the purchaser at any public or private sale to the extent permitted by law and provided such sale is conducted in accordance with the Code of any or all of the Collateral so sold and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of such assets sold at any such public or private sale, to use and apply the Note as a credit on account of the purchase price payable by Secured Party at such sale. Each purchaser (including the Secured Party) at any such sales shall thereafter hold the Collateral purchased absolutely free from any claim or right of whatever kind, including any equity of redemption of the Debtor, any such demand, notice, claim, right and equity being hereby expressly waived and released. Debtor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice of sale to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice be made at the time and place to which it was so adjourned. Debtor hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree, provided such private sale is conducted in a commercially reasonable manner.

(c) Appointment of a Receiver. Upon the occurrence of an Event of Default, the Secured Party shall be entitled to the appointment of a receiver, to take possession of all or any portion of the Collateral and to exercise such powers as the court shall confer upon the receiver.

(d) Power of Attorney. Debtor does hereby irrevocably make, constitute, and appoint the Secured Party and its designees as its true and lawful attorney-in-fact, with full power in the name of Secured Party and/or Debtor, to take the following actions upon the occurrence of an Event of Default: to endorse any notes, checks, drafts, money orders or other evidences of payment relating to the Collateral that may come into the possession of the Secured Party; to enforce all of Debtor's rights under and pursuant to all agreements with respect to the Collateral, all for the sole benefit of Secured Party, to enter into and perform such agreements as may be necessary in order to carry out the terms, covenants, and conditions of this Security Agreement which are required to be observed or performed by Debtor, to execute such other and further mortgages, pledges and assignments of the Collateral as Secured Party may require for the purpose of protecting, maintaining, or enforcing the security interests granted to Secured Party by this Security Agreement and the other Loan Documents, and to do any and all other things necessary or proper to carry out the intention of this Security Agreement and the other Loan Documents; and Debtor hereby ratifies and confirms all the Secured Party, as such attorney-in-fact, or its substitutes shall properly do by virtue of this power of attorney, provided, however, that Secured Party agrees to notify Debtor prior to any such endorsement, execution or action and to provide Debtor with a reasonable period to endorse or execute the subject documents on Debtor's own behalf. Such powers of attorney are coupled with an interest and are therefore irrevocable.

(e) Rights and Remedies Cumulative. No right or remedy conferred upon Secured Party herein or in any of the other Loan Documents or otherwise available at law or in equity (or both) shall be exclusive of any other right or remedy contained herein or therein or otherwise made available. All such rights and remedies are cumulative and are not exclusive of any right or remedy which Secured Party may otherwise have.

(f) Application of Proceeds. Any cash held by the Secured Party as Collateral and all cash proceeds received by either of the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to this Security Agreement) in whole or in part by the Secured Party against all or any part of the Note in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by either of the Secured Party and remaining after payment in full of all the Note shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive such surplus.

11. Liability and Indemnification. The powers conferred upon Secured Party

hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise such powers. Nothing in this Security Agreement shall be deemed to constitute an assumption by either of the Secured Party of any liability or obligation of the Debtor with respect to any of the Collateral. The Secured Party shall not be liable to either Debtor for any act (including, without limitation, any act of active negligence) or omission by the Secured Party under this Security Agreement unless the Secured Party's conduct constitutes willful misconduct or gross negligence. Debtor agrees to indemnify and to hold the Secured Party harmless from and against all losses, liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees and disbursements) with respect to (a) any action taken (including, without limitation, any act of active negligence) or any omission by either of the Secured Party with respect to the Payment Obligations or this Security Agreement, provided that Secured Party's conduct does not constitute willful misconduct or gross negligence, and (b) any claims arising out of Debtor's ownership of the Collateral or Secured Party's security interest therein.

12. Expenses. Debtor agrees to pay upon demand to the Secured Party any and all reasonable expenses, including the reasonable fees and expenses of its outside counsel and of any experts and agents which the Secured Party may incur in connection with (a) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (b) the exercise or enforcement of any of the rights of the Secured Party under the Payment Obligation and/or this Security Agreement, and (c) the failure by Debtor to perform or observe any of the provisions of the Payment Obligation and/or this Security Agreement.

13. Security Interest Absolute. Except as otherwise provided herein or in the Purchase Agreement or in the Intercreditor Agreement, all rights of the Secured Party and security interests hereunder shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Purchase Agreement or any other Loan Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Note, or any other amendment or waiver of or any consent to any departure from any of the Loan Documents; or

(c) any furnishing, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Note.

14. Amendments, Waiver. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Party and Debtor and/, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose any party for which given.



15. **Notices.** All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered by messenger or overnight delivery service, or sent by first class mail (or air mail where available), postage prepaid, certified or registered, return receipt requested, as set forth in the Purchase Agreement or at such other address as may be furnished in writing. Any notice given by messenger or overnight delivery service as provided in this Section 15 shall be deemed given when delivered if during normal business hours on a business day (or if not, the next business day after delivery); any notice given by first class mail (or air mail where available), postage prepaid, certified or registered, return receipt requested shall be deemed given five (5) business days after the date of mailing. Any party may by notice to the other change the address at which notices and demands may be given to it.

16. **Continuing Security Interest; Release of Security Interest Upon Payment.** This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until indefeasible payment or other satisfaction in full of the Note, (b) be binding upon Debtor, and its successors and assigns, (c) inure, together with the rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and its successors, transferees and assigns, (d) constitute the entire agreement between Debtor and the Secured Party with respect to the subject matters covered hereby, and (e) be severable in the event that one or more of the provisions herein is determined to be illegal or unenforceable. Upon the indefeasible payment or other satisfaction in full of the Note, the Secured Party, at the request and expense of Debtor, shall release the security interests in the Collateral granted herein and execute such termination statements as may be necessary therefore, to the extent that such Collateral shall not have been sold or otherwise applied pursuant to the terms hereof.


17. **Return of Collateral.** Subject to any duty imposed by law or otherwise to the holder of any subordinate lien on the Collateral known to the Secured Party, and subject to the direction of a court of competent jurisdiction, upon payment in full of the Note, Debtor shall be entitled to the return of all Collateral belonging to Debtor in the possession of the Secured Party; provided, however, that the Secured Party shall not be obligated to return to Debtor or deliver to the holder of any subordinate lien any such Collateral until it is satisfied that all amounts with respect to the Note are no longer subject to being recaptured under applicable bankruptcy or insolvency laws or otherwise. The return of Collateral, however effected, shall be without recourse to the Secured Party and the Secured Party shall be entitled to receive appropriate documentation to such effect. The return of Collateral shall be effected without representation or warranty and shall not entitle Debtor to any right to any endorsement.

18. **Governing Law; Terms.** This Security Agreement shall be deemed to have been made in the state of Utah and the validity, construction, interpretation, and enforcement hereof, and the rights of the parties hereto, shall be determined under, governed by, and construed in accordance with the internal laws of the state of Utah. Debtor hereby consents to the jurisdiction of any Utah state or United States Federal court sitting in Utah with respect to disputes arising out of this Security Agreement.

19. Waiver of Jury Trial. Debtor HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. Any legal action or proceeding with respect to this Security Agreement must be brought in the federal or state courts located in the State of Utah, unless Secured Party elects to bring such legal action or proceeding elsewhere. Debtor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the federal or state courts located in the State of Utah as having proper venue. Debtor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Security Agreement brought in the aforesaid Utah courts and irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum, and also consents to the service of process by any means authorized by the State of Utah.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

Debtor:
CAMELOT FILM GROUP, INC., a Nevada corporation

By: 

Robert P. Atwell, CEO


Secured Party:
INCENTIVE CAPITAL, LLC, a Utah corporation

By: _____
, President




EXHIBIT E

COMMERCIAL GUARANTY

THIS COMMERCIAL GUARANTY (as the same may from time to time be amended, restated or otherwise modified, "**Guaranty**") is made as of the 27th day of April, 2010, by **CAMELOT ENTERTAINMENT GROUP, INC.**, a Delaware corporation, having a usual place of business at 8001 Irvine Center Drive, Suite 400, Irvine, California 92618, and its successors and assigns ("**Guarantor**"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("**Lender**") to extend credit (the "**Loan**") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608, and its successors and assigns ("**CFG**", also referred to herein as the "**Borrower**"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of CFG to Lender. 

As used herein, "**Obligations**" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("**Lender Affiliate**") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "**Note**").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

Unconditional Guaranty. Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provisions to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from Camelot Distribution Group, Inc. pursuant to its Commercial Guaranty of the Obligations; Third, from the Guarantor hereunder, pursuant to this Guaranty; and Fourth from Robert P. Atwell pursuant to his personal Guaranty of the Obligations. If the Obligations, or any 

part thereof, shall not be paid in full when due and payable, then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "*Obligor*" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "*Collateral*" means, collectively, all property securing the Obligations or any part thereof at the time in question.

Payments. Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

Continuing Guaranty. Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive (any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension, consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or

consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

Warranties. Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that Guarantor has incurred to Lender; (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

Solvency of Obligor. Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

Waiver. To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.



Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

Successors and Assigns. This Guaranty shall bind Guarantor and Guarantor's successors and assigns and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

Collateral. This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

Independent Judgment. Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

Set Off. Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may

hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

Savings Clause. Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

Governing Law. The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.

Guarantor:
CAMELOT ENTERTAINMENT GROUP, INC.


BY:


Robert P. Atwell, CEO




EXHIBIT F

COMMERCIAL GUARANTY

THIS COMMERCIAL GUARANTY (as the same may from time to time be amended, restated or otherwise modified, "*Guaranty*") is made as of the 27th day of April, 2010, by **ROBERT P. ATWELL**, individually and his heirs, executors, administrators, personal representatives and assigns ("*Guarantor*"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("*Lender*") to extend credit (the "*Loan*") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608, and its successors and assigns ("*CFG*, also referred to herein as the "*Borrower*"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of CFG to Lender. 

As used herein, "*Obligations*" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("*Lender Affiliate*") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "*Note*").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

Unconditional Guaranty. Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provisions to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from Camelot Distribution Group, Inc. pursuant to its Commercial Guaranty of the Obligations; Third, from Camelot Entertainment Group, Inc., pursuant to its Commercial Guaranty of the Obligations; and Fourth from the Guarantor hereunder, pursuant to this Guaranty. If the Obligations, or any part thereof, shall not be paid in full when due and payable, 

then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "*Obligor*" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "*Collateral*" means, collectively, all property securing the Obligations or any part thereof at the time in question.

Payments. Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

Continuing Guaranty. Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive (any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension, consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or

consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

Warranties. Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

Solvency of Obligor. Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

Waiver. To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of

this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

Successors and Assigns. This Guaranty shall bind Guarantor and Guarantor's heirs, executors, administrators, personal representatives and assigns, and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

Collateral. This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

Independent Judgment. Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

Set Off. Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of

the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

Savings Clause. Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

Governing Law. The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.

Guarantor:




ROBERT P. ATWELL, Individually



EXHIBIT G

COMMERCIAL GUARANTY

THIS COMMERCIAL GUARANTY (as the same may from time to time be amended, restated or otherwise modified, "*Guaranty*") is made as of the 27th day of April, 2010, by **CAMELOT DISTRIBUTION GROUP, INC.**, a Delaware corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608, and its successors and assigns ("*Guarantor*"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("*Lender*") to extend credit (the "*Loan*") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608, and its successors and assigns ("*CFG*") ("*CFG*", also referred to herein as the "*Borrower*"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of *CFG* to Lender. 

As used herein, "*Obligations*" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("*Lender Affiliate*") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "*Note*").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

Unconditional Guaranty. Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provision to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from the Guarantor hereunder, pursuant to this Guaranty; Third, from Camelot Entertainment Group, Inc pursuant to its Commercial Guaranty of the Obligations; and Fourth,

from Robert P. Atwell, pursuant to his Guaranty of the Obligations. If the Obligations, or any part thereof, shall not be paid in full when due and payable, then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "*Obligor*" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "*Collateral*" means, collectively, all property securing the Obligations or any part thereof at the time in question.

Payments. Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

Continuing Guaranty. Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension,

consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

Warranties. Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that Guarantor has incurred to Lender; (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

Solvency of Obligor. Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

Waiver. To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.



Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

Successors and Assigns. This Guaranty shall bind Guarantor and Guarantor's successors and assigns and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

Collateral. This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

Independent Judgment. Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

Set Off. Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or

unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

Savings Clause. Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

Governing Law. The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.

CAMELOT DISTRIBUTION GROUP, INC.

BY:



Robert P. Atwell, CEO



EXHIBIT H

Incentive Capital LLC
2755 E. Cottonwood Parkway
Suite 100
Salt Lake City, UT 84121

As of April 7, 2010

Re: Escrow Agreement ("Escrow Agreement") between Camelot Film Group, Inc. ("CFG") and Incentive Capital LLC (the "Lender")

Dear Sirs:

Reference is made to Camelot Entertainment Group's ("CEG") guarantee (the "CEG Guarantee") of CFG'S obligations as defined in the loan documents of even date between the Lender and CFG ("Loan Documents") relating to the acquisition by Camelot of the Liberation Entertainment Library assets.

Please confirm your agreement to the terms of this Escrow Agreement by signing and returning to us the enclosed copy:

1. Undertakings

- (a) CEG shall forthwith deliver to the undersigned escrow agent ("Escrow Agent") a Certificate of Designation (the "Certificate") in the form annexed hereto as Exhibit A, authorizing the issuance of Six Hundred Fifty Thousand Dollars (\$650,000.00) worth of CEG Class F Convertible Preferred shares (the "Pledged Shares"), which shall be held in accordance with, and subject to, the terms of this Escrow Agreement.
- (b) CEG shall also forthwith deliver to the Escrow Agent a certificate constituting the Pledged Shares (made out to the Lender) (the "Certificate"), which shall be convertible into fully paid and non-assessable shares of CEG common stock ("Common Stock") at a price based on the ninety (90) day average price of the Common Stock immediately prior to the conversion of the Stock. While in escrow, none of CEG or its affiliates shall transfer, assign or encumber any of the Pledged Shares or the Certificate.
- (c) If the total consideration received by the Lender from loan payments, distribution revenues generated by Camelot Distribution Group, Inc. and/or CFG, and all other sources as more fully discussed and agreed to in the Loan Documents, is less than Six Hundred Fifty Thousand Dollars (\$650,000.00), plus applicable interest, in the aggregate, by the time all of said Common Stock has been delivered and is eligible for sale, then CEG shall issue additional shares of CEG Common Stock to the Lender until the Lender has received Common Stock that has a fair market value in an amount not less than Six Hundred Fifty Thousand Dollars (\$650,000.00), plus applicable interest.
- (d) Escrow Agent will hold the Pledged Shares and the Certificate in accordance with the terms of this Escrow Letter.

- (e) If the Escrow Agent receives written notice from CEG and the Lender on or before the expiration of the Loan Documents that the Lender has been fully paid pursuant to the Loan Documents, the Escrow Agent will transfer the Pledged Shares to Camelot unencumbered within five (5) business days of such notification; or
- (f) If the Lender notifies the Escrow Agent in writing (but such notification cannot occur before the maturity date of loan set forth in the Loan Documents), with a copy to CEG, that Lender has not been fully paid pursuant to the Loan Documents, and such notification is not objected to by CEG in writing within five (5) business days after its receipt of such notice, the Escrow Agent shall transfer to the Lender the Pledged Shares and the Certificate in an amount equal to the remaining balance, plus accrued and unpaid interest, of the Note, unencumbered, within five (5) business days of such notification.
- (g) In the event that such notification from the Lender is disputed by CEG in writing, then the Escrow Agent shall hold the Pledged Shares, subject to parties resolving the dispute either voluntarily or through mutually-acceptable dispute resolution in the State of Utah. Notwithstanding the foregoing, unless CEG produces to the Escrow Agent (at the same time it provides the Escrow Agent its written objection) evidence of a money transfer (i.e. wire, check or cash) in an amount that would completely pay off the loan discussed herein and prior to or on the maturity date set forth in the Loan Documents, Escrow Agent shall release the Pledged Shares and the Certificate to the Lender.
- (h) All notices shall be in writing by email and fax to the addresses set forth in the Loan Documents, with a hard copy delivered personally as to addresses in the Los Angeles metropolitan area or sent by Federal Express or UPS as to addresses outside of the Los Angeles metropolitan area, to the respective addresses set forth below.

2. Miscellaneous

- (a) The transfer of the Pledged Shares to the Lender, or back to Camelot, hereunder shall be made to the applicable party via Federal Express at Camelot's expense upon five (5) business days prior notice, unless the parties agree in writing on a different manner of transfer of the Pledged Shares.
- (b) Upon receipt of the Pledged Shares and the Certificate from the Escrow Agent, whether to Camelot (upon payoff of the loan discussed herein) or to the Lender (if the Lender is not fully paid in accordance with the Loan Documents), the Escrow Agent shall be discharged from any other obligations to the Lender, and this Escrow Agreement shall terminate.

At all times after the date of this Escrow Agreement the parties shall execute all such documents and do all such acts and things as may reasonably be required for the purpose of giving full effect to this Escrow Agreement.

All rights under this Escrow Agreement are personal to the Parties and may not be assigned by either Party without the prior written consent of the other Party.




This Escrow Agreement and any documents referred to in it, constitute the whole agreement between the Parties and supersede any previous arrangement, understanding or agreement between them relating to the subject matter they cover, and may not be modified and/or amended without the prior written consent of both Parties.

Except as expressly provided in this Escrow Agreement, a person who is not a party to this Escrow Agreement shall not have any right to enforce any term of this Escrow Agreement.

These Escrow Instructions and this Escrow Agreement shall be governed by the Internal laws of the State of Utah applicable to contracts negotiated and entered into and performed wholly within the State of Utah.

Accepted and Agreed:

CAMELOT ENTERTAINMENT GROUP, INC.

BY: 
Name: ROBERT P. AGNEW
Title: Chairman

INCENTIVE CAPITAL LLC

BY: _____
Name:
Title:

Yours faithfully

.....
ESCROW AGENT



EXHIBIT I

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.

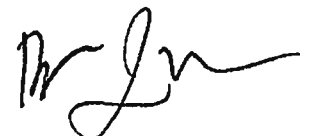
C. In order to induce Lender to make the Loan to Borrower, each of the Guarantors executed and delivered to Lender a Commercial Guaranty (collectively, the "*Guaranties*" and together with the Note, and the Participation Agreement, and all other related agreements executed by both Parties in connection 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:

A handwritten signature in black ink, appearing to be 'M. J.', is located in the bottom right corner of the page.

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.

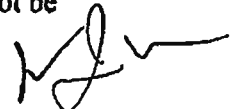
6. Time of Essence. Time is of the essence for this Modification Agreement.

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: [Signature]
Name: James K Melham
Title: Manager

Borrower:

Camelot Film Group, Inc.

By: [Signature]
Robert P. Atwell, President

Guarantors:

Camelot Distribution Group, Inc.

By: [Signature]
Robert P. Atwell, President

Camelot Entertainment Group, Inc.

By: [Signature]
Robert P. Atwell, President

By: [Signature]
Robert P. Atwell, individually

[Signature]

EXHIBIT J

1 Bruce Isaacs, Esq. (SB# 100926), bisaacs@wymanisaacs.com
2 Robert Wyman, Esq., (SB# 116975) bwyman@wymanisaacs.com
3 WYMAN & ISAACS LLP
4 5757 Wilshire Blvd., Suite 475
5 Los Angeles, CA 90036
6 Tel: (323) 648-4141
7 Fax: (323) 648-4133

8 Attorneys for Defendant
9 INCENTIVE CAPITAL, LLC

10
11 **IN THE UNITED STATES DISTRICT COURT**
12 **IN AND FOR THE DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

13 CAMELOT ENTERTAINMENT, INC. a)
14 Delaware Corporation, CAMELOT FILM) **DECLARATION OF NATHAN S. DORIUS**
15 GROUP, INC., a Delaware Corporation,) **IN SUPPORT OF MOTION TO DISMISS**
16 CAMELOT DISTRIBUTION GROUP, INC., a) **OR TRANSFER**
17 Nevada Corporation, ROBERT P. ATWELL, an)
18 individual,)
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1 4. I, along with the other attorneys at PADRM, were and are legal representatives
2 to Incentive Capital, LLC in connection with the loan (the "Loan") made to Plaintiffs of the
3 above-titled action to be used by Plaintiffs for purposes of purchasing all rights, title and
4 interest to a large film library (the "Film Library" or "Liberation Library") of approximately
5 880 motion picture, television, and other media titles (each a "Film"), and negotiated and
6 prepared in connection with opposing counsel the agreements and ancillary documents relating
7 to the Loan, including the Promissory Note (the "Note"), evidencing the Loan, and the two
8 separate Security Agreements which secured the Loan with the Film Library itself (collectively,
9 the "Loan Documents").
10

11
12 5. Negotiations concerning the Loan and modifications thereto occurred in person
13 in Utah and over the phone, email, and facsimile with Incentive -- a Utah company -- as well as
14 with my law firm, which is also a Utah entity, and myself, a Utah citizen.
15

16 6. The Manager and principal of Incentive is James Mecham, a Utah citizen.

17 7. Plaintiffs failed to meet their obligations under the Loan Documents just months
18 after receiving the Loan proceeds from Incentive and thereby breached the Loan Documents.

19 8. As a result of Plaintiffs' default under the Loan Documents, on February 21,
20 2011, at 9:00 a.m., Incentive held a properly noticed creditor's sale (the "Foreclosure Sale") in
21 the State of Utah to foreclose on the collateral (*i.e.* the Film Library) set forth in the Security
22 Agreements.
23

24 9. Plaintiffs' Utah counsel and I were present at the Foreclosure Sale.

25 10. Incentive was formed and conducts business in Utah.

26 11. Incentive has never conducted business, maintained bank accounts or any other
27 property in California.
28

1 12. All of Plaintiffs' negotiations with Incentive concerning the loan for the Film
2 Library were conducted with a Utah company.

3 13. Prior to Plaintiffs filing their Complaint in California, I and other attorneys at
4 PADRM, on behalf of Incentive, had informed Plaintiffs on several occasions that if Plaintiffs
5 did not cure their breach of the Note and the Security Agreements, then Incentive would
6 commence a legal action in Utah against Plaintiffs to enforce its rights under the Security
7 Agreements.
8

9 14. Pursuant to federal law (28 U.S.C. §1746), I declare under penalty of perjury
10 that the foregoing is true and correct.
11

12 EXECUTED on this the 25th day of March 2011.

13
14 

15 Nathan S. Dorius
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EXHIBIT K

NOTICE OF DISPOSITION OF COLLATERAL BY PUBLIC SALE

Debtors: Camelot Distribution Group, Inc., Camelot Entertainment Group, Inc., and Camelot Film Group, Inc.

Secured Party: Incentive Capital, LLC

Collateral: All of Debtor's rights to the film library described herein below and referred to as the "Distribution Assets", along with all products and proceeds of or from (a) the Distribution Assets; and (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Distribution Assets in all media, from all sources, worldwide during the term hereof. The Distribution Assets include without limitation the following films, and all of Debtor's right, title and interest therein, including distribution rights, royalty interests, and contract/account payments: Samurai Avenger; First Strike; Screwball: The Ted Whitfield Story (aka The Wiffler); The Fallen; One Lucky Dog (aka Weiner Dog Nationals); Never Sleep Again; Hellraiser Unleashed; Fink!; Nude Nuns With Big Guns; Zombie Culture; National Lampoons Dirty Movie; Who Is KK Downey; and Next of Kin.

All of Debtor's personal property assets and interests as more particularly described in the Asset Purchase Agreement (the "Asset Purchase Agreement") dated April 28, 2010 between Camelot Film Group, Inc., a Nevada corporation, on the one hand, and CMBG Advisors, Inc., a California corporation in its sole and limited capacity as assignee for the benefit of creditors of Liberation Group, Inc., on the other hand, and all products and proceeds thereof, including without limitation (a) that certain film library referred to as the Liberation Assets (as defined in the Asset Purchase Agreement); (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Liberation Assets in all media, from all sources, worldwide during the term hereof; and (c) other assets of the Debtor as set forth in the Asset Purchase Agreement. Contact the undersigned or visit www.camelotent.com for a detailed list of the film library being sold.

To be a qualified bidder, one must be prepared to tender to the secured party or its designee conducting the sale a \$20,000.00 cashier's check at the sale and a cashier's check for the balance of the purchase price within 24 hours after the sale. We will sell the above described collateral to the highest qualified bidder at a public sale to be held as follows:

Date: Monday, February 21, 2011

Time: 9:00 a.m.

Place: Offices of Pia Anderson Dorius Reynard & Moss, 299 S. Main St., Suite 1710, Salt Lake City, UT 84111

CERTIFICATE OF SERVICE

Pursuant to FRCP 5, I certify that I am an employee of the law firm of WYMAN & ISAACS LLP, and that on the date shown below, I caused service of a true and correct copy of the attached: **DEFENDANT’S NOTICE OF MOTION AND MOTION TO DISMISS PLAINTIFFS’ COMPLAINT PURSUANT TO RULE 12(b)(3) AND 28 U.S.C. §§ 1391 AND 1406 OR, IN THE ALTERNATIVE, MOTION TO TRANSFER PURSUANT TO 28 U.S.C. §§ 1404 and 1406; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF NATHAN DORIUS (EX. "J") IN SUPPORT THEREOF.**

to be completed by:

- personally delivering
- delivery via Nationwide Legal Services
- sending via Federal Express or other overnight delivery service
- depositing for mailing in the U.S. mail with sufficient postage affixed thereto
- delivery via facsimile machine to fax no. _____
- by E-Mail – PDF Format - I caused the foregoing document to be served by e-mail transmission, in PDF Format, to each of the interested parties at the e-mail address shown below.
- electronic filing, and thereby delivery via e-mail to:

Jonathan M. Levitan, Esq.
LAW OFFICES OF JONATHAN MARK
LEVITAN
12400 Wilshire Blvd., Suite 1300
Los Angeles, CA 90025
E-mail: jonathanlevitan@aol.com
VIA U.S. MAIL

Dated this 25th day of March, 2011

/s/ Lina Pearmain
Lina Pearmain