

Camelot Entertainment Group, Inc.  
Form 10-K  
April 20, 2010

---

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITIONAL REPORTS UNDER SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED DECEMBER 31, 2009

TRANSITION REPORT PURSUANT TO SECTION 13 OR SECTION 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 000-30785

CAMELOT ENTERTAINMENT GROUP, INC.

---

(EXACT NAME OF SMALL BUSINESS REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(State or other jurisdiction of incorporation or  
organization)

52-2195605  
(I.R.S. Employer Identification No.)

CAMELOT  
ENTERTAINMENT  
GROUP, INC.  
8001 Irvine Center  
Drive Suite 400  
Irvine, CA 92618  
(Address of principal  
executive offices) (Zip  
Code)

(949) 754-3030  
Registrant's telephone  
number, including area

code

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT:

---

NONE

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT: NONE

---

SECURITIES REGISTERED UNDER SECTION 12(G) OF THE EXCHANGE ACT:

COMMON STOCK, PAR VALUE \$0.0001

(TITLE OF CLASS)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

As of December 31, 2009, the total issued Common Stock of the Registrant is 3,061,330,703 shares, including 100,000,000 shares held in reserve, resulting in 2,961,330,703 total common shares issued and outstanding. The approximate aggregate market value of 2,739,987,415 Common Stock shares held by non-affiliates of the Registrant, based on 2,961,330,703 total outstanding shares, calculated at a market price of \$.0001, had a market value of \$273,999 as of December 31, 2009. Total market value of all outstanding shares was \$296,133 as of December 31, 2009.

Of the 2,961,330,703 total Common Stock shares outstanding, 332,699,674 shares were restricted. 2,728,631,029 shares were classified as non-restricted. As of December 31, 2009, there were 1,339,014,717 shares held in CEDE, also known as the public float. There were an additional 100,000,000 shares issued, but not outstanding, held in reserve for financing activities.

On December 31, 2009, the Registrant had outstanding 2,961,330,703 shares of Common Stock, \$0.0001 par value. The Registrant had outstanding 27,295,521 shares of Preferred Stock, \$0.0001 par value.

As of April 15, 2010, the Registrant had 8,448,116,075 shares issued, with 8,098,116,075 shares of Common Stock issued and outstanding, having a \$0.0001 par value and 50,443,032 shares of Preferred Stock were issued and outstanding, having a \$0.0001 par value.

The Registrant's revenues for the year ended December 31, 2009 were \$0.

DOCUMENTS INCORPORATED BY REFERENCE: SEE ITEM 13



TABLE OF CONTENTS  
FORM 10-K ANNUAL REPORT  
FISCAL YEAR ENDED DECEMBER 31, 2009  
CAMELOT ENTERTAINMENT GROUP, INC.

ITEM		Page
<b>PART I</b>		
1.	Business	1
1A.	Risk Factors	20
1B.	Unresolved Staff Comments	27
2.	Properties	27
3.	Legal Proceedings	28
<b>PART II</b>		
5.	Market for Common Equity and Related Stockholder Matters	29
6.	Selected Financial Data	34
7.	Management's Discussion and Analysis and Results of Operations	34
7A.	Market Risk Disclosures	49
8.	Financial Statements	49
9.	Changes in & Disagreements with Accountants on Accounting and Financial Disclosures	49
9A.	Controls and Procedures	50
9B.	Other Information	51
<b>PART III</b>		
10.	Directors, Executive Officers, Promoters and Control Persons	51
11.	Executive Compensation	53
12.	Security Ownership of Certain Beneficial Owners and Management	55
13.	Certain Relationships and Related Transactions and Director Independence	59
14.	Principal Accountant Fees and Services	60
15.	Exhibits, Financial Statement Schedules	61
F-1	Financial Statements with Footnotes	F-1
S-1	Signatures	S-1

THIS REPORT ON FORM 10-K CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, WHICH ARE SUBJECT TO THE "SAFE HARBOR" CREATED BY THOSE SECTIONS. THESE FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO STATEMENTS CONCERNING OUR BUSINESS OUTLOOK OR FUTURE ECONOMIC PERFORMANCE; ANTICIPATED PROFITABILITY, REVENUES, EXPENSES OR OTHER FINANCIAL ITEMS; AND STATEMENTS CONCERNING ASSUMPTIONS MADE OR EXCEPTIONS

AS TO ANY FUTURE EVENTS, CONDITIONS, PERFORMANCE OR OTHER MATTERS WHICH ARE "FORWARD-LOOKING STATEMENTS" AS THAT TERM IS DEFINED UNDER THE FEDERAL SECURITIES LAWS. ALL STATEMENTS, OTHER THAN HISTORICAL FINANCIAL INFORMATION, MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. THE WORDS "BELIEVES", "PLANS", "ANTICIPATES", "EXPECTS", AND SIMILAR EXPRESSIONS HEREIN ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER FACTORS, WHICH WOULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "FACTORS THAT MAY AFFECT FUTURE RESULTS," AND ELSEWHERE IN THIS REPORT, AND THE RISKS DISCUSSED IN THE COMPANY'S OTHER SEC FILINGS.

## PART I

### ITEM 1. BUSINESS

#### Our Business

Camelot Entertainment Group, Inc. (the “Company” or “Camelot”), a Delaware corporation, is a film, television, digital media and entertainment company. During fiscal year 2009, Camelot Entertainment Group had limited operations and therefore was classified as a development stage company.

Our business model classifies our existing and planned operations into the following three major divisions:

- Camelot Film Group, consisting principally of feature film, television, home video, and digital media production and distribution, including Camelot Distribution Group and DarKnight Pictures;
- Camelot Studio Group, consisting principally of site acquisition, design, development and operation of Camelot Studio locations domestically and internationally;
- Camelot Production Services Group, consisting principally of consulting, education, finance, production support and technology services.

The current primary focus of the Company is to maximize profits through the distribution and exploitation of feature films, television and digital media through its wholly owned subsidiary Camelot Film Group, Inc. and its Camelot Distribution Group, Inc. subsidiary. To provide a solid foundation for our distribution activities and to provide that division with a steady flow of titles through our product pipeline, the Company is in the process of negotiating the rolling up of several corporate entities and their respective film, television and digital media libraries into Camelot through four planned acquisitions.

The Company is also pursuing its planned film slate which incorporates the Company’s proprietary Camelot Production Model in order to further bolster the titles available through the Company’s product pipeline. We are continuing to pursue several opportunities within our Camelot Studio Group division, specifically negotiating the acquisition of potential studio sites in Las Vegas, Nevada and New Orleans, Louisiana. We are also continuing discussions with potential partners for the development of a studio site in Orange County, California. In our Camelot Production Services Group division we plan to concentrate on the development of our consulting and financial services activities once we have stabilized our other divisions.

All of the aforementioned acquisitions and negotiations are complex financial transactions and there can be no guarantee that we will be able to successfully complete those transactions. While at present our distribution operations are growing, volatile market conditions and the ongoing uncertainty of the global economic outlook could stymie that growth at any time and increase the pressure on an already strained corporate financial structure. Any or all of the above uncertainties could have a material adverse effect on the Company.

At December 31, 2009, we had increased our corporate staff to a total of seven (7) full time and part time employees and approximately four (4) consultants which provides services to the Company on an as needed basis. The Company also retains independent contractors on a project by project basis to reduce our overhead. While our main activity during the past three years had been centered within our Camelot Studio Group division, during the 3rd and

4th quarter of 2008 we refocused our development activities within our Camelot Film Group division. While we continued to pursue potential studio sites within our Camelot Studio Group division, we have had very limited operations in our Camelot Production Services Group division during 2009. We reduced the size of our headquarters office space, moving our main office to Irvine, California during the first quarter of 2009. In August 2009, we opened our international office in London, England. In October 2009, we opened our distribution and production offices in Universal City, California.

Camelot is being built utilizing four steps that are critical to our development as a film, television, digital media and entertainment company:

- Education
- Infrastructure
- Utilization
- Opportunity, which leads to Success



## ITEM 1. BUSINESS - continued

These four steps are the cornerstones to our foundation as we continue to develop and implement our business model. Our business plan provides a strategy where our parent company and our divisions all come together under a truly unique business model whose vision is to transform Hollywood by building a different kind of motion picture studio through redefining the development, finance, production and distribution process. To achieve our goals, we must remain true to our vision and be successful in obtaining the necessary financing. If we fail to do either one, we may not be able to fully implement our business plan and that would have a material adverse effect on our ability to develop and sustain operations.

For convenience, the terms the “Company,” “Camelot” and the “Registrant” are used in this report to refer to both the parent company and collectively to the parent company and the divisions and/or subsidiaries through which its various businesses are conducted or are planned to be conducted in the future, unless the context otherwise requires. As a development stage company, our operations to date have been limited and as a result Camelot has generated only limited revenues from inception through December 31, 2009.

### Caution Concerning Forward-Looking Statements and Risk Factors

This Annual Report on Form 10-K includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, and other factors affecting the operation of the businesses of Camelot. For more detailed information about these factors, and risk factors with respect to the Company’s operations, see “Risk Factors,” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition — Caution Concerning Forward-Looking Statements” below. Camelot is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

### Available Information and Website

The Company’s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available free of charge on the Company’s website at [www.camelotent.com](http://www.camelotent.com) as soon as reasonably practicable after such reports are electronically filed with the SEC. They can also be found on the SEC website at [www.sec.gov](http://www.sec.gov).

### Business Development

Camelot Films®, Inc., now a subsidiary of the Company, was originally founded in 1978 by our current Chairman, Robert P. Atwell, as a feature film production and film finance management company. Camelot Films® was originally incorporated in Delaware and had offices in London, England, Los Angeles, California and New York, New York. Between 1978 and 1988, Camelot Films® was actively involved in the development, finance and production of independent feature films. Between 1988 and 2003, Camelot Films® was primarily active in the development and financial structuring of independent feature films and the ongoing development of its Camelot Production Model (“CPM”). Beginning in 2003, Camelot became active once again in the production and distribution of independent feature films, along with its development and finance activities.

On October 1, 1999, the Company’s predecessor corporate entity was incorporated in Delaware as Dstage.com, Inc.

## Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

On March 31, 2003, the operations of Camelot Films® were absorbed into the Company as part of a corporate restructuring. As a result of this restructuring, the Company's new management team, headed by Mr. Atwell, adopted a new business model to pursue the development, production, marketing and distribution of motion pictures.

On April 16th, 2004, the Company officially changed its name to Camelot Entertainment Group, Inc.

Our initial business development plan was to become a vertically integrated media enterprise that creatively conceptualizes, finances, produces, and distributes original entertainment content across various media, including motion pictures, television, interactive gaming, radio and a multitude of digital media channels. Through the absorption of Camelot Films® and the establishment of key operating divisions, including Camelot Distribution Group Inc., a Nevada corporation, we began to implement our new business model of acquiring, developing, producing, marketing and distributing motion pictures, television and digital media on a limited basis.

During 2004 and 2005, we formally acquired our three Camelot Films® subsidiaries, Camelot Films®, Inc., a Nevada corporation, Camelot Films®, Inc., a California corporation, and Camelot Films®, Inc., a Delaware corporation. We established a family film subsidiary, Ferris Wheel Films, Inc., a Nevada corporation. In September 2005, we established Camelot Studio Group with the responsibility of acquiring, designing, developing and operating our planned major studio complexes. Also in September 2005, we began the process of assessing the feasibility of an educational studio complex in Tustin, California. Designed to be a state-of-the-art education and technology campus with an emphasis on film, television and digital media, the project known as the "Advanced Technology and Education Park", which will be the home for "Camelot Studios at ATEP", is now in the entitlement process.

ITEM 1. BUSINESS - continued

During fiscal year 2006, with the emergence of our studio group operations, we decided to implement a corporate structure that would feature the parent company, Camelot Entertainment Group, Inc., and three subsidiaries, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group. By establishing three top-level divisions, we expect to be able to streamline our management efforts in the future, concentrate cost centers and expand revenue potential.

During fiscal year 2007, our efforts were focused on our first major studio complex through our Camelot Studio Group division and on the continuing development of projects through our Camelot Film Group division. We also continued to make progress toward the planned launch of our various divisions described herein.

During fiscal year 2008, our efforts to develop our first major studio complex through the Camelot Studio Group division were put on hold due in part to the credit crunch and economic downturn. In August, 2008, our first major studio project, Camelot Studios at ATEP, was unexpectedly terminated. As a result, we began the process of restructuring our limited operations, which to date have not produced any significant revenues. We continued to make progress in our Camelot Film Group division with the addition of Mr. H. Kaye Dyal as head of production for Camelot Features and also in the other divisions as we continued to work on the development of the Camelot business model. We refocused our efforts on the development, financing, production and distribution of several projects in our Camelot Film Group division. In addition, negotiations continued on several potential acquisitions for Camelot, which we expect will move forward as current economic conditions improve. While we have refocused our efforts on Camelot Film Group, we still are pursuing several projects in our Camelot Studio Group division, in addition to our ongoing activities in our Camelot Production Services Group division. During the third and fourth quarter of 2008, we had limited and minimal operations as we went through the restructuring process. Our stock price continued to drop, resulting in significant increases in the amount of stock being issued for funding, services and other consideration.

During fiscal year 2009, we made significant progress within Camelot Film Group as we expanded our distribution activities, acquiring films, and began setting the stage to generate revenues in 2010. Jamie Thompson was named President of Camelot Distribution Group. Jessica Kelly was named Vice President of Sales and Marketing. We established DarKnight Pictures for our genre driven product line. We made several key additions to our legal and finance team. We entered into four letters of intent to acquire four different companies, including three distribution companies and one post production facility.. While there can be no guarantee that these acquisitions will close, we expect to either conclude these transactions or abandon them during 2010. We continued to pursue the development and implementation of the Camelot Production Model in conjunction with our distribution activities, along with expanding the production undertakings of Camelot Features as further described in this report. In addition, we began preliminary negotiations on potential studio sites in Las Vegas and New Orleans. We reestablished Camelot Films® U.K. Limited and opened up a small office in London. We opened up our distribution and production offices in Universal City, California.

Business of the Issuer

Our Structure

We are comprised of the following three top-level divisions that can act in concert on our projects or autonomously as circumstances warrant:

- § Camelot Film Group (“CFG”)
- § Camelot Studio Group (“CSG”)
- § Camelot Production Services Group (“CPS”)

Currently, our main activity is in our CFG division, although we continue to make progress in our CSG division. We also expect increased activity during 2010 in our CPS division. Historically, our activity in Camelot Film Group (“CFG”) and Camelot Production Services Group (“CPS”) has been limited. Our main activity had been in our Camelot Studio Group (“CSG”) division. As we progress through the implementation of our business model, each of our divisions are expected to become fully operational. This process is expected to take approximately three to five years (to be fully operational).

Camelot Film Group is responsible for all content acquisition, production and distribution. It plans to be organized into nine divisional units:

- Camelot Films®
- Camelot Features
- Camelot Television Group
- Camelot Urban Entertainment
- Camelot Latin Entertainment
- Ferris Wheel Films
- Camelot Gaming
- Camelot Digital Entertainment
- Camelot Distribution Group/DarKnight Pictures

ITEM 1. BUSINESS - continued

Our Structure - continued

Camelot Studio Group is solely focused on the development, financing, design, planning, building, completion and operation of our major production studio projects. The studio group includes the following three divisions:

- § Camelot Development Group, LLC
- § Camelot Studio Operations
- § Camelot Studios Financial Group

Camelot Production Services Group is expected to be comprised of ten divisional units:

- §Camelot Entertainment Financial Group
- §Camelot Studio Services
- §Camelot Technology Group
- §Camelot Entertainment Consulting Group
- §Camelot Post Production
- §Camelot Event Management
- §Camelot University
- §Camelot Sales and Marketing
- §Camelot Merchandising
- §Camelot Web

Camelot Entertainment Group

Our parent Company, Camelot Entertainment Group, along with its three main divisions, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group, all come together under a truly unique business model whose vision is to transform Hollywood by building a different kind of motion picture studio through redefining the development, finance, production and distribution process. Focusing on higher quality, lower costs productions, utilizing in-house distribution expertise, maximizing profits through innovative fiscal disciplines, embracing education and digital technology, establishing creative and physical infrastructures and creating, controlling and monetizing content, Camelot is in the process of modernizing the original studio system.

Our unique business model, which we are planning to apply for a business process patent on, has been thirty years in the making. Its primary goal is simple: to create a world where filmmaking dreams come true. Each step of the process is critical to achieving success, providing creative and financial opportunity while meeting the increasing world-wide demand for quality content. To achieve success, the Company is focused on creating, developing, controlling and monetizing the content; acquiring, building and exploiting library assets; and acquiring, developing, building and operating studios domestically and internationally. The underlying principal of our business model is education. Through education comes infrastructure, which leads to utilization, which in turn provides opportunity, which eventually leads to success.

There are four main business principles that matriculate through each of Camelot's three main divisions: Financial Transparency, Full-Time Employment, Stock Ownership and Revenue Sharing. Each of these supplies the foundation from which the Company is implementing its business strategy as it pursues success in the film, television and digital media marketplace.

Camelot Film Group

Our core business model, while going through different structures during the years, has remained basically the same since the inception of Camelot Films® in 1978: modernize in a creative and fiscally responsible way the development, production and distribution of feature films. While in recent years our business model has matured to include television and digital media, the foundation of our business model remains entrenched in the motion picture industry.

Camelot Film Group is comprised of three key divisions: Camelot Films®, Camelot Features and Camelot Distribution Group. Camelot Distribution Group is divided into two operating divisions, Camelot Distribution for main stream titles and DarKnight Pictures, Inc., for genre titles.

With our renewed focus on generating revenues through our distribution activities, the following feature films were acquired for distribution by Camelot Distribution Group and DarKnight Pictures during the fourth quarter of 2009 as we began selling these films both domestically and internationally with revenues expected to be received by us beginning in the first quarter of 2010:

Camelot Distribution Group:

Title:

The Fallen  
Wiener Dog Nationals  
The Wiffler

ITEM 1. BUSINESS - continued

DarKnight Pictures:

Title:

Samurai Avenger  
Nude Nuns with Big Guns  
First Strike

We currently have the following pictures in production:

Title

Damn Right I'm Mad

This full length documentary production is the first production undertaken by Camelot Urban Entertainment, a division of Camelot Film Group. The current version of the film is in post production with additional material expected to be added in 2010. The documentary is a multi-year project. It is being directed by Omar McGee, who has been working with us to establish Camelot Urban Entertainment. We expect to commence distribution of the film in 2010.

We currently have the following pictures in various stages of pre-production:

Title

Girls Day Out  
Survival Trilogy  
Iceman  
Eyes of the Red Skull  
Invincible

We currently are considering, negotiating agreements or have in development the following feature film projects:

Title

Mexican Alarm Clock  
Gracelawn  
Hard to Kill  
Digby, the Gunpowder Plotters Legacy  
Dying to Live  
Back to Life  
Will Triumph Fights Alone  
The Black Mask\*  
Mad, Mad Mary Jane\*  
King Baby\*  
In the Shadow of Wings\*  
A Rose for Emily\*  
The Kiss Off\*

Kimberly Drake\*  
The Great Night\*  
Raising Hell\*  
Go For It\*

\*Through Media Financial Partners, Inc.

Camelot Films®

Camelot Films® is home to our unique “Camelot Production Model”, also known as “CPM”. Formerly referred to as the “Camelot Studio Model”, or “CSM”, the advent of our Camelot Studio Group division in 2005 necessitated a name change for this different approach to the development, production and distribution of feature films. The CPM provides for multiple feature films to be produced in annualized schedules known as “Slates”. The CPM incorporates the basic features previously described, including financial transparency, full time employment, stock ownership and revenue sharing. The CPM offers maximum flexibility, cost reductions, increased productivity, embraces new technologies and provides education and employment opportunities.



ITEM 1. BUSINESS - continued

With proposed annualized budgets and a production schedule that would propose multiple feature films being produced in a short-term period (“Slates”), Camelot Films® takes the best of the old studio system, and merges it into the 21st century. By proposing to eliminate many of the old studio system drawbacks, such as long term, non-negotiable actor contracts which tied an actor to a single studio for years, and by incorporating new business methods and technologies, such as creative freedom and digital, Camelot Films® is designed to provide the filmmaker with the tools necessary to develop, produce and distribute their projects, either through Camelot Films® or through another entity with the assistance of Camelot.

Robert P. Atwell, our Chairman, currently oversees this division.

Camelot Features

A traditional production company, Camelot Features plans to offer complete script development, full packaging services, co-productions and through Camelot Production Services Group financial structuring. Industry veteran H. Kaye Dyal was recently named Head of Production for Camelot Features as a result of his consulting agreement being negotiated with the Company. Camelot Features is currently developing a slate of small to mid-range budget features (see table above). Camelot Features also incorporates elements of the CPM described above. The division will also establish production company incubators to assist new production entities.

Camelot Television Group

The newest addition to the Camelot family, Camelot Television Group plans to be active in pilot production, series development, providing show running services and transitioning television programming into syndication. The division will also establish production company incubators to assist new production entities. We are negotiating with Industry veteran Doug Warner to assist us in developing this division.

Camelot Urban Entertainment

Camelot Urban Entertainment, headed by Omar McGee, is developing, producing and distributing entertainment aimed at the urban marketplace, a fast growing segment of the entertainment industry. It plans to produce features, television, documentaries, music and live events. The division will also establish production company incubators to assist new production entities. The division's first feature documentary, “Damn Right I’m Mad”, is currently in post production.

Camelot Latin Entertainment

As with Camelot Urban Entertainment, the Latin entertainment consumer market is growing rapidly, creating demand and opportunity for filmmakers in that industry sector. Our proposed Camelot Latin Entertainment division plans to develop, produce and distribute entertainment aimed at the Latin marketplace, a fast growing segment of the entertainment industry. It plans to produce features, television, documentaries, music and live events. The division also plans to establish production company incubators to assist new production entities. Industry veteran Doug Warner is also assisting us with this division.

Ferris Wheel Films

Ferris Wheel Films is our family entertainment division, concentrating specifically on entertainment product suitable for all ages and especially directed at families. Ferris Wheel plans to concentrate initially on features, television and documentaries. The division also plans to establish production company incubators to assist new production entities. We are currently searching for someone to head up this division.

#### Camelot Gaming

Gaming has become a major ancillary market in the motion picture business. Movies are made into games, and games are made into movies. Once established, Camelot Gaming plans to become very active in this market segment, acquiring, developing, producing and distributing 2D and 3D games, interactive gaming and all other formats, including VOD gaming and internet gaming. The division also plans to develop games based on television shows and television shows based on games. Camelot Gaming also plans to develop new forms of digital media based on games. We are currently searching for someone to head up this division.

#### Camelot Digital Entertainment

Camelot Digital Entertainment plans to become a major part of the Company's operating structure. Camelot Digital Entertainment plans to focus on content and the digital delivery systems, including cell phones, portable email devices, internet phones, MP3 players, internet, internet 2 and wireless applications which will deliver the content to consumers. We are currently searching for someone to head up this division.

ITEM 1. BUSINESS - continued

Camelot Distribution Group and DarKnight Pictures

Camelot Distribution Group, and its two divisions, Camelot Distribution and DarKnight Pictures, Inc., are responsible for all distribution activities of the Company, including all film, television and digital media productions. This division plans to handle domestic, international, theatrical, DVD, cable, satellite, ancillary markets, network television, syndication, direct distribution, wireless distribution, PPV, VOD and digital downloads. In addition, this division plans to have regional distribution centers both domestically and internationally, strategically located to provide customer service to theater owners, distribution retail outlets and consumers. In the United States, the regional centers are planned to be located in California, Nevada, Louisiana, Florida, North Carolina, Alabama, New Mexico, Illinois, Michigan, New York, Texas and the state of Washington. Internationally, these centers are planned for Belgium, Germany, London, Beijing, Singapore, Tokyo, Sydney, Vancouver, Toronto, Dubai and in Latin America. These distribution centers are expected to provide critical support and customer service to our planned distribution operations throughout the world. With an average of 70% of all film industry revenues generated internationally, the global nature of our business requires ongoing diligence and support. With DVD, on-line purchasing and rental activities maturing into a steady, albeit slower growth segment of the market, with global DVD sales declining as video on demand (“VOD”) and other direct to consumer technology gain a larger market share, customer service will be a key component in our potential success. This division is led by Jamie Thompson, President of Camelot Distribution Group, Inc.

Camelot Studio Group

Camelot Studio Group is responsible for the development, financing, design, planning, construction and operation of our major physical studio projects. The division has three sub-divisions, including Camelot Development Group, LLC, Camelot Studio Operations and Camelot Studio Financial Group. Utilizing the latest technology, Camelot Studio Group plans to develop a series of major motion picture studios both domestically and internationally from which the Company plans to produce slates of films, television and digital media productions. The studios are critical to the production process, as they allow the creative teams to control the production environment, which in turns provides the opportunity for higher quality productions. The studios also plan to have the ability to generate revenues from non-film activity, including events. Company Chairman Robert P. Atwell currently oversees this division. The Company is actively searching for an industry veteran to assume the day to day responsibility for this division.

The planned studios are the backbone of our planned education integration into the filmmaking process. By providing fully integrated educational opportunities at the studios, production infrastructure can be developed, which in time should lead to utilization and additional opportunity. The planned studios are expected to provide the space where students and professionals can work side by side. In a rapidly changing technology landscape, the students in some cases actually become the teachers, and the teachers (the professionals) become the students. This and other factors provide a unique opportunity for all involved. This unique relationship should provide student employment, job training and an innovative integration of students into the workforce.

The studio designs plan to feature large, functional stages, including some of the world’s largest stages, and a minimum of 12 stages per location. Modern advances in studio technology are expected to be incorporated into the studio design, including digital video walls, retractable roofs, water tanks and mechanized lighting grids.

The following sites and locations have been selected as initial sites for Camelot Studio Group facilities.

Proposed Current Camelot Studio Group Project Locations

Domestic

Orange County, California  
San Diego, California  
Las Vegas, Nevada  
New Orleans, Louisiana  
Miami, Florida  
Detroit, Michigan

International

Canada  
England  
Belgium  
Germany  
China  
Dubai

Our Camelot Development Group division is responsible for property acquisition, studio development, entitlements, project design, project financing, site management and acquisition of existing studios. Each project is expected to have its own development entity to implement the specific studio project.

Camelot Development Group plans to establish similar development entities in areas where additional studio sites are anticipated to be located, including an Orange County site, Los Angeles, Las Vegas, New Orleans, Florida, Michigan, North Carolina, Alabama, New Mexico, Europe, Latin America, United Kingdom, Asia, Australia, Canada, Chicago, New York, Texas, Washington, Reno and Dubai.

ITEM 1. BUSINESS - continued

Camelot Studio Operations

Camelot Studio Operations responsibility is to oversee the operation of the physical studios. This division will identify and retain experienced studio operators for each site, identify potential revenue sources, work with the local operators in minimizing costs while maximizing profits, insure aggressive community relation activities at each location, oversee governmental relations and work to sustain growth for the studio operations.

Camelot Studio Financial Group

The financial arm of Camelot Studio Group, this division is expected to be responsible for identifying and securing fiscal resources, both public and private, for the Camelot Studio Group projects. In addition, the financial group could assist Camelot in identifying profitable venture opportunities for studio group operations. The financial group is expected to arrange for and/or provide land acquisition costs, studio financing, incubator financing, studio acquisition financing, studio related financing and establishing fiscal operating procedures.

Camelot Production Services Group

The third major division of Camelot, Camelot Production Services Group is expected to provide the underlying fabric that supports all of the Company's operations while hopefully establishing individual revenue sources from each of its planned sub-divisions. The production services group is expected to be comprised of Camelot Studio Services, Camelot Technology Group, Camelot Entertainment Consulting Group, Camelot Post Production, Camelot Event Management, Camelot University, Camelot Sales and Marketing, Camelot Merchandising and Camelot Web. While the other two major divisions, Camelot Film Group and Camelot Studio Group, are specific in their respective institutional responsibilities, Camelot Production Services Group should have a wide variety of responsibilities which will interact with the other major divisions, providing services and support. We are currently searching for someone to head up this division.

To that extent, the production services group plans to provide production and related services to the motion picture, television, radio and music activities of Camelot, provide production and related services to third-party companies in the motion picture, television, radio and music industry and provide innovative fiscal tools for Camelot and its affiliates. In addition, the production services group will research, develop and deploy new technologies, provide consulting services to third-party production companies, distributors and industry professionals and oversee post production activities of Camelot.

The production services group will also provide event management services, establish Camelot University on the studio sites, establish, implement and manage sales and marketing, merchandising and web activities.

This division will be the last of the three major divisions to become fully operational. Aspects of the planned operations are already underway, as they are intertwined with our Camelot Film Group and Camelot Studio Group activities.

Camelot Entertainment Financial Group

Our financial group is expected to oversee all of the financing activities for the Company. The financial group plans to provide financial services to Camelot, secure funding for Camelot film, television and digital media projects, oversee the financial transparency aspects of our business model and oversee collection of accounts receivable.

In addition, Camelot Entertainment Financial Group plans to establish, develop and implement our “Late Stage Bridge Financing Fund” or “LSB”, which will provide late stage bridge financing for bank or equivalent financed projects with accelerated or delayed start dates that have a need for this type of short term financing.

#### Camelot Studio Services

Our studio services department plans to provide studio services, including equipment, expendables, location, transportation and logistical support to Camelot Studio Group. In addition, studio services hopes to provide these services through Camelot Studio Group to third-party productions. This department is expected to establish revenue producing activities utilizing Camelot assets and will provide equipment, transportation and logistical support to Camelot (in addition to those services provided to Camelot Studio Group).

#### Camelot Technology Group

Camelot Technology Group plans to provide Camelot with the latest pre-production technology, including pre-visualization software, production, post production and distribution technologies, including digital delivery systems. This department is expected to also research and develop new technologies for Camelot and the entertainment industry. Currently, Camelot is involved with various digital consortiums, SMPTE, NAB and other entities that are actively pursuing digital technology. In addition, our technology group is expected to be responsible for the technical side of our corporate communications, which will become a critical component of our future operations as we expand.

ITEM 1. BUSINESS - continued

Camelot Entertainment Consulting Group

Our consulting group is expected to provide film, television and digital media consultation services to third-party production companies, distributors and industry professionals. The group plans to provide banks, funds and other financial institutions with fiscal consultation specifically related to the film, television and digital media industry.

Camelot Post Production

Our post production department will be responsible for providing Camelot Film Group with the best post production capabilities available in order to meet their post production requirements. This department plans to utilize the latest technology available to support the production process, working with such companies as Avid and Apple (Final Cut). It will provide sound, special effects, ADR, editing, digital interface and other digital applications, music and deliverables.

Camelot Event Management

Our event management company will have the responsibility of securing contracts to manage film markets and festivals worldwide. In addition, the department plans to provide consulting services to existing festivals and markets, organize and manage Camelot events, outsource its services for third-party events and manage corporate travel for the Company.

Camelot University Division

Our educational division, currently known as Camelot University, is expected to be responsible for all of our educational activities, curriculum, disciplines, integration and interaction with our educational partners. Education is imbedded in our business foundation and is a critical component of our business model. In the future, this division plans to establish a world class college and/or university to provide the traditional and non-traditional education with our education partners. In addition, we plan to establish "Camelot College of the Arts", specifically for motion picture, television and digital media development, production and distribution.

Camelot University is expected to be responsible for our innovative integration of students into the film, television and digital media industry through our physical studios and other programs, providing job training, infrastructure establishment, student employment, business community education partnerships and career opportunities for our students.

Camelot Sales and Marketing

Our sales and marketing department plans to establish, implement and manage sales and marketing activity for the Company, overseeing those efforts in each of our three main divisions, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group. They are expected to be responsible for providing materials, developing and implementing promotional campaigns, press relations, investor relations, advertising, printing, one-sheets, press packets and on-line marketing material. Our sales and marketing team, when fully staffed, plans to work closely with our merchandising and web departments, all critical elements of our business model.

Camelot Merchandising

The merchandising department would be responsible for all of the Company's promotional products, promotional tie-ins, clothing, hats, jackets, fleece, etc., poster, cups, toys, memorabilia, product placement and product tie-ins. Working with our web department, Camelot merchandising will be expected to establish our planned on-line retail store and future retail outlets.

#### Camelot Web

Our web division is expected to be responsible for our web sites, IPTV, on-line store, technical support, internet services, hardware and software support, blogs, chat rooms, email and all other activities associated with the internet and computers. Our web department plans to work closely with our technology group planning and implementing our web related activities.

#### Recent Developments

During fiscal year 2009, we made significant progress within Camelot Film Group as we unveiled our new distribution team and began the process of acquiring and distributing product. Jamie Thompson was named President of Camelot Distribution Group. Jessica Kelly was named Vice President of Sales and Marketing. We made several key additions to our legal and finance team. We entered into four letters of intent to acquire four different companies, including three distribution companies and one post production facility. The negotiations for these acquisitions are ongoing and are dependent on raising significant financing. We expect to either conclude or terminate negotiations during 2010. There can be no assurance that we will be successful in acquiring these entities.. We continue to pursue the development and implementation of the Camelot Production Model in conjunction with our distribution activities, along with expanding the production undertakings of Camelot Features as further described in this report. In addition, we began preliminary negotiations on potential studio sites in Las Vegas and New Orleans. We reestablished Camelot Films® U.K. Limited and opened up a small office in London.



ITEM 1. BUSINESS - continued

Following the unexpected termination of our agreement to develop our first major physical studio project in August 2008, we began the process of restructuring our organization in order to focus on our core business objectives, which include the development, production and distribution of feature film, television, home video and digital media production. As part of this transition, we expanded our distribution activities in 2009, including bring in a new president of Camelot Distribution Group, a subsidiary of Camelot Film Group, Inc., one of our three major operating divisions. As a result, during the third and fourth quarters of 2009, we acquired a number of feature films for distribution for \$37,500 to began generating operational revenues in 2010.

In August 2009, we also entered into a financing agreement with JMJ Financial which will provide us with \$3,000,000 in operating capital over the next two years. This funding commitment along with our current revenue generating capabilities should enable us to sustain operations for the foreseeable future.

Although we did not earn any revenues during fiscal year 2009, we did begin generating revenues from our distribution activities in fiscal year 2010. Due to our limited operations and the long-term revenue cycle of the film business in general, our early 2010 revenues will be minimal. However, we do expect to begin to generate significant revenues during fiscal year 2010. Our ability to develop sustained operations and to generate revenues is to a great extent dependent upon successful resolution of the “chill” situation with DTCC and completion of our planned funding activities during 2010 and beyond, which will allow us to complete the planned acquisitions and continue to expand our distribution activities. Failure to complete our funding objectives as discussed herein could have a material adverse effect on our ability to complete the acquisitions and therefore expedite the expansion of our planned operations.

We believe that the direction the Company is now taking along with the financing commitments we have obtained through our financing agreement with JMJ Financial will allow us to fully implement our business plan and as a result make progress toward sustaining operations in 2010 and beyond and as a result no longer be classified as a development stage company, and further, provide us with the opportunity to become listed on a national exchange.

Principal Products or Services and Their Markets

Although our operations have been limited, our focus during 2009 has been on expanding Camelot Film Group, focusing on the proposed development, production, marketing and distribution of original motion pictures, television and digital media. Our operations are currently centered on activities within Camelot Distribution Group and DarKnight Pictures, where we have been acquiring product and generating revenues. Our objective at Camelot Film Group is to develop, produce, market and distribute multiple pictures, television product and various forms of digital media annually across various genres and budget ranges through our various divisions which comprise Camelot Film Group. Camelot Films® continues to provide the foundation upon which all of our various film, television and digital media divisions plan to operate. By incorporating our truly unique business model, which stresses four main objectives: financial transparency, full time employment, stock ownership and revenue sharing; we are hoping to redefine the development, finance, production, and distribution process. In doing so, we plan to produce higher quality, lower cost productions to meet the growing appetite for content worldwide. Our plan is to market and distribute all of our production through our Camelot Distribution subsidiary, including DarKnight Pictures, thereby keeping as much control as possible over the future revenues generated by our productions.

The development, finance, production and distribution process for film, television and digital media can have a lengthy workflow cycle. The process is inherently risky. It consumes significant cash and personnel resources. While we are going through this process, we are slowly developing the other areas of our business, Camelot Studio Group and Camelot Production Services Group. All three divisions are critical to our success. It will take at least three to five

years to become fully operational, depending upon the successful completion of our planned financing activities. If our funding plans are delayed or do not materialize, we may never become fully operational, or if we do, it could take significantly longer than three to five years.

#### Key Additional Components of the Camelot Production Model (“CPM”)

Camelot Films® is home to our unique “Camelot Production Model”, also known as “CPM”. The CPM provides for multiple feature films to be produced in annualized schedules known as “Slates”. The CPM plan incorporates the basic features previously described, including financial transparency, full time employment, stock ownership and revenue sharing. The CPM plan expects to offer maximum flexibility, cost reductions, increased productivity, embraces new technologies and provides education and employment opportunities.

With annualized budgets and Slates, Camelot Films® plans to take the best of the old studio system, and merge it into the 21st century. By eliminating many of the old studio system drawbacks, such as long term, non-negotiable actor contracts which tied an actor to a single studio for years, and by incorporating new business methods and technologies, such as creative freedom and digital, Camelot Films® is designed to provide the filmmaker with the tools necessary to develop, produce and distribute their projects, either through Camelot Films® or through another entity with the assistance of Camelot.

ITEM 1. BUSINESS - continued

The following additional components are a crucial part of the CPM:

Cash Component

Our plan is to raise sufficient capital to finance the next three to five years of operations, production and distribution activities, the time period management feels it will take for us to realize ongoing revenues substantial enough to maintain monthly operating, production and distribution expenses. We plan to file a S-1 registration statement during the second and third quarters of 2010. We will not be able to commence our plan to develop, produce, market and distribute multiple pictures annually until we have raised the necessary capital. In the event we are unable to secure this funding on a timely basis, our ability to implement our plan would be jeopardized. See "Risk Factors".

Deferment Component

In addition to reasonable cash payments on budgeted line items, a majority of line items in the budgets will also have a deferment component. In addition to cash payments, each individual and vendor would receive a deferment, or delayed payment, which we anticipate to pay out of revenues generated by our films. By fully disclosing all financial elements in connection with the pictures, which we call financial transparency, we believe that the deferment component can become a trusted and reliable source of payment for our employees and vendors.

Camelot Production Services Group Contribution Component

We anticipate providing each film produced by us certain items in the budget that normally would have to be either rented or purchased from a third party vendor. These "in-kind" contributions may include cameras, lights, grip and electrical equipment, vehicles, legal and accounting services, certain executive producer and producer services, production and location offices and other goods and services to be determined on a film by film basis.

We plan to issue every individual working on our films shares of our Common Stock as part of their compensation package or vendor contract. We anticipate that this Common Stock component will enhance each individual or vendor's consideration to such an extent that these individuals and entities will continue to work with us within the parameters of our budget model.

Key Components of the Production Process

The key components of motion picture production are generally viewed as consisting of development, pre-production, production or principal photography, post-production, marketing and distribution. While these terms are used in similar ways by many major studios and independent productions, the relative resources of the parties involved in producing an original motion picture have a meaningful impact on both the scale and scope of the specific activities these components are comprised of. For example, in a major studio production, the post-production phase may include use of numerous special effects professionals and companies, composers and music editors, in addition to other personnel. This is in contrast to many independent productions that might be able to fit a music editor into their budget, but may not be able to afford hiring a composer to create an original score, much less an orchestra to perform and record the score. Similarly, many independent productions might not be able to afford hiring a leading special effects company for months at a time, but may be able to fit some stock special effects footage into a production or hire an editor that also has some experience with editing special effects. As our business model depends to a large extent on our ability to efficiently mitigate some of these differences, our description of the motion picture production process includes certain references to our perception of differences between major studio productions and independent productions.

## Development

In general, the development phase of motion picture production begins with converting a concept or literary work into a script. In certain cases, a completed script, or screenplay, may already exist, and require a studio or independent producer to acquire rights to the script. Such rights could be an outright purchase of a literary work or an option to purchase the literary work or script. In the case of a major studio, the next steps in the development phase of a motion picture could often involve developing a budget, getting contingent commitments from talent such as directors and cast members, and assessing the overall creative potential of the project. Independent productions generally conduct similar activities; the key difference is often that an independent producer has substantially less financial and human resources with which to execute these activities. As a result, certain independent productions must seek external financing from private investment sources to enable shaping the motion picture concept into an attractive package that could hopefully result in raising additional funds needed to actually produce the motion picture.

In the case of studios and independent production companies, their staffs actively seek and participate in the acquisition of completed scripts or developing scripts into motion picture projects, usually with either in-house producers or non-affiliated producers whose specific projects they desire to produce. Once the screenplay or story rights have been secured, talent is lined up, a budget and production schedule has been created, the package is presented to decision-makers at the studio or independent production company that either approves the project, or “greenlights” the project, or declines the project. If the project is approved, it moves into the pre-production phase.

## ITEM 1. BUSINESS - continued

The decision whether to “greenlight,” or proceed with production of, a film is a diligent process that typically involves numerous key executives of a major studio, in contrast to an independent company where possibly the entire process might be handled by just one person. Generally, the production division presents projects to a committee comprised of the heads of a studio’s production, distribution, home entertainment, international, legal and finance departments. In this process, scripts are discussed for both artistic merit and commercial viability. The committee considers the entire package, including the script, the talent that may be attached or pursued and the production division’s initial budget. They also discuss talent and story elements that could make the product more successful. Next, the heads of domestic and international distribution prepare estimates of projected revenues and the costs of marketing and distributing the film. The studio’s finance and legal professionals review all of the projections, and the committee decides whether the picture is worth pursuing by balancing the risk of a production against its potential for financial success. The studio may seek to mitigate the financial risk associated with film production by negotiating co-production agreements, pre-selling international distribution rights and capitalizing on government subsidies and tax credits. In addition, a studio might attempt to minimize its production exposure by structuring deals with talent that provide for them to participate in the financial success of the motion picture in exchange for reducing up-front payments.

### Pre-Production

In general, the pre-production phase of motion picture production involves executing binding engagements of creative personnel, scouting and securing locations for principal photography, firming up the filming schedule and budget, and taking all other steps necessary to facilitate actual filming during the production, or principal photography, phase.

### Production/Principal Photography

Principal photography, or production, is the phase where actual filming of the motion picture takes place. The actors, producers, directors, staff, locations and equipment that were engaged and planned for in the pre-production phase must be brought together to create the primary film footage that should enable a meaningful creative work to be edited into a quality finished product. While the planning that took place during the pre-production phase is a critical success factor, a large amount of uncertainties exist that can positively, or negatively, impact outcomes of the production phase. For example, weather may cause delays in the shooting schedule, talent may become injured or sick and the director may not be able to extract the quality of performances desired from actors. In the case of a major studio production, access to capital may enable more resources to be deployed to mitigate these risks. In the case of an independent production, these uncontrollable factors may be more likely to result in the failure to complete a motion picture of the quality envisioned during the pre-production phase.

### Post-Production

Following the last date of principal photography, the film footage produced during that phase enters the post-production phase. Post-production is the phase where the film footage captured in the production phase is enhanced and edited into a form that should, hopefully, strike a chord with the target audience upon release of the completed motion picture. This phase includes activities such as adding voices as needed, opticals, music, special effects, soundtracks, and even additional film footage. These elements must be brought together symbiotically, to create a completed negative ready to be converted into release prints. This phase has a substantial impact on how an audience perceives the work that was performed during the principal photography phase. For instance, although the performances of actors and directors may have been excellent during the principal photography phase, if the sound, sequence of visuals and events are not brought together in the proper manner, the end result may not be artistically or commercially viable. For major studios, hiring the best available consultants, editors or other parties to remedy, at least partially, such an outcome can often mitigate such an event. Few independent productions can access such

resources without exceeding the projected revenues required to deliver a potential return to their investors.

#### Studio Facilities

Currently, we rent studio space on an as-needed basis.

#### The Motion Picture Industry

The motion picture industry consists of two principal activities: production and distribution. Production involves the development, financing and production of feature-length motion pictures. Distribution involves the promotion and exploitation of motion pictures throughout the world in a variety of media, including theatrical exhibition, home entertainment, including Blue-Ray and DVD, television, video-on-demand, pay-per-view, direct to consumer, digital media, mobile media and other ancillary markets.

#### General Statistics

## ITEM 1. BUSINESS - continued

## General Statistics

According to the Motion Picture Association's U.S. Theatrical Market: 2009 Statistics, worldwide box office reached \$29.9 billion, a 7.6% increase over 2008. Overall domestic box office revenue was approximately \$10.6 billion in 2009. This represents a 10.1% increase in total domestic box office compared to 2008 statistics. Global box office reached an all-time high with its \$29.9 billion in 2009, with 64% of the global box office generated internationally, up from 51% in 2001. Domestic moviegoers purchased 1.42 billion theater tickets in 2009, a 5.5% increase over 2008. Although it fluctuates from year to year (including a moderate decline from 2004 to 2005, followed by steady increases through 2009), the domestic motion picture industry has grown in revenues and attendance over the past five (5) years, with box office receipts up 20.3% (\$8.8 billion in 2005) and admissions up 1.6% (1.39 billion in 2005). U.S./Canada movie admissions, or tickets sold, reached a five year high at 1.42 billion in 2009. Admissions rose 5.5% from 2008, the first increase in two years. The national average of tickets sold per person (admissions per capita) increased to 4.3 in 2009, the first increase since 2002. Worldwide appetite for filmed entertainment continues to escalate, as seen in the increased international percentage of total world-wide box office. Domestically, filmed entertainment has historically performed well during recessionary periods, and the current numbers continue to reinforce that fact.

There were 558 feature films released in 2009, down from 633 in 2008. 28%, or 158, of those were released by the major studios. 400, or 72%, were released by independent distributors. Of the top 25 films in 2009, 1 movie earned more than \$400,000,000 at the U.S./Canadian box office in 2009; 1 movie earned more than \$300,000,000; 5 earned between \$200,000,000 and \$300,000,000, and 18 earned between \$100,000,000 and \$199,000,000. PG-13 films continue to dominate the top 25, with 13 films in the top 25. 9 films were rated PG and 3 films were rated R. Overall, approximately 50% of all movies released theatrically were rated PG-13. 30% were rated PG, 15% were rated R and 5% were rated G.

## Product Life Cycle

Successful motion pictures may continue to play in theaters for more than three months following their initial release. Concurrent with their release in the United States, motion pictures are generally released in Canada and may also be released in one or more other foreign markets. After the initial theatrical release, distributors seek to maximize revenues by releasing movies in sequential release date windows, which are generally exclusive against other non-theatrical distribution channels:

## Typical Film Release Windows\*

Release Period	Months After Initial Release	Approximate Release Period
Theatrical	--	0-3 months
Home video/ DVD (1st cycle)	3-6 months	1-3 months
Pay-per-transaction (pay per-view and video-on-demand)	4-8 months	3-4 months
Pay television	9-12 months	18 months
Network or basic cable	27-30 months	48-72 months
Syndication	48-70 months	12-72 months
Licensing and merchandising	Concurrent	Ongoing
All international releases	Concurrent	Ongoing

These patterns may not be applicable to every film, and may change with the emergence of new technologies. Does not include day and date release patterns.

## Cost Structure

### General

In the motion picture industry, the largest component of the cost of producing a motion picture generally is the negative cost, which includes the “above-the-line” and “below-the-line” costs of producing the film. Above-the-line costs are costs related to the acquisition of picture rights and the costs associated with the producer, the director, the writer and the principal cast. Below-the-line costs are the remaining costs involved in producing the picture, such as film studio rental, principal photography, sound and editing.

Distribution expenses consist primarily of the costs of advertising and preparing release prints. The costs of advertising associated with a major domestic theatrical motion picture release are significant and typically involve national and target market media campaigns, as well as public appearances of a film’s stars. These advertising costs are separate from the advertising costs associated with other domestic distribution channels and the international market.

The major studios generally fund production costs from cash flow generated by motion picture and related distribution activities or bank and other financing methods. The independent production companies typically use a plethora of creative financing techniques to fund production. Over the past decade, expenses in the motion picture industry have increased rapidly as a result of increased production costs and distribution expenses. Additionally, each of the major studios must fund substantial overhead costs, consisting primarily of salaries and related costs of the production, distribution and administrative staffs, as well as facilities costs and other recurring overhead. Independent production companies, while usually not faced with major overhead costs, nevertheless have to function outside the studio system and as a result in many cases they do not have access to the studio structure, which can make the process of getting a specific film made more difficult and, in some isolated instances, more expensive. Camelot plans to fund its production costs through either a private and/or public offering during 2010. There can be no assurance that Camelot will be successful in raising the funds necessary to fund its production costs. If it is unable to do so, Camelot’s production activity would have to be delayed and that could have a material adverse effect on the Company’s ability to implement its business plan.



## ITEM 1. BUSINESS - continued

### Industry Compensation Arrangements

Most of the creative and production personnel that work on a movie are short-term employees or "for hire" contractors who are compensated for their services at a predetermined rate. It is also customary in the motion picture industry to pay contingent compensation over and above these fees to certain key employees and contractors.

Three customary contingent compensation arrangements in the industry include:

#### 1. Fixed Deferrals

Key creative personnel, including the director, producer, writer and actors, often negotiate fixed deferral payments of flat fees tied to a film's financial returns. This is a major component of our business model.

#### 2. Residual Payments

The principal collective bargaining organizations for personnel within the movie industry are: the Directors Guild of America, or DGA; the Writer's Guild of America, or WGA; the Screen Actors Guild, or SAG; the American Federation of Musicians, or AFM; and the International Alliance of Theatrical Stage Employees, or IATSE. When a movie producer involves members of these organizations in a film, they are required to comply with certain residual payment obligations. These obligations are set forth in agreements between these organizations and the Alliance of Motion Picture and Television Producers ("AMPTP") (which represents the major studios) and provide that a percentage of a film's gross revenues in certain markets must be paid to these organizations for the benefit of their members. As an example, SAG currently requires payment of between 4.5% and 5.4% of the gross revenue attributable to videocassette exploitation and 3.6% of television exploitation, with no residuals due for theatrical exploitation. We may be required to accrue and pay standard residual payments based on the collective bargaining agreements associated with one of our creative teams. These residual payments are based upon gross revenues in certain markets and may therefore, depending upon our distribution arrangements, reduce our revenues in various markets and release windows.

#### 3. Profit Participations

The last form of contingent compensation is a "profit participation", which entitles the recipient to additional compensation based on the financial performance of a particular motion picture. Granting profit participation to certain key creative personnel is common for both larger studio films as well as smaller independent films. For independent movies, this form of contingent compensation is critical to attract quality creative personnel who work for less upfront compensation than they otherwise might receive on a larger, more costly movie. By paying this contingent compensation, producers are able to attract these high quality creative personnel while simultaneously reducing the upfront costs.

### Distribution Methods of the Products or Services

#### Marketing and Distribution

The key components of motion picture distribution include licensing the film for exploitation in the United States and internationally, marketing the film to and working with exhibitors, promoting the film to and working with members of the entertainment press and marketing the film to the general public. The distribution process involves additional complexities and uncertainties beyond those incurred in producing the motion picture, along with the related capital

requirements. As a result, most independent productions rely on agreements with the distribution arms of major studios, sales agents engaged to market the film to a distributor, independent distributors, or a similar partnership arrangement that essentially engages the distribution expertise of a third party to get their production to market.

One of the major roles of a distributor, in addition to their relationships with theatrical and non-theatrical outlets, is the ability of these parties to measure the expected demand for a given motion picture. This is a critical function, because ideally such assessment should help determine an effective advertising and print budget for the project. A motion picture release print is the media that in most cases is used by exhibitors and theaters to present the motion picture to their patrons. The projected demand for a film project can directly influence the number of prints made, which is important because each print is rather costly. Similarly, the number and types of geographic locations, or markets, the film could be released in normally influences the mix and cost of advertising expenditures. Although the MPAA did not release costs for 2008, according to the MPAA, the average print and advertising costs per release per member totaled \$35.9 million in 2007. Combining this total with the \$70.8 million reported average 2007 MPAA member costs to produce film, or motion picture negative, results in an average production and distribution cost of \$106.6 million. When one considers that the average box office revenue per release for these members was only \$32.7 million in 2006, and for all new releases the average was \$15.8 million, the financial risks of distributing and producing a motion picture should become clearer. Very few independent productions have direct access to such capital, making their reliance on distributors and distribution partners essential.

ITEM 1. BUSINESS - continued

In general, an independent production attempts to enter into an agreement with a sales agent, or distributor, by which the distributor plans to market the film to outlets and consumers. The amount of the distributor's fee, and therefore the amount of remaining profits, if any, is largely dependent on the films anticipated gross receipts, and how contract terms define the gross receipts. As a result, such fees can vary greatly depending on the nature of the distribution contract as well as the scale and timing of gross receipts. Under some arrangements fees can be as low as 12.5%, in others 35%, or even higher. This is one reason why Camelot has its own distribution division, Camelot Distribution Group, which allow Camelot to keep all of these fees within the Company and oversee the collection of revenues generated through our distribution activities.

In most cases, the distributor offers to pay for prints and advertising, sparing the independent production these up front, fixed costs and the associated risk. However, as the film generates gross receipts, the distributor has the ability to offset the percentage of such receipts otherwise payable to the independent production by the amount expended for prints and advertisements until the distributor has recouped such amount. Such arrangements are sometimes referred to as a net agreement, or net deal. In other cases, an independent production may negotiate to receive its share of the proceeds as gross receipts materialize. Under this type of arrangement, the distributor might still pay for prints and advertising, but might take a higher share of the gross receipts than otherwise payable under a net agreement.

Foreign Distribution

Foreign distribution is generally taken care of by a distributor which coordinates worldwide sales in all territories and media. Overseas film sales companies rely on local subdistributors to physically deliver the motion picture and related marketing materials and to collect revenues from local exhibitors and other local distributors of the film. Typically, the territorial rights for a specific medium such as television exhibition are sold for a "cycle" of approximately seven years to fifteen years, and in some cases even longer, after which the rights become available for additional cycles.

Foreign distribution is normally handled in one of the following ways:

1. Sales Agency Representation. A Sales Agent undertakes to represent and license a motion picture in all markets and media on a best-efforts basis, with no guarantees or advances, for a fee ranging from 12.5% to 25%, and typically for a term ranging from seven to fifteen years.
2. Distribution. A distributor may provide the producer of the film a guarantee of a portion of the budget of the project. This guarantee may be in the form of a bank commitment to the producer, secured by license agreements with foreign licensees, which is used by the producer to finance the production.

Typically, a distributor would receive a distribution fee ranging from 12.5% to 35% over a term ranging from 15 years to perpetuity. In addition, the distributor may negotiate, or otherwise acquire, a profit participation in the film project.

Once the rights to a picture are obtained (either as sales agent or distributor with minimum guarantee), the distributor then seeks to license its rights to subdistributors in the territories for which it has acquired distribution rights.

In general, the grant of rights to the subdistributors includes all media in their respective territories other than satellite, although satellite is included in some subdistributors' territories.

The subdistributor in each territory generally pays for its distribution rights with a down payment at the time the contract is executed with the balance due upon delivery of the picture to the subdistributor. In some cases, payments may be extended over a longer period of time, especially when the production does not live up to the expectations of

the subdistributor. Delivery normally occurs upon the distributor's acceptance of the master negative and its obtaining access to certain items necessary for the distribution of the film. In some instances, the subdistributors' obligations for the payment due on delivery can be secured by a letter of credit.

Most films are sold either directly to a buyer that has a pre-existing relationship with the distributor, or at one of the several film markets that take place throughout the world. Although there are a number of film markets each quarter, historically, major sales take place primarily at the MIF in Cannes, France each May and at the American Film Market in Los Angeles, each November.

In general, after cash advances to a subdistributor, if any, are recouped, the distributor applies the distribution receipts from its subdistributors first to the payment of commissions due to the distributor, then second to the recovery of certain distribution expenses, then to the reimbursement of the distributor for its minimum guarantee or advance, if any, and then finally any remaining distribution receipts are shared by the distributor and the producer according to the percentages negotiated in the agreement between the distributor and the producer.

#### Status of any Publicly Announced New Product or Service

We did not announce any new product or service during 2009.

ITEM 1. BUSINESS - continued

Competitive Business Conditions and the Small Business Issuer's Competitive Position in the Industry and Methods of Competition

Competitive Strengths

To achieve our goals of becoming a leading independent producer and distributor of feature films, television and digital media, we plan to exploit our competitive advantages, which we believe includes our experience in developing, preparing, producing, finishing, marketing and distributing films with a economically feasible budget, independent films utilizing a unique an efficient business model that attempts to minimize costs while maximizing quality and ultimately attracting the broadest possible consumer base for our productions. We believe that once our initial slate of pictures begins to reach market, our reputation and ability to produce and distribute quality films at the lowest possible price while at the same time maximizing economic potential for all those working with us should make us an attractive place for independent filmmakers, whether new or experienced, whether young or old.

Our disciplined approach to the development, preparation, production, post-production, marketing and distribution of feature film content should hopefully enable us to establish and maintain a distinct competitive advantage. By seeking to minimize the financial risks often associated with film production, by incorporating "financial transparency", marketing and distribution by negotiating co-production agreements, pre-selling international distribution rights, capitalizing on government subsidies and tax credits, structuring efficient production schedules and crafting agreements with key talent attracted to the films we develop and produce, we plan to provide a unique environment where independent film can flourish, albeit in a fiscally responsible manner. In each production, we plan to attempt to minimize our financial exposure by structuring deals with talent that provide for their participation in the financial success of the motion picture in exchange for reduced up-front payments. Although the steps that we take to manage these risks may, in some cases, limit the potential revenues of a particular project, we believe that our approach to the motion picture business creates operating and financial stability for us.

Competition

We face competition from companies within the entertainment business and from alternative forms of leisure entertainment, such as travel, sporting events, outdoor recreation and other cultural activities. We compete with the major studios, numerous independent motion picture and television production companies, television networks and pay television systems for the acquisition of literary and film properties, the services of performing artists, directors, producers and other creative and technical personnel and production financing. In addition, our motion pictures compete for audience acceptance and exhibition outlets with motion pictures produced and distributed by other companies. As mentioned above, we compete with major domestic film studios which are conglomerate corporations with assets and resources substantially greater than ours, including several specialty or classic divisions.

Those companies we compete with include, at the major studio level, NBC Universal and its subsidiaries, Focus, USA Films, and NBC; Sony, and its divisions Columbia, MGM, UA, Sony Pictures Classics, Screen Gems, and TriStar Pictures; Paramount and its subsidiaries, Vantage, Paramount Classics, Nickelodeon Movies, DreamWorks Live Action and MTV Films; Warner and its divisions, HBO, Castle Rock, and Turner; Disney and its subsidiaries Buena Vista, Touchstone, Miramax, Hollywood Pictures, Pixar and ABC; and Fox and its divisions Fox Searchlight and Fox TV.

At the independent level, in addition to some of the divisions and subsidiaries of the majors, we compete with companies such as The Weinstein Company and its Dimension label, Jerry Bruckheimer Films, Nu Image and its subsidiaries Millennium Films and First Look Studio, Yari Film Group, Lionsgate, Newmarket, RKO Radio Pictures,

IFC, Samuel Goldwyn, 2929 Entertainment and its Magnolia label, Troma Entertainment and others. In addition, we compete with CBS, Cable and Satellite companies and many smaller independent production companies and distributors.

Predicting the success of a motion picture is difficult and highly subjective, as it is not possible to accurately predict audience acceptance of a particular motion picture. Our strategy is to assemble a creative team, screenplay and cast that we believe has the potential for commercial success. In order to evaluate our potential to obtain distribution and appeal to an audience, we will attempt to use the following criteria: an exceptional story, compelling character roles, recognizable actors and actresses, an established and respected director, experienced producer, and a relatively low production budget.

The success of any of our motion pictures is dependent not only on the quality and acceptance of a particular picture, but also on the quality and acceptance of other competing motion pictures released into the marketplace at or near the same time. The number of films released by our competitors, particularly the other major film studios, in any given period may create an oversupply of product in the market, thereby potentially reducing our share of gross box office admissions and making it more difficult for our films to succeed.

With respect to our domestic theatrical releasing operations, a substantial majority of the motion picture screens in the United States typically are committed at any one time to films distributed nationally by the major film studios, which generally buy large amounts of advertising on television and radio and in newspapers and can command greater access to available screens. Although some movie theaters specialize in the exhibition of independent, specialized motion pictures and art-house films, there is intense competition for screen availability for these films as well. Given the substantial number of motion pictures released theatrically in the United States each year, competition for exhibition outlets and audiences is intense.

Competition is also intense in supplying motion pictures and other programming for the pay television, syndicated television and home video markets. Numerous organizations with which we expect to compete with also distribute to the pay television, syndicated television and home video markets have significantly greater financial and other resources than us.

## ITEM 1. BUSINESS - continued

In addition, there also have been rapid technological changes over the past 15 years. Although technological developments have resulted in the creation of additional revenue sources from the licensing of rights with respect to new media, these developments also have resulted in increased popularity and availability of alternative and competing forms of leisure time entertainment including pay/cable television programming and home entertainment equipment such as DVD's, videocassettes, interactive games and computer/internet use.

The entertainment industry in general, and the motion picture industry in particular, are continuing to undergo significant changes, primarily due to these technological developments. For example, as motion pictures begin to be distributed using emerging technologies such as digital delivery, the internet and online services, the ability to protect intellectual property rights in motion pictures could be threatened by advances in technology that enable digital piracy. This is because digital formats currently do not contain mechanisms for tracking the source or ownership of digital content. As a result, users may be able to download and distribute unauthorized or "pirated" copies of copyrighted motion pictures over the internet. In addition, there could be increased proliferation of devices capable of making unauthorized copies of motion pictures. As long as pirated content is available to download digitally, many consumers may choose to digitally download such pirated motion pictures rather than paying for legitimate motion pictures. Digital piracy of our films may adversely impact the gross receipts received from the exploitation of such films. Due to this rapid growth of technology and with it, piracy, as well as shifting consumer tastes and the popularity and availability of other forms of entertainment, it is impossible to predict the overall effect these factors could have on the potential revenue and profitability of feature-length motion pictures.

### Sources and Availability of Raw Materials and the Names of Principal Suppliers

During the production process, we utilize a number of raw materials contained in such items such as props, make-up, wardrobe, electrical supplies and equipment, construction supplies and equipment, as well as materials from almost every industry. These raw materials are readily available from a wide range of sources and suppliers throughout the world. We plan to identify principal suppliers once we begin the production process.

### Dependence on One or a Few Major Customers

We do not plan to depend on any one customer. As we expect to market and distribute our planned films directly to the public, we should not be dependent on one or a few major customers, rather we should be entirely dependent on the willingness of the public to purchase our entertainment product.

### Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts

Camelot Films®, our feature film production division, is a registered trademarked brand and is registered with the United States Patent and Trademark Office. The trademarks "Camelot Entertainment Group" "Camelot Film Group" "Camelot Film Group," "Camelot Features", "Camelot Television Group", "Ferris Wheel Films", "Camelot Gaming", "Camelot Digital Media", "Camelot Distribution Group", "Camelot Studio Group", "Camelot Production Services Group", "Camelot Studio Model", "Camelot Production Model", "Camelot Urban Entertainment", "Camelot Latin Entertainment", "Camelot University", "Camelot College of the Arts", "Camelot Technology" and "Camelot Merchandising" are expected to be filed and/or are in the process of being filed with the United States Patent and Trademark Office. We are also in the process of patenting our unique business model.

The Company plans to copyright and own all motion pictures that it makes. This should result in the Company building a library of its own product over time.

Need for any Government Approval of Principal Products or Services

Distribution rights to motion pictures are granted legal protection under the copyright laws of the United States and most foreign countries. These laws provide substantial civil and criminal sanctions for unauthorized duplication and exhibition of motion pictures. Motion pictures, musical works, sound recordings, art work, still photography and motion picture properties are separate works subject to copyright under most copyright laws, including the United States Copyright Act of 1976, as amended. We are aware of reports of extensive unauthorized misappropriation of videocassette rights to motion pictures which may include motion pictures distributed by us. Motion picture piracy is an industry-wide problem. The Motion Picture Association of America, an industry trade association, operates a piracy hotline and investigates all reports of such piracy. Depending upon the results of investigations, appropriate legal action may be brought by the owner of the rights. Depending upon the extent of the piracy, the Federal Bureau of Investigation may assist in these investigations and related criminal prosecutions.

Motion picture piracy is also an international problem. Motion picture piracy is extensive in many parts of the world, including South America, Asia including Korea, China and Taiwan, the countries of the former Soviet Union and other former Eastern bloc countries. In addition to the Motion Picture Association, the Motion Picture Export Association, the American Film Marketing Association and the American Film Export Association monitor the progress and efforts made by various countries to limit or prevent piracy. In the past, these various trade associations have enacted voluntary embargoes of motion picture exports to certain countries in order to pressure the governments of those countries to become more aggressive in preventing motion picture piracy. In addition, the United States government has publicly considered trade sanctions against specific countries that do not prevent copyright infringement of United States produced motion pictures. We cannot assure you that voluntary industry embargoes or United States government trade sanctions will be enacted. If enacted, these actions could impact the amount of revenue that we realize from the international exploitation of motion pictures depending upon the countries subject to and the duration of such action. If not enacted or if other measures are not taken, the motion picture industry as a whole, and our business in particular, may continue to lose an indeterminate amount of revenues as a result of motion picture piracy.



ITEM 1. BUSINESS - continued

The Code and Ratings Administration of the Motion Picture Association assigns ratings indicating age-group suitability for theatrical distribution of motion pictures. We plan to submit our motion pictures for these ratings. In certain circumstances, motion pictures that we plan to submit for rating might receive restrictive ratings, including, in some circumstances, the most restrictive rating which prohibits theatrical attendance by persons below the age of seventeen. Unrated motion pictures, or motion pictures receiving the most restrictive rating, may not be exhibited in certain movie theaters or in certain locales, thereby potentially reducing the total revenues generated by these films. United States television stations and networks, as well as foreign governments, impose additional restrictions on the content of motion pictures which may restrict in whole or in part theatrical or television exhibition in particular territories. In 1997, the major broadcast networks and the major television production companies implemented a system to rate television programs. This television rating system has not had a material adverse effect on the motion pictures distributed by us. However, the possibility exists that the sale of theatrical motion pictures for broadcast on domestic free television may become more difficult because of potential advertiser unwillingness to purchase advertising time on television programs that are rated for limited audiences. We cannot assure you that current and future restrictions on the content of motion pictures may not limit or adversely affect our ability to exploit certain motion pictures in particular territories and media.

United States television stations and networks as well as foreign governments impose content restrictions on motion pictures that may restrict in whole or in part exhibition on television or theaters in a particular territory. There can be no assurance that such restrictions will not limit or alter our ability to exhibit certain motion pictures in such media or markets or that the cost to edit a particular motion picture would be prohibitive, thereby eliminating a possible revenue source for the motion picture.

Effect of Existing or Probable Governmental Regulations on the Business

We expect to be subject to various federal, state and local laws, rules and regulations affecting our affiliates and operations. We and each of our potential partners may be subject to various licensing regulation and reporting requirements by numerous governmental authorities which may include internet (domestic and worldwide) oversight regulations, production, manufacturing, OSHA, securities, banking, insurance, building, land use, industrial, environmental protection, health and safety and fire agencies in the state or municipality in which each business is located. Difficulties in obtaining or failures to obtain the necessary approvals, licenses or registrations, and unforeseen changes in government regulations directly affecting the internet could delay or prevent the development or operation of a given business.

In 1994, the U.S. was unable to reach agreement with its major international trading partners to include audiovisual works, such as television programs and motion pictures, under the terms of the World Trade Organization. The failure to include audiovisual works under GATT allows many countries (including members of the European Union, which currently consists of Austria, Belgium, Denmark, Germany, Greece, Finland, France, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom) to continue enforcing quotas that restrict the amount of U.S. produced product which may be aired on television in such countries. The European Union Council of Ministers has adopted a directive requiring all member states of the European Union to enact laws specifying that broadcasters must reserve, where practicable, a majority of their transmission time (exclusive of news, sports, game shows and advertising) for European works. The directive must be implemented by appropriate legislation in each member country. Under the directive, member states remain free to require broadcasters under their jurisdiction to comply with stricter rules. Several countries (including France, Italy and Korea) also have quotas on the theatrical exhibition of motion pictures.

In addition, France requires that original French programming constitute a required portion of all programming aired on French television. These quotas generally apply only to television programming and not to theatrical exhibition of motion pictures, but quotas on the theatrical exhibition of motion pictures could also be enacted in the future. We cannot assure you that additional or more restrictive theatrical or television quotas will not be enacted or that countries with existing quotas will not more strictly enforce such quotas. Additional or more restrictive quotas or more stringent enforcement of existing quotas could materially and adversely affect our business by limiting our ability to fully exploit our rights in motion pictures internationally and, consequently, to assist or participate in the financing of these motion pictures.

#### Privacy Issues

Both Congress and the Federal Trade Commission are considering regulating the extent to which companies should be able to use and disclose information they obtain online from consumers. If any regulations are enacted, internet companies may find some marketing activities restricted. Also, the European Union has directed its member nations to enact much more stringent privacy protection laws than are generally found in the United States and has threatened to prohibit the export of some personal data to United States companies if similar measures are not adopted. Such a prohibition could limit the growth of foreign markets for United States internet companies. The Department of Commerce is negotiating with the Federal Trade Commission to provide exemptions from the European Union regulations, but the outcome of these negotiations is uncertain.

ITEM 1. BUSINESS - continued

Effects of Government Regulations on Business Government Regulation and Legal Uncertainties

In the United States and most countries in which we plan to conduct our major operations, we are not currently subject to direct regulation other than pursuant to laws applicable to businesses generally. Adverse changes in the legal or regulatory environment relating to the interactive online services, venture formation and internet industry in the United States, Europe, Japan or elsewhere could have a material adverse effect on our business, financial condition and operating results. A number of legislative and regulatory proposals from various international bodies and foreign and domestic governments in the areas of telecommunication regulation, access charges, encryption standards, content regulation, consumer protection, intellectual property, privacy, electronic commerce, and taxation, among others, are now under consideration. We are unable at this time to predict which, if any, of such proposals may be adopted and, if adopted, whether such proposals would have an adverse effect on our business, financial condition and operating results. As internet commerce continues to grow, the risk that federal, state or foreign agencies could adopt regulations covering issues such as user privacy, pricing, content and quality of products and services, increases. It is possible that legislation could expose companies involved in electronic commerce to liability, which could limit the growth of electronic commerce generally. Legislation could dampen the growth in internet usage and decrease its acceptance as a communications and commercial medium. If enacted, these laws, rules or regulations could limit the market for our services.

Research and Development Activities

Our research and development activities include implementation of our business model, acquisition of scripts, development of scripts, and all other aspects of the development process relating to the development, pre-production, production, post-production, marketing and distribution of feature films. We estimate that approximately 40% of management's time has been spent conducting research and development activities during the past two years. In addition, we have been expanding our research and development activities to include preparations for our studio projects.

Costs and Effects of Compliance with Environmental Laws

In implementing our plans as a producer and distributor of feature films, it is possible that during the physical production stage we may have to comply with certain environmental laws, depending in part on where the productions are filmed and what type of equipment, vehicles and props are utilized. The specific costs associated to compliance with environmental laws are unknown at this time. However, in the event we would be required to absorb additional costs on any given film that was not anticipated, these costs could have a material adverse effect on the budget of a film and the additional costs that might be incurred in order to comply with environmental laws and regulations could force us to alter or otherwise change the production schedule. This could cause a film to go over budget, cause delays and disrupt the entire production process, resulting in cost overruns that might be difficult to recoup once the film is distributed.

Employees

As of December 31, 2009, we have seven full and part time employees. Six of our staff members spend 100% of their time on matters relating to our company. The other staff members spend anywhere from 10% to 50% of their time on matters relating to our business. We also retain consultants and independent contractors on a "as need" basis.



## ITEM 1A. RISK FACTORS

### Ability to Achieve Profitable Operations

Our operations to date have been limited. During 2009 we expanded Camelot Distribution Group, added DarKnight Pictures and began to acquire films to distribute and generate revenues. Historically, our focus had been on our Camelot Studio Group division, which has limited our ability to fully implement our other major divisions. The development and implementation of our business model is a long term process. The normal fiscal cycle of a feature film does not typically generate revenues for 18 to 24 months. Subsequent to that, the fiscal life cycle of a feature film is close to seven (7) years initially, with affiliate, residual and syndication revenues continuing for years. As of December 31, 2009, we had one project in production and several in pre-production. Our first studio facility, Camelot Studios at ATEP, was terminated in September 2008. As a result of our long sales cycles, it is difficult to determine with any certainty how our short term financial picture will evolve. In the near term, we expect operating costs to continue to exceed funds generated from operations. As a result, we expect to continue to incur operating losses and while we have resources available to grow our business in 2010, we may not have sufficient funds to grow our business in the future. We can give no assurance that we will achieve profitability or be capable of sustaining profitable operations. As a result, operations in the future could require a significant increase in the use of working capital.

To successfully grow the individual divisions of the business, we must begin to devote the time necessary to fully implement their respective business models, decrease our cash burn rate over time, begin to generate revenues in order to improve our cash position and establish ongoing revenues in each division, and succeed in our ability to raise additional capital through a combination of primarily public or private equity offering or strategic alliances. We also depend on certain consultants and our executives, and the loss of any of those consultants or executives, may harm our business.

We have a limited operating history as a motion picture, television and digital media company in which to evaluate our business

As Camelot Entertainment Group, we have a limited operating history as a motion picture, television and digital media company. To date, we have generated limited revenues and a limited operating history as a motion picture company upon which an evaluation of our future success or failure can be made. During 2009 we expanded Camelot Distribution Group, added DarKnight Pictures and began to acquire films to distribute and generate revenues. Prior to this year, our primary focus had been the development of Camelot Studios at ATEP and to a lesser scale project development within Camelot Film Group. As a result, many of our planned divisions are not operational or have very limited operations as of December 31, 2009. While we currently believe that our current company assets and financial commitments, specifically JMJ, are suitable for the projected financial needs forecast during 2010, we do not know at this time the outlook for 2011 and beyond. No assurances of any nature can be made to investors that the company will be profitable. There can be no assurances that our management will be successful in managing the Company as a motion picture, television and digital media company.

We have incurred significant and continuing losses and may not be able to generate revenues to sustain our operations

We have incurred net losses of approximately \$4,256,802 and \$428,575 respectively in 2009 and 2008, and have an accumulated deficit of \$20,964,823 at December 31, 2009, with losses during the past two years primarily the result of accrued salaries to our offices, interest expense on debt issuances, and our financial commitment to the development of Camelot Studios at ATEP.

We will continue to have a high level of operating expenses and will be required to make significant up-front expenditures in connection with the commencement of income-generating activities (including, but not limited to, salaries of executive, marketing and other personnel). We expect to incur additional losses until such time as we are able to fully implement our new business model and generate sufficient revenues to finance our operations and the costs of expansion. There can be no assurance that the Company will be able to generate such revenues and operate profitably.

We will require additional funds to achieve our current business strategy and our inability to obtain additional financing could cause us to cease our business operations in the future if suitable funding is not secured

Even with the proceeds from offerings and other resources in 2009 and revenues from operations and additional funding in 2010, we will need to raise additional funds through public or private debt or sale of equity to fully achieve our business strategy and to fund operations. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms.

Our ability to grow our company through acquisitions, business combinations and joint ventures, to maintain and expand our development, production and distribution of motion pictures, television programming and digital media and to fund our operating expenses will depend upon our ability to obtain funds through equity financing, debt financing (including credit facilities) or the sale or syndication of some or all of our interests in certain projects or other assets. Our business plan requires a substantial investment of capital. The production, acquisition and distribution of motion pictures require a significant amount of capital. A significant amount of time may elapse between our expenditure of funds and the receipt of commercial revenues from our motion pictures, if any. This time lapse requires us to fund a significant portion of our capital requirements from private parties, institutions, and other sources. Although we intend to reduce the risks of our production exposure through strict financial guidelines and financial contributions from broadcasters, sub-distributors, tax shelters, government and industry programs and studios, we cannot assure you that we will be able to implement successfully these arrangements or that we will not be subject to substantial financial risks relating to the production, acquisition, completion and release of future motion pictures. If we increase our production slate or our production budgets, we may be required to increase overhead, make larger up-front payments to talent and consequently bear greater financial risks. Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

If we are unable to obtain financing in the future on reasonable terms, we could be forced to delay, scale back or eliminate certain elements of our business model. In addition, such inability to obtain financing in the future on reasonable terms could have a material negative effect on our business, operating results, or financial condition to such extent that could be forced to restructure, file for bankruptcy, sell assets or cease operations, any of which could put our Company and any investments into our Company at significant risk.

ITEM 1A. RISK FACTORS - continued

We are subject to a working capital deficit, which means that our current assets at December 31, 2009, were not sufficient to satisfy our current liabilities

As of December 31, 2009, we had a working capital deficit of \$1,534,010, which means that our current liabilities of \$1,643,675 exceeded our current assets of \$109,665 by that amount on December 31, 2009. Current assets are assets that are expected to be converted to cash within one year and, therefore, may be used to pay current liabilities as they become due. Our working capital deficit means that our current assets on December 31, 2009, were not sufficient to satisfy all of our current liabilities on that date. We will have to raise additional capital or debt to fund the deficit.

If we are unable to retain the services of our executive officers, Robert P. Atwell and George Jackson, or our President of Camelot Distribution Group Jamie Thompson, or if we are unable to successfully recruit qualified managerial personnel and employees with experience in business and the motion picture industry, we may not be able to continue our operations.

Our success depends to a significant extent upon the continued service of our executive officers, Robert P. Atwell, President and Chief Executive Officer, and George Jackson, Secretary and Chief Financial Officer, and our President of Camelot Distribution group, Jamie Thompson. Loss of the services of any of our executive officers could have a material adverse effect on our growth, revenues, and prospective business. We do maintain key-man insurance on the lives of our executive officers.

In addition, in order to successfully implement and manage our Camelot Film Group business plan, we will be dependent upon, among other things, successfully recruiting highly skilled creative and production personnel, including producers, executives, cinematographers, editors, costume designers, set designers, sound technicians, lighting technicians, actors, sales and marketing experts, and legal and accounting experts. With Camelot Studio Group, we will need key executives, real estate, financial, studio operators, studio staff and entitlement experts. For Camelot Production Services Group, we will need experts in production, technology, post production, distribution, accounting, legal, banking, event management, education, sales and marketing, internet and merchandising. Although we expect to find qualified candidates to fill these positions, competition is intense and they may be unwilling to work for us under acceptable terms. This could delay production or reduce the quality of our film projects, which would impair our ability to successfully implement our business model.

Also, many of these positions could require us to hire members of unions or guilds. As a result, our ability to terminate unsatisfactory or non-performing workers could be adversely affected by existing union or guild contracts and regulations. This could cause delays in production of our film projects and significantly increase costs.

There can be no assurance that we will be able to find, attract and retain existing employees or that we will be able to find, attract and retain qualified personnel on acceptable terms.

Mr. Atwell, our President, Chief Executive Officer and Chairman, owns a controlling interest in our voting stock and as a result stockholders will have a limited voice in our management

As of December 31, 2009, Mr. Atwell, our President, Chief Executive Officer and Chairman, is the beneficial owner of 4% of our issued and outstanding common shares; 85% of our Class A Convertible Preferred Stock ("Class A"); 86% of our Class B Convertible Preferred Stock ("Class B"); and 84% of our Class C Convertible Preferred Stock ("Class C"). Each share of Class A entitles the holder to 50 votes; each share of Class B entitles the holder to 1,000 votes; and each share of Class C entitles the holder to 1 vote. In the aggregate, Mr. Atwell is entitled to cast 9,123,849,166 votes or 69% of the votes in any vote by our stockholders. Mr. Jackson, the Chief Financial Officer, corporate secretary and

director, is the beneficial owner of 3% of our issued and outstanding common shares; 14% of our Class A Convertible Preferred Stock; 14% of our Class B Convertible Preferred Stock; and 15% of our Class C Convertible Preferred Stock. In the aggregate, Mr. Jackson is entitled to cast 1,339,014,717 votes or 10% of the votes in any vote by our stockholders. Together, they are entitled to cast 10,386,033,788 votes or 78% of the votes in any vote by our stockholders. Thus, Mr. Atwell and Mr. Jackson will have the ability to control substantially all matters submitted to our stockholders for approval, including:

- § compensation under employment contracts;
- § election of our board of directors;
- § removal of any of our directors;
- § amendment of our certificate of incorporation or bylaws; and
- § adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving us.

As a result of Atwell and Jackson's ownership, and their respective positions as chief executive officer and chief financial officer, they are able to influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, sales of significant amounts of shares held by our directors and executive officers, or the prospect of these sales, could adversely affect the market price of our Common Stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

It is likely that additional shares of our stock will be issued in the normal course of our business development, which will result in a dilutive effect on our existing shareholders

We will issue additional stock as required to raise additional working capital, meet additional funding requirements, secure intellectual properties, undertake company acquisitions, recruit and retain an effective management team, compensate our officers and directors, engage industry consultants and for other business development activities.



ITEM 1A. RISK FACTORS - continued

If we fail to adequately manage our growth, we may not be successful in growing our business and becoming profitable

We expect our business and number of employees to grow over the next year. We expect that our growth will place significant stress on our operation, management, employee base and ability to meet capital requirements sufficient to support our growth over the next 12 months. Any failure to address the needs of our growing business successfully could have a negative impact on our chance of success.

If we acquire or invest in other businesses, we will face certain risks inherent in such transactions

We may acquire, make investments in, or enter into strategic alliances or joint ventures with, companies engaged in businesses that are similar or complementary to ours. If we make such acquisitions or investments or enter into strategic alliances, we will face certain risks inherent in such transactions. For example, we could face difficulties in managing and integrating newly acquired operations. Additionally, such transactions would divert management resources and may result in the loss of artists or songwriters from our rosters. We cannot assure you that if we make any future acquisitions, investments, strategic alliances or joint ventures that they will be completed in a timely manner, that they will be structured or financed in a way that will enhance our creditworthiness or that they will meet our strategic objectives or otherwise be successful. Failure to effectively manage any of these transactions could result in material increases in costs or reductions in expected revenues, or both.

“Penny Stock” rules may make buying or selling our Common Stock difficult

Trading in our securities is subject to the “penny stock” rules. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our securities to persons other than prior customers and accredited investors, must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser’s written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker- dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. Broker- dealers who sell penny stocks to certain types of investors are required to comply with the Commission’s regulations concerning the transfer of penny stocks. These regulations require broker-dealers to:

- § Make a suitability determination prior to selling a penny stock to the purchaser;
- § Receive the purchaser’s written consent to the transaction; and
- § Provide certain written disclosures to the purchaser.

Risks Associated with the Motion Picture Production and Distribution Industry

Because the movie industry is intensely competitive and we lack the name recognition and resources of our competitors, we may never generate any revenues or become profitable

The motion picture industry is highly competitive. We believe that a motion picture’s theatrical success is dependent upon general public acceptance, marketing technology, advertising and the quality of the production. We intend to produce motion picture productions that normally should compete with numerous independent and foreign

productions as well as productions produced and distributed by a number of major domestic companies, many of which are units of conglomerate corporations with assets and resources substantially greater than ours. Some of the production and distribution companies that we will compete with are The Weinstein Company, Jerry Bruckheimer Films, Miramax Films, Lions Gate, Sony, Warner, Universal, Fox, Summitt, Relativity, Buena Vista Motion Pictures Group, Disney, Paramount, Showtime, HBO, Starz, Comedy Central, USA, Turner and Troma Entertainment, Inc. Most of these competitors are significantly larger than us, have a long-standing business.

Our management believes that in recent years there has been an increase in competition in virtually all facets of the motion picture industry. With increased alternative distribution channels for many types of entertainment, the motion picture business competes more intensely than previously with all other types of entertainment activities as well as television. While increased use of pay per view television, pay television channels, and home video products are potentially beneficial, there is no guarantee that we will be able to successfully penetrate these markets. Failure to penetrate these potential distribution channels would have a material adverse impact on our results of operations.

Since our success depends on the commercial success of our motion pictures, which is unpredictable and highly speculative, we may never generate any revenue or become profitable

The success of a single motion picture project is fraught with an unusually high degree of uncertainty and risk. Similarly, the probability of successfully completing a motion picture project is also laden with an unusually high degree of uncertainty and risks. A studio or independent producer's ability to finance a project, execute a successful distribution strategy, obtain favorable press and compete with an unknown quantity of competing releases are just some of the factors that impact the commercial success or failure of a film project. Our strategy involves producing a minimum of 12 motion pictures per year. While the intent is to reduce production risk through this strategy, our plan has the potential to compound risks germane to the industry.

ITEM 1A. RISK FACTORS - continued

Movie producers are often involved in several projects at the same time and an active film director is often presented with opportunities to direct many movies. In addition, independent contractors needed to produce the film often have commitments to more than one movie project. Because we may decide to replace key members of our production team if they are unable to perform their duties within our schedule, the marketing appeal of our film may be reduced.

If we do not complete the film on schedule or within budget, our ability to generate revenue may be diminished or delayed. Our success depends on our ability to complete the film on schedule and within budget.

Each film we produce and distribute should appeal to a given segment of society to achieve acceptance. Although our intent to target niche markets that should require less than broad market acceptance to achieve commercial success, there can be no assurance that this strategy will succeed.

Motion picture production and distribution is highly speculative and inherently risky. There can be no assurance of the economic success of any motion picture since the revenues derived from the production and distribution of a motion picture (which do not necessarily bear a direct correlation to the production or distribution costs incurred) depend primarily upon its acceptance by the public, which cannot be predicted. The commercial success of a motion picture also depends upon the acceptance of competing films released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a motion picture is generally a key factor in generating revenues from other distribution channels. There is a substantial risk that some or all of our motion pictures will not be commercially successful, resulting in costs not being recouped or anticipated profits not being realized.

Theaters are more likely to exhibit feature films with substantial studio marketing budgets. Even if we are able to complete the films and obtain distribution, it is unclear how much should be spent on marketing to promote each film by our distributors.

All of these factors cannot be predicted with certainty. In addition, motion picture attendance is seasonal, with the greatest attendance typically occurring during the summer and holidays. The release of a film during a period of relatively low theater attendance is likely to affect the film's box office receipts adversely.

Relatively few motion pictures return a profit to investors. There can be no assurance that a motion picture will recoup its production costs. There is a very high degree of risk that any motion picture we may produce will not return all or any portion of our investment.

We intend to distribute our films in foreign countries which may become unpredictable and may have unstable and different governments and/or laws than the U.S.

We plan to license motion picture and television programming in foreign countries to sub-distributors. If we are at all successful in this regard, a portion of our revenues should be derived from foreign sources. Because of this, our business is subject to certain risks inherent in international trade, many of which are beyond our control. Such risks include, but are not limited to, changes in laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes), differing degrees of protection for intellectual property, the instability of foreign economies and governments and in some cases an adverse acceptance to a film may occur, resulting in a demand to renegotiate the license agreement's terms and conditions. In addition, fluctuations in foreign exchange rates may affect our results of operations.

Piracy of the original motion pictures that we plan to produce may reduce our revenues and potential earnings

According to industry sources, piracy losses in the motion picture industry have increased substantially, from an estimated \$2.2 billion in 1997 to an estimated \$6.1 billion in 2009. In certain regions such as Asia, the former Soviet Union and South America, motion picture piracy has been a major issue for some time. With the proliferation of DVD format around the globe, along with other digital recording and playback devices, losses from piracy have spread more rapidly in North America and Europe. Piracy of original motion pictures we produce and distribute may adversely impact the gross receipts received from the exploitation of these films, which could have a material adverse effect on our business, results of operations or financial condition.

Our operating results will fluctuate

Like all motion picture production companies, our revenues and results of operations could be significantly dependent upon the timing of releases and the commercial success of the motion pictures we distribute, none of which can be predicted with certainty. Accordingly, our revenues and results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods.

ITEM 1A. RISK FACTORS - continued

In accordance with generally accepted accounting principles and industry practice, we intend to amortize film costs using the individual-film-forecast method under which such costs are amortized for each film in the ratio that revenue earned in the current period for such title bears to management's estimate of the total revenues to be realized from all media and markets for such title. To comply with this accounting principal, our management plans to regularly review, and revise when necessary, our total revenue estimates on a title-by-title basis, which may result in a change in the rate of amortization and/or a write-down of the film asset to net realizable value. Results of operations in future years should be dependent upon our amortization of film costs and may be significantly affected by periodic adjustments in amortization rates. The likelihood of the Company's reporting of losses is increased because the industry's accounting method requires the immediate recognition of the entire loss in instances where it is expected that a motion picture should not recover the Company's investment.

Similarly, should any of our films be profitable in a given period, we should have to recognize that profit over the entire revenue stream expected to be generated by the individual film.

Our film production budgets may increase and film production spending may exceed such budgets

Our future film budgets may increase due to factors including, but not limited to, (1) escalation in compensation rates of people required to work on our projects, (2) number of personnel required to work on our projects, (3) equipment needs, (4) the enhancement of existing or the development of new proprietary technology and (5) the addition of facilities to accommodate the growth of a studio. Due to production exigencies, which are often difficult to predict, it is not uncommon for film production spending to exceed film production budgets, and our projects may not be completed within the budgeted amounts. In addition, when production of each film is completed, we may incur significant carrying costs associated with transitioning personnel on creative and development teams from one project to another. These carrying costs increase overall production budgets and could have a material adverse effect on our results of operations and financial condition.

Our anticipated successive releases of films could place a significant strain on our limited resources

We anticipate establishing parallel creative teams so that we can develop more than one film at a time. These teams are expected to work on future projects, as we move towards producing multiple films per year. Due to the anticipated strain on our personnel from the effort required for the release of an upcoming film and the time required for creative development of future films, it is possible that we would be unable to release twelve new films in the first year and in subsequent years. We may be required to expand our employee base, increase capital expenditures and procure additional resources and facilities in order to accomplish the scheduled releases of our films. This growth and expansion may place a significant strain on our resources. We cannot provide any assurances that any future film will be released as targeted or that this strain on resources will not have a material adverse effect on our business, financial condition or results of operations. As we move towards achieving multiple films a year, there will likely be additional demands placed on the availability of key people. A lack of availability of key people may adversely impact the success and timing of our future films.

We may implement a variety of new and upgraded operational and financial systems, procedures and controls, including improvement and maintenance of our accounting system, other internal management systems and backup systems. Our growth and these diversification activities, along with the corresponding increase in the number of our employees and our rapidly increasing costs, may result in increased responsibility for our management team. We may need to improve our operational, financial and management information systems, to hire, train, motivate and manage our employees, and to provide adequate facilities and other resources for them. We cannot provide any assurance we will be successful in accomplishing all of these activities on a timely and cost-effective basis. Any failure to

accomplish one or more of these activities on a timely and cost-effective basis would have a material adverse effect on our business, financial condition and results of operations.

The decisions regarding the timing of theatrical releases and related products, the marketing and distribution strategy, and the extent of promotional support are important factors in determining the success of our motion pictures and related products. We may enter into agreements with third-parties to assist us in the marketing and distribution of our films, and we may require the marketers and distributors to consult with us with respect to all major marketing and distribution decisions. Said agreements may or may not include: (1) the manner in which distributors may distribute our films and related products; (2) the number of theaters to which our films are distributed; (3) the specific timing of release of our films and related products; or (4) the specific amount or quality of marketing and promotional support of the films and related products as well as the associated promotional and marketing budgets.

We are smaller and less diversified than most of our competitors

Although we are a small independent distributor and producer at this time, we expect to constantly compete with major U.S. and international studios. Most of the major U.S. studios are part of large diversified corporate groups with a variety of other operations, including television networks and cable channels that can provide both means of distributing their products and stable sources of earnings that may allow them better to offset fluctuations in the financial performance of their motion picture and television operations. In addition, the major studios have more resources with which to compete for ideas, storylines and scripts created by third parties as well as for actors, directors and other personnel required for production. The resources of the major studios may also give them an advantage in acquiring other businesses or assets, including film libraries, that we might also be interested in acquiring. The foregoing could have a material adverse effect on our business, results of operations and financial condition.

ITEM 1A. RISK FACTORS - continued

The motion picture industry is highly competitive and at times may create an oversupply of motion pictures in the market

The number of motion pictures released by our competitors, particularly the major U.S. studios, may create an oversupply of product in the market, reduce our share of box office receipts and make it more difficult for our films to succeed commercially as we produce, market and distribute our films. Oversupply may become most pronounced during peak release times, such as school holidays and national holidays, when theater attendance is expected to be highest. For this reason, and because of our more limited production and advertising budgets, we plan to not release our films during peak release times, which may also reduce our potential revenues for a particular release. Moreover, we cannot guarantee that we can release all of our films when they are otherwise scheduled. In addition to production or other delays that might cause us to alter our release schedule, a change in the schedule of a major studio may force us to alter the release date of a film because we cannot always compete with a major studio's larger promotion campaign. Any such change could adversely impact a film's financial performance. In addition, if we cannot change our schedule after such a change by a major studio because we are too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of our film. The foregoing could have a material adverse effect on our business, results of operations and financial condition.

The limited supply of motion picture screens compounds this product oversupply problem. Currently, a substantial majority of the motion picture screens in the U.S. typically are committed at any one time to only ten to 15 films distributed nationally by major studio distributors. In addition, as a result of changes in the theatrical exhibition industry, including reorganizations and consolidations and the fact that major studio releases occupy more screens, the number of screens available to us when we want to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home video and pay and free television, of our motion pictures may also decrease, which could have a material adverse effect on our business, results of operations or financial condition.

If we are alleged to have infringed on the intellectual property or other rights of third parties it could subject us to significant liability for damages and invalidation of our proprietary rights

Our business is highly dependent upon intellectual property, a field that has encountered increasing litigation in recent years. If third parties allege that we have infringed on their intellectual property rights, privacy rights or publicity rights or have defamed them, we could become a party to litigation. These claims and any resulting lawsuits could subject us to significant liability for damages and invalidation of our proprietary rights and/or restrict our ability to publish and distribute the infringing or defaming content. There can be no assurance that we would prevail in any such litigation. If we were to lose a litigation relating to intellectual property, we could be forced to pay monetary damages and to cease the sale of certain products or the use of certain technology. Any of the foregoing may adversely affect our business.

Risks Related to Our Common Stock and Its Market

Future DTCC Chill on Camelot

The Company's \$0.0001 par value Common Stock ("Common Stock"), which trades on the Over the Counter Bulletin Board ("OTCBB"), had been subject to a "chill" placed on deposits into CEDE by the Depository Trust and Clearance Corporation ("DTCC") between on or about October 12, 2009 and April 12, 2010. This "chill" did not affect the trading of Common Stock already in the marketplace. Even though this "chill" issue with the DTCC has been resolved and is no longer in place, in the future the Company could be subject to one or additional similar type of Common Stock

deposit restriction, which, if this was to occur, could have a material adverse effect on the Company and has caused substantial damage to the Company and its credibility in the marketplace.

If the ownership of our Common Stock continues to be somewhat concentrated in shares owned by our management, and mainly Mr. Atwell and Mr. Jackson, it may prevent you and other stockholders from influencing significant corporate decisions and may result in conflicts of interest that could cause our stock price to decline

As of December 31, 2009, Mr. Atwell, our President, Chief Executive Officer and Chairman, and his affiliates, and Mr. Jackson, our Chief Financial Officer, secretary and director, beneficially own or control approximately 78% of the votes that may be cast in any stockholder vote. Accordingly, Mr. Atwell, Mr. Jackson and their affiliates will have sole control over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. This stockholder control may also delay or prevent a change of control of us, even if such a change of control would benefit our other stockholders. The concentration of stock ownership may adversely affect the trading price of our Common Stock due to investors' perception that conflicts of interest may exist or arise.

We have not, and currently do not anticipate, paying dividends on our Common Stock

We have never paid any dividend on our Common Stock and do not plan to pay dividends on our Common Stock for the foreseeable future. We currently intend to retain future earnings, if any, to finance operations, capital expenditures and to expand our business.



ITEM 1A. RISK FACTORS - continued

There is a limited market for our Common Stock which makes it difficult for investors to engage in transactions in our securities

Our Common Stock is quoted on the OTCBB under the symbol “CMGR”. If public trading of our Common Stock does not increase, a liquid market will not develop for our Common Stock. The potential effects of this include difficulties for the holders of our common shares to sell our Common Stock at prices they find attractive. If liquidity in the market for our Common Stock does not increase, investors in our company may never realize a profit on their investment.

Our stock has been thinly traded, which can lead to price volatility and difficulty liquidating any investment in our stock any investment in our stock

The trading volume of our stock has been low, which can cause the trading price of our stock to change substantially in response to relatively small orders. In addition, during the last two fiscal years and subsequent interim period, our Common Stock has traded as low as \$0.0001 and as high as \$0.05. Both volume and price could also be subject to wide fluctuations in response to various factors, many of which are beyond our control, including actual or anticipated variations in quarterly and annual operating results and general market perception. An absence of an active trading market could adversely affect our shareholders’ ability to sell our Common Stock in short time periods, or possibly at all. In addition, we believe that factors such as changes in the overall economy or the condition of the financial markets could cause the price of our Common Stock to fluctuate substantially. These fluctuations may also cause short sellers to enter the market from time to time in the belief that we will have poor results in the future. We cannot predict the actions of market participants and, therefore, can offer no assurances that the market for our stock will be stable or appreciate over time.

A sale of a substantial number of shares of our Common Stock may cause the price of our Common Stock to decline

If our shareholders sell substantial amounts of our Common Stock in the public market, including shares issued upon the exercise of outstanding options or warrants, the market price of our Common Stock could fall. These sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Our Common Stock is deemed to be “penny stock”, which may make it more difficult for investors to sell their shares due to suitability requirements

Our Common Stock is deemed to be “penny stock” as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These requirements may reduce the potential market for our Common Stock by reducing the number of potential investors. This may make it more difficult for investors in our Common Stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline. Penny stocks are stock:

- § With a price of less than \$5.00 per share;
- § That are not traded on a “recognized” national exchange;
- § Whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ listed stock must still have a price of not less than \$5.00 per share); or
- § In issuers with net tangible assets less than \$2.0 million (if the issuer has been in continuous operation for at least three years) or \$10.0 million (if in continuous operation for less than

three years), or with average revenues of less than \$6.0 million for the last three years.

Broker/dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker/dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. Many brokers have decided not to trade “penny stocks” because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the “penny stock rules” for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the “penny stock rules,” investors will find it more difficult to dispose of our securities.

The conversion of the promissory notes based on our 2006/2007/2008/2009 financing is based on an average of our closing bid price of our intraday trading prices of our Common Stock over a certain period of time prior to conversion and the decrease of the intraday trading price will result in issuance of a significant increase of shares resulting in dilution to our shareholders

The conversion of the promissory notes in our 2006-2009 financing is based on the applicable percentage of the average of the lowest three (3) trading prices for the Common Stock during the twenty (20) trading day period prior to conversion. Unless changed by amendments to the agreements, the “Applicable Percentage” means 50%; provided, however, that the Applicable Percentage shall be increased to (i) 55% in the event that a Registration Statement is filed within thirty days of the closing and (ii) 60% in the event that the Registration Statement becomes effective within one hundred and twenty days. At present, the applicable percentage is 50%, as mutually agreed to between the note holders and the company. The price of our common shares may fluctuate and the lower intra-day trading price in the future, will result in a conversion ratio resulting in issuance of a significant amount of our common shares to the promissory note holders. This will result in our present shareholders being diluted as the note holders convert.

#### ITEM 1A. RISK FACTORS - continued

Future selling by stockholders may impact our stock value through the execution of short sales which may decrease the value of our Common Stock

Short sales are transactions in which a selling shareholder sells a security it does not own. To complete the transaction, a selling shareholder must borrow the security to make delivery to the buyer. The selling shareholder is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold by the selling shareholder. If the underlying security goes down in price between the time the selling shareholder sells our security and buys it back, the selling shareholder will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, the selling shareholder will realize a loss on the transaction. The risk of such price increases is the principal risk of engaging in short sales. The selling shareholders in this registration statement could short the stock by borrowing and then selling our securities in the market, and then converting the stock through either the Note or Warrants at a discount to replace the security borrowed. Because the selling shareholders control a large portion of our Common Stock, the selling shareholders could have a large impact on the value of our stock if they were to engage in short selling of our stock. Such short selling could impact the value of our stock in an extreme and volatile manner to the detriment of other shareholders.

Shares eligible for public sale in the future could decrease the price of our shares of Common Stock and reduce our future ability to raise capital

Sales of substantial amounts of shares of our Common Stock in the public market could decrease the prevailing market price of our Common Stock. If this is the case, investors in our shares of Common Stock may be forced to sell such shares at prices below the price they paid for their shares, or in the case of the Investors in the recent financing, prices below the price they converted their notes and warrants into shares.

We may be required to increase the authorized shares of the Company

Because of the large amount of our stock we have issued in the past, we were required to increase our authorized shares in the future. This could have a negative effect on our ability to manage stockholder related issues and on our ability to raise equity capital in the future.

We may be required to do a reverse stock split

Because of the large amount of our stock we have issued in the past, we may need to consider a reverse stock split in the future in order to restructure our Common Stock to comply with financing and other business related requirements.

#### REPORTS TO SECURITY HOLDERS

The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. This information, once we complete our filing, should be available at <http://www.sec.gov>. Links to such information are expected to be available on our web site at [www.camelotent.com](http://www.camelotent.com).

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

## ITEM 2. PROPERTIES

Our corporate headquarters are located at 8001 Irvine Center Drive, Suite 400, Irvine, CA 92618. The space is leased on an annual basis. The current lease expires on December 31, 2010. We can be reached by calling (949) 754-3030, faxing (949) 643-5504 or emailing [info@camelotfilms.com](mailto:info@camelotfilms.com).

Our distribution and production offices are located at Universal City Plaza, NBC Universal Building, 20th Floor, Universal City, CA 91608. The space is leased on an annual basis. The current lease expires on October 31, 2010. We can be reached by calling (818) 308-8858 or faxing (818) 308-8848.

Our international distribution and production office is located at 81 Oxford Street, London, England. The space is leased on an annual basis. The current lease expires on October 31, 2010. We can be reached by calling (818) 308-8858 or faxing (818) 308-8848.

We invite you to visit our website at [www.camelotent.com](http://www.camelotent.com) for information about our company, products and services.

ITEM 3. LEGAL PROCEEDINGS

Management is not aware of any legal matters threatened or pending against the Company that have not been previously disclosed in one or more of the Company's filings with the Securities and Exchange Commission.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Submission of matters to a Vote of Security Holders

On June 16, 2009, the Company's board of directors approved a 700 to 1 reverse stock split of all of our outstanding Common Stock. All references to our Common Stock (other than issuances) in the balance of this Report have been restated to reflect the reverse stock split.

Market Information for Common Stock

Our Company's Common Stock is quoted on the Over-the-Counter Bulletin Board (OTCBB) under the symbol "CMGR" of the National Association of Securities Dealers, Inc. (the "NASD").

Any market price for shares of Common Stock of the Company is likely to be very volatile, and numerous factors beyond the control of the Company may have a significant effect. In addition, the over-the-counter stock markets generally have experienced, and continue to experience, extreme price and volume fluctuations that have often been unrelated to the operating performance of companies listed on such exchanges.

These broad market fluctuations, as well as general economic and political conditions, may adversely affect the market price of the Company's Common Stock in any market that may develop.

Sales of "restricted securities" under Rule 144 may also have an adverse effect on any market that may develop. See the caption "Sales of Unregistered Securities".

Stock Performance

Our Common Stock is currently quoted on the OTCBB under the symbol "CMGR". There is a limited trading market for our Common Stock. The following table sets forth the range of high and low bid quotations for each quarter within the last two fiscal years. These quotations as reported by the OTCBB, Pink Sheets and historical data as reported by the OTCBB reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions. The quotations shown below have not been adjusted to reflect the reverse stock split. They are shown as reported by the OTCBB, Pink Sheets and historical data as reported by the OTCBB.

YEAR 2009	Closing Bid	
	High Bid	Low Bid
1st Quarter Ended March 31	\$0.0002	\$0.0001
2nd Quarter Ended June 30	\$0.0001	\$0.0001
3rd Quarter Ended September 30	\$0.03	\$0.0009
4th Quarter Ended December 31	\$0.001	\$0.0001
 YEAR 2008	 High Bid	 Low Bid
1st Quarter Ended March 31	\$0.01	\$0.002

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

2nd Quarter Ended June 30	\$0.0016	\$0.0006
3rd Quarter Ended September 30	\$0.05	\$0.0003
4th Quarter Ended December 31	\$0.003	\$0.0001

As of December 31, 2009 the bid share price of our Common Stock was \$0.0001 on the OTCBB. As of December 31, 2008 the bid share price of our Common Stock was \$0.0001 on the OTCBB. OTCBB quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commissions and may not represent actual transactions.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS - continued

The decline in the market price of our stock over the past two years is due in part to several key factors that have occurred, including the following:

The “chill” put on deposits of Common Stock into CEDE by The Depository Trust and Clearing Corporation (“DTCC”) on or about October 12, 2009 which resulted in many stockholders being unable to deposit their shares into a brokerage account and preventing most people from buying our stock through a brokerage firm; and

- The conversion of notes held by the NIR note holders at a 50% discount to the market price and the resulting immediate sale of those shares into the marketplace, which resulted in stock price declines; and
- The conversion of notes held by various note holders at a 50% discount to the market price and the resulting sale of those shares into the marketplace at extremely low market prices; the shares in which were obtained through the sales of the obligations due to the Chief Executive Officer to the third parties; and
- The lack of any significant news on the Company or any sustained public relations effort.

Holders

As of December 31, 2009, there were 3,061,330,703 shares of Common Stock issued with 2,961,330,703 shares issued and outstanding. On December 31, 2009, there were 157 holders of record of our Common Stock. However, we estimate there are approximately 2,800 total stockholders of our Common Stock including those held in street name, known as “CEDE”. On December 31, 2008, there were 2,234,254 shares of Common Stock issued with 2,233,814 shares issued and outstanding. There were 127 holders of record of our Common Stock.

Dividends

We have never declared or paid cash dividends on our Common Stock. We currently intend to retain cash earnings, if any, to support expansion, and do not anticipate paying any cash dividends for the foreseeable future. Should we ever produce sufficient earnings as a result of gains in securities of Concept Affiliates we develop, our Board of Directors, after taking into account our earnings, capital requirements, financial condition and other factors, has the discretion to distribute such securities to our shareholders as property dividends.

Reverse Stock Split

On July 9, 2009, Camelot issued a press release announcing that in connection with the effective date of July 10, 2009 for the 700:1 reverse of the Company’s Common Stock, Camelot has received a new trading symbol “CMGR” from OTC Corporate Actions FINRA Operations.

In addition, Camelot has established a new series of preferred stock known as “Class D Convertible Preferred Stock”. All stockholders of record as of July 9, 2009 shall be eligible to receive as a cashless dividend the Class D Convertible Preferred Stock. Stockholders shall be eligible to receive 40 shares of the Class D Convertible Preferred Stock for each one million shares of Common Stock owned as of the close of trading on July 9, 2009. Holders of Class D Convertible Preferred Stock shall have the right, once the Common Stock achieves a 30 day average closing bid price of \$2.50 per share as determined by the Over The Counter Bulletin Board (“OTCBB”) historical daily stock price quote, to convert any or all of their Class D Convertible Preferred Stock into 1 share of fully paid and nonassessable shares

of Common Stock for each share of Class D Convertible Preferred Stock held. In addition, holders of Class D Convertible Preferred Stock will have the right to convert, as described in the designation, upon an initial or secondary public offering of the Common Stock by the Corporation where the offering price is \$2.50 or greater. There are no Common Stock voting rights. Camelot expects to begin the process of registering these shares for distribution to its Common Stockholders during the second quarter of 2010.



## ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS - continued

All securities sold in the past three years have been reported in previous quarterly filings on Form 10-Q and annual filings on Form 10-K. Here is a summary of all shares issued during 2009:

Stockholder	Shares Issued	Exemption	Consideration	Disposition/Price
AJW/New Mill Notes	842,865,094	4(2)/506	Finance Conv	Issued/Market/Discount (1)
TJM Management	464,646,102	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Robert Atwell	250,000,000	S8	Services	Issued/Market
JMJ Financial	244,237,246	4(2)/506	Finance Conv	Issued/Market/Discount (1)
George Jackson	220,000,000	S8	Services	Issued/Market
Adam Reznikoff	215,000,000	S8	Services	Issued/Market
Ted Baer	105,000,000	S8	Services	Issued/Market
Camelot Escrow	102,000,000	4(2)	Services	Issued/Market
K & L Enterprises	94,571,429	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Watson Investment	82,383,334	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Mazuma	60,000,000	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Mark Temple	60,000,000	S8	Services	Issued/Market
Epic	54,500,000	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Acacia	34,642,857	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Villam Partners	32,478,483	4(2)/506	Finance Conv	Issued/Market/Discount (1)
HAL Nominees	30,000,000	S8	Services	Issued/Market
Jamie Thompson	25,000,000	S8	Services	Issued/Market
Rodger Spainhower	20,571,429	S8	Services	Issued/Market
Phil Scott	20,285,716	S8	Services	Issued/Market
HK Dyal	20,066,686	S8	Services	Issued/Market
Patrick Winn	20,000,000	S8	Services	Issued/Market
Mark Petroff	20,000,000	S8	Services	Issued/Market
Gary Bastien	10,000,000	S8	Services	Issued/Market
Robert Kerchner	10,000,000	S8	Services	Issued/Market
Mike Elliott	10,000,000	S8	Services	Issued/Market
Complete Advisory	7,000,000	4(2)/506	Services	Issued/Market
Hope Capital	1,364,285	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
Phillip Parsons	1,071,429	S8	Services	Issued/Market
Falcon Financial	1,050,000	4(2)/506	Services	Issued/Market
Primary Finance	285,714	4(2)/506	Debt Retirement	Issued/Market/Discount (1)
	71,429	4(2)/506	Services	Issued/Market

New Media				
Advisors				
Share Balance Adj	5,008	4(2)	Bal. Adj.	Issued/Market
CEDE	22	4(2)	Bal. Adj.	Issued/Market
Total	3,059,096,263			

Notes:

(1) Issued at 50% Discount to Market per contract

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Here is a complete breakdown of all common shares issued in 2009 by effective date:

Date	Title	Exemption	Amount	Name	Type	Consid	Price	Notes
1/6/2009	Common	4(2)/506	35,321	NIR	Fin Conv	Cash	\$ 0.0420	Conv
1/6/2009	Common	4(2)/506	142,857	Hope Cap	Debt Retire	Cash	\$ 0.0385	Conv
1/6/2009	Common	4(2)/506	428,571	Watson	Debt Retire	Cash	\$ 0.0350	Conv
1/9/2009	Common	4(2)/506	35,321	NIR	Fin Conv	Cash	\$ 0.0420	Conv
1/15/2009	Common	4(2)/506	157,143	Watson	Debt Retire	Cash	\$ 0.0315	Conv
1/16/2009	Common	4(2)/506	35,321	NIR	Fin Conv	Cash	\$ 0.0420	Conv
1/23/2009	Common	4(2)/506	7,171	NIR	Fin Conv	Cash	\$ 0.0420	Conv
1/23/2009	Common	S8	71,429	Parsons	Consulting	Services	\$ 0.0700	CMGR
1/28/2009	Common	4(2)/506	649,351	TJM	Debt Retire	Cash	\$ 0.0385	Conv
2/3/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
2/11/2009	Common	4(2)/506	142,857	Acacia	Debt Retire	Cash	\$ 0.0350	Conv
2/13/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
2/23/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
2/23/2009	Common	4(2)/506	364,286	Hope Cap	Debt Retire	Cash	\$ 0.0490	Conv
2/23/2009	Common	4(2)/506	649,351	TJM	Debt Retire	Cash	\$ 0.0385	Conv
2/24/2009	Common	4(2)/506	142,857	Primary	Debt Retire	Cash	\$ 0.0350	Conv
2/26/2009	Common	4(2)/506	428,571	Hope Cap	Debt Retire	Cash	\$ 0.0350	Conv
2/26/2009	Common	4(2)/506	649,351	TJM	Debt Retire	Cash	\$ 0.0385	Conv
2/26/2009	Common	4(2)/506	157,143	Watson	Debt Retire	Cash	\$ 0.0315	Conv
2/27/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/2/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/2/2009	Common	4(2)	1,285,714	Camelot	Contract	Reserve	\$ 0.0001	Conv
3/5/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/9/2009	Common	4(2)/506	14,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/11/2009	Common	4(2)/506	142,857	Primary	Debt Retire	Cash	\$ 0.0350	Conv
3/16/2009	Common	4(2)/506	649,351	TJM	Debt Retire	Cash	\$ 0.0385	Conv
3/18/2009	Common	4(2)	714,286	Camelot	Contract	Reserve	\$ 0.0001	Conv
3/24/2009	Common	4(2)/506	357,143	Watson	Debt Retire	Cash	\$ 0.0350	Conv
3/27/2009	Common	4(2)/506	428,571	Hope Cap	Debt Retire	Cash	\$ 0.0350	Conv
3/27/2009	Common	4(2)/506	285,714	Watson	Debt Retire	Cash	\$ 0.0350	Conv
3/27/2009	Common	S8	71,429	Phil Scott	Valuation	Services	\$ 0.0700	CMGR
3/30/2009	Common	4(2)/506	342,522	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/31/2009	Common	4(2)/506	13,771	NIR	Fin Conv	Cash	\$ 0.0420	Conv
3/31/2009	Common	4(2)/506	214,286	Watson	Debt Retire	Cash	\$ 0.0350	Conv
4/1/2009	Common	4(2)/506	4,286	NIR	Fin Conv	Cash	\$ 0.0420	Conv
4/2/2009	Common	4(2)/506	428,571	TJM	Debt Retire	Cash	\$ 0.0385	Conv
4/2/2009	Common	4(2)/506	220,779	TJM	Debt Retire	Cash	\$ 0.0385	Conv
4/6/2009	Common	S8	71,429	Phil Scott	Valuation	Services	\$ 0.0700	CMGR
4/6/2009	Common	4(2)/506	71,429	New Media	Consulting	Services	\$ 0.0700	CMGR
4/7/2009	Common	4(2)/506	545,477	NIR	Fin Conv	Cash	\$ 0.0350	Conv
5/6/2009	Common	4(2)/506	649,351	TJM	Debt Retire	Cash	\$ 0.0385	Conv
5/9/2009	Common	S8	71,429	Phil Scott	Valuation	Services	\$ 0.0700	CMGR
6/4/2009	Common	S8	57,143	H K Dyal	Consulting	Services	\$ 0.0700	CFG
6/17/2009	Common	S8	71,429	Spainhower	Edgar	Services	\$ 0.0700	CMGR
6/17/2009	Common	S8	71,429	Phil Scott	Valuation	Services	\$ 0.0700	CMGR

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

7/12/2009	Common4(2)/506	1,050,000	Falcon	Consulting Services	\$ 0.0015	CMGR
7/14/2009	Common4(2)/506	7,500,000	Acacia	Debt Retire Cash	\$ 0.0043	Conv
7/14/2009	Common4(2)	22	Adj Cede	Acctng Adj	\$ 0.0001	CMGR
7/15/2009	Common4(2)/506	1,200,000	Watson	Debt Retire Cash	\$ 0.0042	Conv
7/15/2009	CommonS8	500,000	Spainhower	Edgar Services	\$ 0.0150	CMGR

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Here is a complete breakdown of all common shares issued in 2009 by effective date: - continued

Date	Title	Exemption	Amount	Name	Type	Consid	Price	Notes
7/16/2009	Common	S8	1,000,000	Parsons	Consulting Services	\$ 0.0150	CMGR	
7/17/2009	Common	4(2)/506	666,300	NIR	Fin Conv Cash	\$ 0.0048	Conv	
7/20/2009	Common	4(2)/506	11,250,000	TJM	Debt Retire Cash	\$ 0.0020	Conv	
7/23/2009	Common	4(2)/506	1,250,000	Watson	Debt Retire Cash	\$ 0.0040	Conv	
7/24/2009	Common	4(2)/506	4,158,600	NIR	Fin Conv Cash	\$ 0.0034	Conv	
7/28/2009	Common	4(2)/506	4,158,600	NIR	Fin Conv Cash	\$ 0.0032	Conv	
7/28/2009	Common	4(2)/506	11,250,000	TJM	Debt Retire Cash	\$ 0.0020	Conv	
7/28/2009	Common	4(2)/506	1,666,667	Watson	Debt Retire Cash	\$ 0.0030	Conv	
8/3/2009	Common	4(2)/506	8,000,000	K&L	Debt Retire Cash	\$ 0.0025	Conv	
8/4/2009	Common	4(2)/506	5,000,000	Watson	Debt Retire Cash	\$ 0.0020	Conv	
8/7/2009	Common	4(2)/506	2,158,600	NIR	Fin Conv Cash	\$ 0.0019	Conv	
8/7/2009	Common	4(2)/506	5,014,179	NIR	Fin Conv Cash	\$ 0.0018	Conv	
8/7/2009	Common	4(2)/506	8,500,000	Acacia	Debt Retire Cash	\$ 0.0011	Conv	
8/7/2009	Common	4(2)/506	16,000,000	TJM	Debt Retire Cash	\$ 0.0013	Conv	
8/10/2009	Common	4(2)/506	6,666,667	Watson	Debt Retire Cash	\$ 0.0015	Conv	
8/11/2009	Common	4(2)/506	20	NIR	Fin Conv Cash	\$ 0.0017	Conv	
8/12/2009	Common	4(2)/506	7,000,000	CAP	Consulting Services	\$ 0.0015	CMGR	
8/13/2009	Common	4(2)/506	8,500,000	Acacia	Debt Retire Cash	\$ 0.0027	Conv	
8/13/2009	Common	4(2)/506	16,000,000	TJM	Debt Retire Cash	\$ 0.0013	Conv	
8/14/2009	Common	4(2)/506	7,172,801	NIR	Fin Conv Cash	\$ 0.0013	Conv	
8/14/2009	Common	4(2)/506	5,000,000	Watson	Debt Retire Cash	\$ 0.0020	Conv	
8/18/2009	Common	4(2)/506	13,000,000	K&L	Debt Retire Cash	\$ 0.0015	Conv	
8/18/2009	Common	4(2)/506	16,666,666	TJM	Debt Retire Cash	\$ 0.0015	Conv	
8/19/2009	Common	4(2)/506	10,000,000	Acacia	Debt Retire Cash	\$ 0.0014	Conv	
8/19/2009	Common	S8	10,000,000	Petroff	Consulting Services	\$ 0.0034	CMGR	
8/20/2009	Common	4(2)/506	7,172,801	NIR	Fin Conv Cash	\$ 0.0006	Conv	
8/20/2009	Common	4(2)/506	6,444,447	Watson	Debt Retire Cash	\$ 0.0015	Conv	
8/20/2009	Common	4(2)/506	3,555,553	Watson	Debt Retire Cash	\$ 0.0015	Conv	
8/24/2009	Common	4(2)/506	7,172,801	NIR	Fin Conv Cash	\$ 0.0006	Conv	
8/25/2009	Common	4(2)/506	16,666,666	TJM	Debt Retire Cash	\$ 0.0015	Conv	
8/27/2009	Common	4(2)/506	7,172,801	NIR	Fin Conv Cash	\$ 0.0006	Conv	
8/27/2009	Common	4(2)/506	14,000,000	JMJ	Fin Conv Cash	\$ 0.0005	Conv	
8/28/2009	Common	4(2)/506	20,000,000	K&L	Debt Retire Cash	\$ 0.0010	Conv	
8/31/2009	Common	4(2)/506	14,500,000	JMJ	Fin Conv Cash	\$ 0.0005	Conv	
8/31/2009	Common	4(2)/506	22,727,272	TJM	Debt Retire Cash	\$ 0.0011	Conv	
9/1/2009	Common	4(2)/506	50,000,000	Watson	Debt Retire Cash	\$ 0.0008	Conv	
9/1/2009	Common	4(2)/506	25,000,000	Thompson	Mngmnt Services	\$ 0.0019	CDG	
9/1/2009	Common	4(2)	100,000,000	Camelot	Contract Reserve	\$ 0.0019	Conv	
9/2/2009	Common	4(2)/506	7,172,801	NIR	Fin Conv Cash	\$ 0.0006	Conv	
9/2/2009	Common	4(2)/506	25,000,000	K&L	Debt Retire Cash	\$ 0.0008	Conv	
9/3/2009	Common	4(2)/506	14,600,000	JMJ	Fin Conv Cash	\$ 0.0005	Conv	
9/8/2009	Common	4(2)/506	28,571,429	K&L	Debt Retire Cash	\$ 0.0007	Conv	
9/8/2009	Common	4(2)/506	31,250,000	TJM	Debt Retire Cash	\$ 0.0008	Conv	
9/10/2009	Common	4(2)/506	25,144,000	NIR	Fin Conv Cash	\$ 0.0006	Conv	
9/10/2009	Common	4(2)/506	14,900,000	JMJ	Fin Conv Cash	\$ 0.0005	Conv	

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

9/10/2009	Common4(2)/506	25,000,000	TJM	Debt Retire Cash	\$ 0.0010 Conv
9/11/2009	Common4(2)/506	32,000,000	JMJ	Fin Conv Cash	\$ 0.0005 Conv
9/11/2009	Common4(2)/506	60,000,000	Mazuma	Debt Retire Cash	\$ 0.0008 Conv
9/11/2009	CommonS8	10,000,000	Ted Baer	Legal Services	\$ 0.0016 CMGR
9/11/2009	CommonS8	10,000,000	Bastien	Admin Services	\$ 0.0016 CSG
9/11/2009	CommonS8	10,000,000	Spainhower	Edgar Services	\$ 0.0016 CMGR

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Here is a complete breakdown of all common shares issued in 2009 by effective date: - continued

Date	Title	Exemption	Amount	Name	Type	Consid	Price	Notes
9/14/2009	Common4(2)/506		50,000,000	TJM	Debt Retire	Cash	\$ 0.0010	Conv
9/14/2009	CommonS8		30,000,000	HAL	Legal	Services	\$ 0.0018	CDG
9/15/2009	Common4(2)/506		25,144,000	NIR	Fin Conv	Cash	\$ 0.0006	Conv
9/15/2009	Common4(2)/506		12,040,817	JMJ	Fin Conv	Cash	\$ 0.0005	Conv
9/16/2009	Common4(2)/506		25,144,000	NIR	Fin Conv	Cash	\$ 0.0006	Conv
9/16/2009	Common4(2)/506		16,500,000	JMJ	Fin Conv	Cash	\$ 0.0005	Conv
9/21/2009	Common4(2)/506		25,144,000	NIR	Fin Conv	Cash	\$ 0.0006	Conv
9/21/2009	Common4(2)/506		50,000,000	TJM	Debt Retire	Cash	\$ 0.0010	Conv
9/23/2009	Common4(2)/506		25,144,000	NIR	Fin Conv	Cash	\$ 0.0006	Conv
9/23/2009	Common4(2)/506		32,000,000	JMJ	Fin Conv	Cash	\$ 0.0005	Conv
9/23/2009	Common4(2)/506		32,478,483	Villam	Fin Conv	Cash	\$ 0.0007	Conv
9/24/2009	Common4(2)/506		54,500,000	Epic	Debt Retire	Cash	\$ 0.0006	Conv
9/25/2009	Common4(2)/506		32,500,000	JMJ	Fin Conv	Cash	\$ 0.0003	Conv
9/25/2009	CommonS8		50,000,000	Atwell	Mngmnt	Services	\$ 0.0009	CMGR
9/25/2009	CommonS8		20,000,000	H K Dyal	Consulting	Services	\$ 0.0009	CFG
9/25/2009	CommonS8		20,000,000	Jackson	Mngmnt	Services	\$ 0.0009	CMGR
9/25/2009	CommonS8		10,000,000	Winn	Admin	Services	\$ 0.0009	CMGR
9/28/2009	Common4(2)/506		11,700,000	NIR	Fin Conv	Cash	\$ 0.0006	Conv
9/28/2009	CommonS8		10,000,000	Phil Scott	Valuation	Services	\$ 0.0009	CMGR
9/29/2009	Common4(2)/506		61,196,429	JMJ	Fin Conv	Cash	\$ 0.0003	Conv
9/29/2009	Common4(2)/506		72,727,272	TJM	Debt Retire	Cash	\$ 0.0006	Conv
9/29/2009	CommonS8		9,543	H K Dyal	Consulting	Services	\$ 0.0011	CFG
9/29/2009	CommonS8		10,000,000	Petroff	Consulting	Services	\$ 0.0011	CMGR
10/5/2009	Common4(2)/506		121,212,121	TJM	Debt Retire	Cash	\$ 0.0006	Conv
10/6/2009	Common4(2)/506		65,272,199	NIR	Fin Conv	Cash	\$ 0.0004	Conv
10/12/2009	Common4(2)/506		37,000,000	NIR	Fin Conv	Cash	\$ 0.0004	Conv
10/12/2009	Common4(2)/506		28,272,199	NIR	Fin Conv	Cash	\$ 0.0004	Conv
10/12/2009	CommonS8		10,000,000	Kerchner	Consulting	Services	\$ 0.0007	CFG
10/12/2009	CommonS8		10,000,000	Elliott	Consulting	Services	\$ 0.0007	CFG
10/19/2009	Common4(2)/506		40,000,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
10/23/2009	Common4(2)/506		25,272,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
10/30/2009	Common4(2)/506		65,272,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/6/2009	Common4(2)/506		30,000,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/6/2009	Common4(2)/506		5,000,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/6/2009	Common4(2)/506		8,000,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/6/2009	Common4(2)/506		7,500,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/6/2009	Common4(2)/506		37,786,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/9/2009	CommonS8		10,000,000	Spainhower	Edgar	Services	\$ 0.0008	CMGR
11/9/2009	CommonS8		10,000,000	Phil Scott	Valuation	Services	\$ 0.0008	CMGR
11/16/2009	CommonS8		10,000,000	Reznikoff	Consulting	Services	\$ 0.0007	CMGR
11/25/2009	CommonS8		80,000,000	Reznikoff	Consulting	Services	\$ 0.0006	CMGR
11/30/2009	Common4(2)/506		88,286,000	NIR	Fin Conv	Cash	\$ 0.0003	Conv
11/30/2009	CommonS8		95,000,000	Ted Baer	Legal	Services	\$ 0.0005	CMGR
12/3/2009	CommonS8		60,000,000	Temple	Legal	Services	\$ 0.0004	CDG
12/4/2009	CommonS8		200,000,000	Atwell	Mngmnt	Services	\$ 0.0001	CMGR

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

12/4/2009	CommonS8	200,000,000	Jackson	Mngmnt	Services	\$ 0.0001	CMGR
12/9/2009	CommonS8	10,000,000	Winn	Admin	Services	\$ 0.0004	CMGR
12/14/2009	CommonS8	125,000,000	Reznikoff	Consulting	Services	\$ 0.0003	CMGR
12/21/2009	Common4(2)/506	107,322,600	NIR	Fin Conv	Cash	\$ 0.0001	Conv
12/30/2009	Common4(2)/506	107,322,600	NIR	Fin Conv	Cash	\$ 0.0001	Conv
12/31/2009	Common4(2)	5,008	Share Adj	Acctng	Adj	\$ 0.0001	CMGR
<b>Total</b>		<b>3,059,096,263</b>					

Notes: "CMGR" refers to transactions related to Camelot Entertainment Group operations. "CSG" refers to transactions related to Camelot Studio Group operations. "CFG" refers to transactions related to Camelot Film Group transactions. "CDG" refers to transactions related to Camelot Distribution Group transactions.



## ITEM 6. SELECTED FINANCIAL DATA

Not applicable

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The matters discussed in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. These forward-looking statements include but are not limited to statements concerning our business outlook or future economic performance; anticipated profitability, revenues, expenses or other financial items; and statements concerning assumptions made or exceptions as to any future events, conditions, performance or other matters which are "forward-looking statements" as that term is defined under the Federal Securities Laws. All statements, other than historical financial information, may be deemed to be forward-looking statements. The words "believes", "plans", "anticipates", "expects", and similar expressions herein are intended to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties, and other factors, which would cause actual results to differ materially from those stated in such statements. Forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this report, and the risks discussed in the Company's other SEC filings.

## INTRODUCTION

Management's discussion and analysis of results of operations and financial condition ("MD&A") is provided as a supplement to the accompanying financial statements and notes to help provide an understanding of Camelot's financial condition, cash flows and results of operations. Our MD&A is organized as follows:

- o Plan of Operation. This section provides a brief description of Camelot's plan of operation for fiscal year 2010.
- o Overview. This section provides a general description of our corporate structure and what the management will focus on in 2010.
- o Cash requirements. This section provides a discussion of how long Camelot can satisfy its cash requirements and the need, if any, to raise additional funds in 2010.
- o Research and Development. This section discusses the research and development activities of Camelot.
- o Equipment. This section looks at if there will be any major equipment purchases in 2010.
- o Change in Employees. This section discusses if there will be any significant change in the number of employees.
- o Results of Operations. This section provides an analysis of Camelot's results of operations for the two years ending December 31, 2009.
- o Liquidity and Capital Resources. This section provides an analysis of Camelot's cash flows for the two years ended December 31, 2009, as well as a discussion of the Company's outstanding debt and commitments that existed as of December 31, 2009. Included in the analysis of outstanding debt is a discussion of the amount of financial capacity available to fund the Company's future commitments, as

well as a discussion of other financing arrangements.

- o Sources of Revenue. This section examines expected sources of revenues.
- o Recent Financings. This section discusses financing transactions of Camelot during 2009.
- o Off-Balance Sheet Arrangements. This section discloses any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on Camelot's financial condition.
- o Critical Accounting Estimates. This section identifies those accounting estimates that are considered important to the Company's results of operations and financial condition, require significant judgment and require estimates on the part of management in application.
- o Critical Accounting Policies. This section identifies those accounting policies that are considered important to the Company's results of operations and financial condition, require significant judgment and require estimates on the part of management in application. All of the Company's significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 1 to the accompanying financial statements.
- o Caution Concerning Forward-Looking Statements. This section provides a description of the use of forward looking information appearing in this report, including in MD&A and the financial statements. Such information is based on management's current expectations about future events, which are inherently susceptible to uncertainty and changes in circumstances. Refer to "Risk Factors" in Part I of this report, for a discussion of the risk factors applicable to the Company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Plan of Operation

Overview

Camelot's Entertainment Group is working to become a fully integrated, broad based entertainment company whose planned future global operations expect to encompass motion picture production and distribution, television programming, production and syndication, home video acquisition and distribution, digital media production and distribution, development and operation of studio facilities, development of new technologies, and distribution of filmed entertainment worldwide. We are planning to become a global leader in the creation, production, distribution, licensing and marketing of all form of creative content and their related businesses across all current and emerging media and platforms. If we are successful in implementing our business model, we expect to make our presence felt in feature film, television and home entertainment production and distribution, DVD, digital distribution, licensing and entertainment related digital media.

Our Company is divided up into three major divisions, Camelot Film Group, Camelot Studio Group and Camelot Production Services Group.

Our current focus is on the continued expansion of Camelot Distribution Group, Inc., a division of Camelot Film Group, including the ongoing acquisition of film, television and digital media properties for distribution through Camelot Distribution Group and DarKnight Pictures.

We are also pursuing an acquisition "roll-up" strategy to systematically piece together the critical elements of a fully-integrated studio that will provide product to a global audience. The first steps in the execution of this plan are the acquisition of content, distribution and post production facilities. An additional acquisition is in the advanced stages of consideration which would add another well-known, highly-respected film production company based in California.

We will be seeking convertible debt or equity financing to fund four (4) specific "roll-up" acquisitions under Agreement, working capital requirements, future capital expenditures, restructure some existing high-cost debt and to provide a reserve for several future acquisitions under active consideration. Camelot will use the proceeds to close on the four (4) acquisitions and use the balance for a reserve and general corporate operating purposes. We are in the process of identifying and securing the financing necessary to complete these acquisitions. If we are not successful in securing this financing, which we expect will come from both private and public institutions, our ability to close these transactions will be adversely affected.

Recently, Camelot entered into Purchase Agreements to acquire a feature film lab and digital post production services company, a media distribution company, and certain film assets of two LA-based media distribution companies. Upon completion of the initial transactions, the newly-combined company will have taken the essential steps in constructing a publicly-traded company with a competitive advantage in the independent film marketplace as a fully-integrated, low-cost producer and distributor of media content. If we are unable to complete these transactions, our plan of operation for 2010 may be affected as we will have to replace these potential acquisitions with other candidates, resulting in a longer time frame to achieve our initial goals.

On August 25, 2009, Camelot entered into a non-binding Letter of Intent to acquire all of the outstanding stock of a post-production film studio located in Miami, FL, New Orleans, LA and Puerto Rico, and certain Florida real estate owned by an affiliate. The acquisitions will be completed in two related stages, with the business assets closing first, followed by the real estate assets within eighteen (18) months. Camelot has agreed to provide warrants to purchase

Camelot's Common Stock, at a purchase price equal to the 90 day average bid price of Camelot's Common Stock immediately following the closing of a definitive agreement. In addition, there is a provision for the current senior executives of the company to receive an employment agreement and remain with the company for a minimum of five years. Camelot agreed to enter into a profit sharing plan with the executives of the company. Pursuant to the Letter of Intent, we have negotiated a total purchase price of \$8,749,155 to be paid as follows: (i) \$4,287,086 in cash, and (ii) \$4,462,069 in our preferred stock. Furthermore, we have agreed to provide warrants to purchase up to \$1,000,000 of our common stock, at a purchase price equal to the 90 day average bid price of our common stock immediately following the closing of a definitive agreement. In addition, there is a provision for the current executives of the post-production company to receive an employment agreement and remain with the post-production company for a minimum of five years. Lastly, we agreed to enter into a profit sharing plan with the executives of the post-production company. Further details concerning this acquisition can be found in our Form 8-K filings.

On August 29, 2009, Camelot entered into a non-binding Letter of Intent to acquire all of the outstanding stock of a film and television distribution company which owns a substantial film library and is located in the United Kingdom. Camelot has agreed to provide warrants to purchase Camelot's Common Stock, at a purchase price equal to the 90 day average bid price of Camelot's Common Stock immediately following the closing of a definitive agreement. In addition, there is a provision for the two current senior executives of the company to receive an employment agreement and remain with the company for a minimum of five years. Camelot agreed to enter into a profit sharing plan with the executives of the company. This agreement is currently being reevaluated. Pursuant to the Letter of Intent, we have negotiated a total purchase price of \$8,500,000 to be paid as follows:

(i) \$4,165,000 in cash, and (ii) \$4,335,000 in a class of our preferred stock, which shall receive a fixed annual dividend of 8%. Furthermore, we have agreed to provide warrants to purchase up to \$1,000,000 of our common stock, at a purchase price equal to the 90 day average bid price of our common stock immediately following the closing of a definitive agreement. In addition, there is a provision for the current executives of the distribution company to receive an employment agreement and remain with the distribution company for a minimum of five years. Further, we agreed to enter into a profit sharing plan with the executives of the distribution company. Further details concerning this acquisition can be found in our Form 8-K filings.

On September 27, 2009, Camelot entered into a non-binding Letter of Intent to acquire the film library and certain assets of an entertainment company located in Los Angeles, CA. Camelot has agreed to provide warrants to purchase Camelot's Common Stock, at a purchase price equal to the 90 day average bid price of Camelot's Common Stock immediately following the closing of a definitive agreement. Pursuant to the Letter of Intent, we have agreed to negotiate a total purchase price to be paid as follows: (i) 49% in cash, and (ii) 51% in class of our convertible preferred stock, which shall receive a fixed annual dividend of 8%. Furthermore, we have agreed to provide warrants to purchase up to \$500,000 of our, at a purchase price equal to the 90 day average bid price of our common stock immediately following the closing of a definitive agreement. As of the date of this filing, we are still negotiating the final price. Further details concerning this acquisition can be found in our Form 8-K filings.

Camelot has also reached a tentative agreement to acquire the assets of an 800 + title film and television (including animation) program distribution company based in Los Angeles, CA, with established distribution channels in film, TV, DVD/VOD. The Company hopes to close this transaction during the second quarter of 2010. No further information is available at this time.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

In late-2010, Camelot also plans to acquire a Los Angeles based production and distribution company with over 250 film credits in production and distribution, and an exceptional industry reputation, producing films for Fox Entertainment, Sony, Disney and Lionsgate among others. Once acquired, Camelot plans for the company to oversee Camelot Film Group operations, and to oversee the production of a moderately-priced film slate to be produced and distributed by Camelot over a three year period. Also in late 2010 or 2011, Camelot has plans for a joint venture with and/or minority stock position in an international independent film studio company which would facilitate production efficiencies and mitigate risk for Camelot film slate.

All of the aforementioned acquisitions and negotiations are complex financial transactions and there can be no guarantee that we will be able to successfully complete those transactions. While at present our distribution operations are growing, volatile market conditions and the ongoing uncertainty of the global economic outlook could stymie that growth at any time and increase the pressure on an already strained corporate financial structure. Any or all of the above uncertainties could have a material adverse effect on the Company.

In addition, during fiscal year 2010, the Company's will continue to focus on the ongoing development of projects and continued expansion of our distribution and production pipeline within our Camelot Film Group division, while continuing to pursue opportunities through our Camelot Studio Group division. The emergence of Camelot Film Group as it prepares to unveil its Camelot Production Model ("CPM") in 2010 points to significant activity for us this year. In order to implement our plans to become a global media and entertainment company, it is critical that we build a solid foundation to build upon, and that begins with making sure that each division is carefully structured and that their respective business models are implemented in accordance with those designs.

There are five steps that comprise the backbone of our operating philosophy that is contained within our business model. Each step, when executed and fully implemented, secures the foundation for the next step. These five steps are:

1. Education; which leads to
2. Infrastructure; which leads to
3. Utilization; which leads to
4. Opportunity; which leads to
5. Success

The current focus of our operations is our Camelot Film Group division, and the expansion of Camelot Distribution Group and DarKnight Pictures. In addition, we have acquired several literary properties as we gear up to hopefully begin physical production this year on several projects in our production pipeline. Veteran producer H. Kaye Dyal has been brought in to head up production for us in our Camelot Features division, and he has brought in several projects that are in various stages of development.

Fiscal year 2010 should also see the emergence of our proprietary Camelot Films® "CPM". Designed to have mainstream appeal and franchise potential, the CPM provides for the development, production, marketing and distribution of motion pictures by combining the efficiencies realized by studios of the early 1900's with the artistic focus and diversity of today's independent productions. Using this approach, we believe the risk-reward relationship facing the typical film project can be dramatically shifted. For example, whereas a typical film pushes artists and

directors to rush development and production in hopes of conserving cash, the CPM extends the pre-production cycle substantially to reduce costs while simultaneously increasing quality. Similarly, whereas many independent films are limited by the types of post production technology used, due in part to budget constraints, we intend to invest directly in top of the line technology, spreading the costs over a targeted minimum number of original motion pictures each year. One benchmark of the CPM is to develop the ability to consistently produce films with the look, feel and artistic content of multi-million dollar pictures, for a fraction of the cost.

Within our Camelot Film Group division, Camelot Films® plans to focus on high quality, suspense, action, thriller, comedy and dramatic commercial content. Camelot Features will continue to develop its limited catalogue of literary properties and preparations to begin pre-production on some of its projects as packaging is completed. Camelot Television Group plan to continue to explore potential pilots and television series to produce. Camelot Urban Entertainment is expected to complete its first feature length documentary during 2010 and continue the development process on several feature film properties currently being developed. Camelot Film Group plans to accelerate the activity in its Latin entertainment division once it completes its search for an executive to lead that division. We also plan to increase activity in our family division, Ferris Wheel Films. We hope to renew our consulting agreement with Capital Arts Entertainment, which is part of a contemplated acquisition plan that could result in the Capital Arts Management team joining forces with the Company and heading up Camelot Film Group. Experts in efficient budget production, the management of Capital Arts has over 250 film credits in production and distribution, and they have an excellent industry reputation. More details concerning this potential acquisition are expected to be released later this fiscal year. Camelot Gaming and our Digital Media division should begin to see activity in 2010.

Due to our prior focus and the commitment of resources on the Camelot Studios at ATEP project, we made the decision to slow down the progress of our other divisions and concentrate on completing the development and entitlement process of the ATEP project. When that stopped, we refocused our attention on Camelot Film Group and will be increasing activity in Camelot Production Services Group during 2010. Notwithstanding the foregoing, our priority in 2010 will be as follows: first, Camelot Film Group; second, Camelot Studio Group; and third, Camelot Production Services Group.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

In addition, we have launched our new web site, [www.camelotent.com](http://www.camelotent.com). Our new web site allows us to provide more detail on our activities with regular updates. Our site plans to also be fully interactive and hopefully will provide those accessing our site with the latest technical innovations and industry wise links. Our site is expected to provide digital downloading capability, previews, film clips, distance learning, IPTV channels, blogs, user email, retail outlets, screenplay and film submissions, uploading capability and consumer interactive sections, including a consumer film review section where the public can submit their own personalized film, television and digital media reviews in addition to reviews of the commercial products featured in the film, television and digital media productions.

#### Cash Requirements

With current financial arrangements and successful resolution of the DTCC chill issue, we believe we will be able to satisfy our operational cash requirements for the year ending December 31, 2010. Our current operational cash requirements do not include any debt retirement, just basic operational expenses. In August 2009, we entered into a financing agreement with JMJ Financial which will provide \$3,000,000 in operating funding over a period of two years. Due to the DTCC chill put on our stock in October 2009, JMJ had temporarily frozen our funding, which had a material adverse effect on our operations. With the DTCC chill now lifted, we expect the JMJ funding will continue as agreed to. Between that agreement and interim funding arrangements with some of our debt holders, including JMJ Financial, and with revenue coming in from our distribution activities, we have been able to sustain operations thus far.

In addition to the renewing our agreement with The Atwell Group, we are also exploring other financing options for Camelot Film Group in 2010. Additional 2010 working capital, if necessary, would be provided through agreements between Camelot and our officers and directors, and possibly through additional new agreements with The Atwell Group as discussed herein.

#### Research and Development

Our research and development activities are expected to be performed under our Camelot Production Services Group division, which includes Camelot Technology Group, which plans to research new technologies for our industry.

#### Equipment Purchases

We are not expecting to purchase any major pieces of equipment during 2010. The exception to this could be the purchase of equipment and other physical assets by Camelot Films® in the event one or more of its film slates is funded during 2010.

#### Changes in Employees

We are not expecting a significant increase in the number of employees during 2010. If any additions are made, they would probably occur during the third and or fourth quarter of 2010, and would depend upon the status of Camelot Film Group projects, slate financing and the contemplated corporate and asset acquisitions.

#### Recent Developments

#### DTCC Chill

The Company's Common Stock, which trades on the OTCBB, was subject to a "chill" placed on deposits into CEDE by the DTCC between on or about October 12, 2009 and April 12, 2010. This "chill" did not affect the trading of Common Stock already in the marketplace. Nor did it affect the ability to DWAC shares already in the market. It did affect the ability of stockholders to deposit new shares into the market through CEDE, and further it has impacted the ability for investors to purchase Camelot stock through their brokerage firms, especially national firms that do the majority of their trading activity on-line. According to the DTCC the "chill" was put in place to review high volume of shares issued during the second quarter of 2009. More importantly, the "chill" caused our major corporate funding partner JMJ Financial to freeze our corporate financing until the "chill" had been lifted, as the ability to continue as a DTC/DWAC eligible company was a condition precedent to the financing agreements. This put a severe strain on the Company's financial condition. The Company and its legal team have resolved this situation with the DTCC and the "chill" was lifted on April 12, 2010.

During this critical time period, the Company was able to maintain operations through the ongoing financial support of its Chairman and founder, Robert Atwell, interim bridge financial support from its lenders, deferred payment arrangements with its consultants, advisors and legal team, and the limited revenues being generated from operations.



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Roll-Up Strategy

The Company has undertaken its "roll-up" strategy at what the Company believes is a highly advantageous time. Even as U.S. box office is on the rise, competition is dramatically decreasing. The Company expects that the volume of films released theatrically in the U.S. to drop over the next two years from a record high of 610 pictures in 2008 to a volume below the historically normative range of 350-400 pictures annually. This drop in film supply is mainly attributable to a significant decrease in new debt and equity financing provided to Hollywood by Wall Street and foreign banks (it is estimated that between 2004 and 2007 such financing totaled \$18 billion) and to an industry-wide trend in which most of the significant U.S. distribution companies - both major studios and independents - are cutting their respective output due to capital shortages. At the major studios, the focus is largely on the biggest films (budgeted at more than \$100 million and known in the industry as "tentpole pictures") which mean that the reduction in their film slates has largely come at the expense of lower and mid-budget films. Additionally, in the last year, five studio independent divisions have closed or dramatically scaled back their operations (New Line, Picturehouse, Warner Independent, Paramount Vantage and Miramax Films), in part due to poor management decisions, seeking to create more expensive product, the global recession and credit crisis, and the decline of the art house film market.

The result is a rare opportunity: consumer demand is up even as supply is dramatically down. This imbalance has created an opening for a company with the right management acumen, financial discipline, and a proven ability to develop, produce, market and distribute star-driven, lower- to mid-budget commercial movies. Hundreds of films per year are needed to satisfy expanding basic and premium cable time slots alone.

A result of the dramatic, industry-wide reduction in films being produced is that talent pricing has dropped substantially as talent availability has risen. Consequently, the Company believes it will be even better able to attract well-recognized, higher-quality talent at a reasonable cost.

Other distribution mediums will offset the well-publicized decline in DVD sales volume. After films complete their run in theaters, they continue to generate additional revenue throughout the remaining phases of the film distribution life cycle including both domestic and international home video/DVD, digital distribution, pay and free television. Although in the current recession DVD sales are down, Blu-ray sales, DVD rentals and Video on Demand ("VOD") revenues have increased. Taken altogether, total U.S. video revenue was off 6% to 22.4 billion in 2008, and is down 3.8% in the first three quarters of 2009. However, in 2010, according to a June 2009 Future Source Consulting report, Blu-ray and VOD (which have been growing steadily and significantly over the last three years), are projected to achieve replacement value for falling DVD revenue.

Independent films are leading the move toward "day-and-date" VOD and theatrical release. The transition from DVD to VOD is expected to occur within the next three to five years, fueling a rapid increase in growth mirroring the explosive rise in revenue that occurred when the home entertainment business transitioned from videotape to DVD. At that time, wholesale pricing dropped from \$65 per videotape to \$10 per DVD, and volume exploded, generating \$87 billion in incremental revenue to the industry over the past 13 years, according to Adams Media Research. When the industry shifts from DVD to VOD as the access of choice, wholesale pricing is expected to drop from \$10 per unit for DVD to \$3-4 per unit for VOD, and Adams Media Research projects volume and revenue will rise significantly. VOD will give new life to content libraries, such as the product pipeline contemplated by Camelot, and the emerging digital distribution model enhances the long-term growth possibilities for the film industry if one is positioned properly.

Few existing companies have the expertise or ability to create the necessary supply of product. There are two primary reasons for this supply shortage:

- The major studio business model makes studios slow to react and adapt. At the major studio level, the focus increasingly is on making a handful of \$100 million-plus tentpole pictures each year, with a dramatic reduction in the overall number of pictures produced and released due to the credit crisis. Most major studios are not adept at keeping costs down on films of any size, and as a result fewer moderate-cost, commercial films are being produced and released by the major studios.
  - Outside of the studios, most independent film companies are struggling to produce pictures in any significant number and a majority of the companies are burdened with substantial debt. A majority of the film finance/production firms have ceased participating in the market in the past two years. This situation creates an opportunity for an aggressive independent to build a strong position.

During the fourth quarter of 2009, the Company continued to redefine its immediate goals as it focuses on the expansion of its distribution and production operations. The following outlines Camelot's plans for implementation of its business model in 2010:

- Seize the moment within an industry on the verge of substantial change;
  - Obtain film and media library content while the valuations are at the bottom of the cycle;
  - Obtain an interest in strategically located post-production facilities in order to control product quality, cross-sell across divisions and gain a window into technology changes in real time;
- Create a home for independent film producers and directors to develop superior product with a better risk/reward ratio;
  - Use the exiting Camelot Entertainment Group, Inc. stock as currency to lower acquisition cost and to obtain "buy-in" by acquired company management;
- Seek a move to a larger trading exchange, such as AMEX or NASDAQ in 2010/2011 to stabilize share price and obtain analyst coverage; and
- Gain an early position in the Video-on-Demand [VOD] and Direct to Consumer aggregation, to pioneer new distribution channels not currently utilized by major studios.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Results of Operations

We have a limited history of operations as a film, television and digital media company. We believe that due to the complex nature and long term cycle of our business operations, period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied on as an indication of future performance. However, it is still important that you review the audited financial statements, the unaudited interim financial statements and the related notes in addition to thoroughly reading our current plan of operations.

Through our wholly owned subsidiary Camelot Film Group, Inc. and its distribution divisions Camelot Distribution Group, Inc. and DarKnight Pictures, Inc., we acquired six films for distribution in 2009 and as a result we began generating and collecting revenues during the first quarter of 2010. During the first quarter of 2010, we have continued to acquire films for distribution, in addition to any library titles we may acquire as a result of our contemplated acquisitions. We plan to report our first quarter revenues as part of our first quarter Form 10-Q Quarterly report, scheduled to be filed no later than May 15th, 2010.

Our current cash requirements are provided principally through our financing agreements with JMJ Financial and The Atwell Group, Inc. ("TAG"), a company owned by our Chairman, and from ongoing revenues as a result of operations. Under our agreement with JMJ Financial, we are to receive \$3,000,000 over a period of two years. That agreement was currently frozen due to the DTCC "chill".

Our historical cash requirements were provided principally through our financing agreement with Eagle Consulting Group, Inc. ("Eagle"), a company owned by our Chairman. We entered into an agreement with Eagle on March 28, 2003, to provide operational funding for the Company. In exchange for twenty percent (20%) of the Company's outstanding Common Stock on a non-dilutive, continuing basis until the Company could secure additional financing from another source, Eagle agreed to provide funding for the Company's annual audit, quarterly filings, accounts payable and other ongoing expenses including office, phones, business development, legal and accounting fees. The original Eagle agreement was completed as of December 31, 2007 before being renewed in January 2010.

Like all motion picture, television and digital media production and distribution companies, our expected future revenues and results of planned operations could be significantly dependent upon many factors, including the ability of Camelot to finance its projects, the progress made by Camelot in implementing its business model, and if Camelot is in a position to do so, the timing of releases and the commercial success of the motion pictures we plan to distribute in the future, none of which can be predicted with any certainty. Accordingly, our planned revenues and results of operations, if any, may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods. Similarly, the efficiencies we aim to realize through our model may not materialize. Failure of the efficiencies to materialize, along with other risks germane to the picture production, or if we are unable to finance our films, may cause us to produce fewer films than our plan calls for.

Liquidity and Capital Resources

We have a limited history of operations as a film, television and digital media production and distribution company. We believe that, due to the complex nature of our business model and the ensuing long term sales cycles, period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied on as an indication of future performance. Our current liquidity and capital resources are provided principally through our current agreements with JMJ Financial, The Atwell Group, Inc., which are discussed below under Recent Financing, and from revenues generated from ongoing operations. During 2009, we also received funds through the NIR Financing, described as well in Recent Financing. However, the Company must find additional sources of financing in

order to have a more traditional form of funding in place and to remain a going concern in the future. The financial statements included herein do not include any adjustments that might result from the outcome of this uncertainty. In addition, our independent auditors have included a paragraph within their report that expresses substantial doubt about our going concern.

Recent 2008/2009 Financing

JMJ Financial 2009 Financing

2009 JMJ Financial Convertible Notes Payable

On September 3, 2009, the Company's Board of Directors ratified an agreement entered into between the Company and JMJ Financial on August 18, 2009 whereby we entered into a financing agreement with JMJ Financial to invest \$3,000,000 into the Company over a period of two years through six \$500,000 convertible promissory notes (the "Convertible Promissory Notes") with JMJ Financial (the "Investor"). Under the terms of the Convertible Promissory Notes, the Investor and the Company entered into an initial \$500,000 Convertible Promissory Note (the "Note") on August 18, 2009. The Company received an initial \$100,000 on August 26, 2009. The company received \$100,000 on October 1, 2009, \$100,000 on November 1, 2009, \$50,000 on December 1, 2009 and \$50,000 on December 30, 2009, total received in 2009, \$400,000. The Convertible Promissory Notes are secured by the Secured & Collateralized Promissory Note between JMJ Financial and the Company dated August 18, 2009, of which the Company is the holder.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

The Notes carry an interest rate of 12% and a maturity date of August 17, 2012. This interest rate is offset by the 12% interest rate on the Secured & Collateralized Promissory Note. The Notes are convertible into our common shares at the Conversion Price (as defined hereafter). The Conversion Price shall be fifty per cent of the lowest trade price in the 20 trading days previous to any conversion.

The Investors have contractually agreed to restrict their ability to convert the Convertible Promissory Notes and receive shares of the Company's Common Stock such that the number of shares of the Company's Common Stock held by them and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of the Company's Common Stock.

The sale of Convertible Promissory Notes described above in Item 1.01 is still underway and is expected to be completed on or before August 17, 2011. The Company received \$100,000 in gross proceeds from the initial Convertible Promissory Note on August 26, 2009. At the closing, the company became obligated to the Investors for \$500,000 in face amount of the initial Convertible Promissory Note. The Company expects to receive an additional minimum of \$100,000 in gross proceeds from the initial Convertible Promissory Note each month until it has received the total \$500,000. As of the date of filing \$475,000 had been received. The balance of the Convertible Promissory Notes, \$2,500,000, is expected to be delivered to the Company over the next two years. The Notes are a debt obligation arising other than in the ordinary course of business which constitute a direct financial obligation of us.

NIR 2009 Financing

2009 NIR Convertible Notes Payable

On September 3, 2009, the Company's Board of Directors ratified an agreement entered into between the Company and New Millennium Capital Partners II, LLC, an affiliate of The NIR Group, on August 31, 2009 whereby we entered into an Securities Purchase Agreement (the "Securities Purchase Agreement") with New Millennium Capital Partners III, LLC (the "Investor"). Under the terms of the Securities Purchase Agreement, the Investor purchased an aggregate of (i) \$100,000 in callable convertible secured notes (the "Notes"). The Company received the proceeds from the Securities Purchase Agreement on September 2, 2009. This and other similar transactions with NIR described below are referred to as the "NIR Financing".

The Notes carry an interest rate of 10% and a maturity date of August 30, 2012. The notes are convertible into our common shares at the Variable Conversion Price (as defined hereafter). The Variable Conversion Price shall be equal to the Applicable Percentage multiplied by the average of the lowest three (3) trading prices for our shares of Common Stock during the twenty (20) trading day period prior to conversion. The Applicable Percentage is 50%.

At our option, we may prepay the Notes in the event that no event of default exists, there are a sufficient number of shares available for conversion of the Notes and the Common Stock is trading below the Initial Market Price as adjusted. In addition, in the event that the average daily price of the Common Stock, as reported by the reporting service, for each day of the month ending on a determination date is below the Initial Market Price as adjusted, we may prepay a portion of the outstanding principal amount of the Notes equal to 104% of the principal amount hereof divided by thirty-six (36) plus one month's interest. Exercise of this option will stay all conversions for the following month. The full principal amount of the Notes is due upon default under the terms of Notes. In addition, the Company has granted the investors a security interest in substantially all of its assets and intellectual property, excluding Camelot Studio Group and Camelot Film Group, as well as demand registration rights.

The Investors have contractually agreed to restrict their ability to convert the Notes and receive shares of the Company's Common Stock such that the number of shares of the Company's Common Stock held by them and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of the Company's Common Stock.

If requested by the note holder, in accordance with the terms and conditions of the Registration Rights Agreement, we are committed to registering the shares of Common Stock underlying the Notes in the event no other exemption is available to the Investor, including Rule 144. In the event no other exemption is available, we have agreed to use our best efforts to file the registration statement within thirty (30) days from the date of request by the Investor otherwise we may be subject to penalty provisions. There are penalty provisions if the Company does not use its best efforts and respond to comments from the SEC regarding its Registration Statement in a timely manner, or after the Registration Statement has been declared effective by the SEC, sales of all of the Registrable Securities cannot be made pursuant to the Registration Statement due to the fault of the Company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

NIR 2008 Financing

2008 NIR Convertible Notes Payable

On August 14, 2008, Camelot issued a callable secured convertible note payable for \$160,000 to New Millennium Capital Partners II, LLC. Camelot received the proceeds in August and September 2008. The note payable provided for annual interest at 10%, was secured by the assets of the Company (less contractual exclusions), and matures on May 10, 2011. The principle and accrued interest of the note is convertible into Camelot's Common Stock at a variable conversion price which is 50% of the average market price of the Common Stock of the lowest three trading days prior to the date of conversion. The proceeds were used for working capital purposes and advances from related parties. In addition, the investors shall receive 28,571 cashless warrants at an exercise price of \$7 which expire in seven years.

On September 22, 2008, Camelot issued a callable secured convertible note payable for \$15,000 to New Millennium Capital Partners II, LLC. The proceeds were used to pay for public relations consulting services. The note payable provided for annual interest at 10%, was secured by the assets of the Company (less contractual exclusions), and matures on September 21, 2011. The principle and accrued interest of the note is convertible into Camelot's Common Stock at a variable conversion price which is 50% of the average market price of the Common Stock of the lowest three trading days prior to the date of conversion.

Camelot Studio Investors

In January 2008, we agreed to sell up to 30% of our interest in Camelot Development Group, LLC ("CDG") to Camelot Studio Investors LLC ("CSI") for up to \$3,000,000 on an as needed basis. CDG, which is part of our Camelot Studio Group division, was a 50% joint venture partner in Camelot Development Tustin, LLC ("CDT"). CDT was working with the South Orange County Community College District ("SOCCCD") to become the master developer for the Advanced Technology and Education Park ("ATEP") campus in Tustin, California, which was to include Camelot Studios at ATEP. The ATEP project and this funding agreement were terminated during the third and fourth quarter of 2008. We only received a total of \$200,000 in cash and an additional \$300,000 in debt conversion as a result of this transaction.

NIR 2006 Financing

2006 NIR Convertible Notes Payable

On December 27, 2006, we entered into a Securities Purchase Agreement with AJW Capital Partners, LLC, AJW Offshore, Ltd., AJW Qualified Partners, LLC and New Millennium Capital Partners II, LLC. Under the terms of the Securities Purchase Agreement, the Investors purchased an aggregate of (i) \$1,000,000 in Callable Secured Convertible Notes (the "Notes") and (ii) warrants to purchase 143 shares of our Common Stock (the "Warrants").

Pursuant to the Securities Purchase Agreement, the Investors will purchase the Notes and Warrants in two tranches as set forth below:

1. At closing on December 27, 2006 ("Closing"), the Investors purchased Notes aggregating \$600,000 and Warrants to purchase 143 shares of CMEG Common Stock;
- 2.

Upon effectiveness of the Registration Statement, on June 5, 2007 the Investors purchased Notes aggregating \$400,000.

The Notes carry an interest rate of 10% per annum (as amended) and a maturity date of December 27, 2009. The notes are convertible into CMEG Common Stock at the applicable percentage of the average of the lowest three (3) trading prices for CMEG shares of Common Stock during the twenty (20) trading day period prior to conversion. The "Applicable Percentage" means 50%; provided, however, that the Applicable Percentage shall be increased to (i) 55% in the event that a Registration Statement is filed within thirty (30) days of the closing.

At our option, we may prepay the Notes in the event that no event of default exists, there are a sufficient number of shares available for conversion of the Notes and the market price is at or below \$175 per share. In addition, in the event that the average daily price of the Common Stock, as reported by the reporting service, for each day of the month ending on any determination date is below \$175, we may prepay a portion of the outstanding principal amount of the Notes equal to 101% of the principal amount hereof divided by thirty-six (36) plus one month's interest. Exercise of this option will stay all conversions for the following month. The full principal amount of the Notes is due upon default under the terms of Notes. In addition, we have granted the Investors a security interest in substantially all of our assets and intellectual property as well as registration rights.

We simultaneously issued to the Investors seven year warrants to purchase 100,000 shares of our Common Stock at an exercise price of \$10,500.

In connection with the recent financing and pursuant to a Structuring Agreement, we also issued to Lionheart Associates, LLC d/b/a Fairhills Capital ("Lionheart") warrants representing the right to purchase up to eight (8) shares of our Common Stock under the same terms as the Warrants issued to the Investors.



## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

## Additional Information

The Investors have contractually agreed to restrict their ability to convert the Notes and exercise the Warrants and receive shares of our Common Stock such that the number of shares of our Common Stock held by them and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of CMGR's Common Stock.

As a result of our SB-2 Registration, a total of 132,285 shares of Common Stock were registered. They were all converted at various prices during 2007. With the changes in Rule 144 that became effective on February 15, 2008, additional shares will now be converted under Rule 144 B (1). As of December 31, 2009, the principal balance of the Notes was \$850,601.

In the event of full conversion of the aggregate principal amount of the Notes of \$850,601 as of December 31, 2009, we would have to issue a total of 17,012,020,000 shares of Common Stock. This amount is calculated as follows:

The aggregate principal amount of the Notes is \$850,601. The estimated conversion price of the Notes is \$0.00005 based on the following: \$0.0001 was the average of the lowest three (3) trading prices for our shares of Common Stock during the twenty (20) trading days prior to December 31, 2009, less a 50% discount. Thus, at a discounted price-per-share of \$0.00005, 17,012,020,000 shares of the Company's Common Stock would be issuable upon conversion of \$850,601 into common shares of the Company ("Conversion Shares"). However, due to contractual limitations, the most that could be converted in any single singular conversion as of December 31, 2009 is approximately 147,770,402 shares, or 4.99% of the 2,961,330,703 outstanding shares. In addition, there are contractual limitations that could be imposed by Camelot that would result in the inability of the note holders to convert during any given 30 day period.

As of December 31, 2009, our stock was trading at \$.0001, the lowest quoted trade available on the OTCBB. As a result, the trading price of stock will not go any lower, thereby establishing a floor for the effective conversion price at \$.00005. In the event the conversion price discount was increased, there could be more shares issued over time. The following table shows the effect on the number of shares issuable upon full conversion, in the event the Common Stock price declines by 25%, 50% and 75% from its the most recent trading price.

	12/31/2009	25	Price Decreases By				
			%	50	%	75	%
Average Common Stock Price (as defined above)	\$0.0001	\$0.0001		\$0.0001		\$0.0001	
Conversion Price (50% Discount)	\$0.00005	\$0.00005		\$0.00005		\$0.00005	
100% Conversion Shares:	17,012,020,000	17,012,020,000		17,012,020,000		17,012,020,000	
Principal Balance of Notes:	\$850,601						

## The Atwell Group, Inc.

Throughout 2009, The Atwell Group, Inc. has paid for expenses on behalf of Camelot as needed. With the occurrence of other financial resources becoming available, the amount of resources committed by The Atwell Group had diminished when compared to prior years. Due to the ongoing need for financial support, we have renewed our agreement in January 2010 with The Atwell Group to provide funding as needed during 2010 and beyond. The Atwell Group, Inc. is owned by our Chairman, Robert Atwell.

### Private Placements and Registrations

We are also in the process of preparing a private placement memorandum and an S-1 registration statement for the purpose of funding our contemplated acquisitions and Camelot Films® initial slate of pictures. If the anticipated funding is successful, in addition to closing the four contemplated acquisitions; it is our goal to have between ten and 12 motion pictures in various stages of development or production within 12 to 24 months. In the event we are unable to complete the funding, we could have to delay our slate until such time as the necessary funding is acquired.

Like all entertainment companies, our revenues and results of operations could be significantly dependent upon the timing of releases and the commercial success of the various projects we develop, none of which can be predicted with certainty. Accordingly, our revenues and results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods. Similarly, the efficiencies we aim to realize through our model may not materialize. Failure of the efficiencies to materialize, along with other risks germane to the picture production, may cause us to produce fewer projects than our plan calls for.

### Sources of Revenue

Our expected sources of revenue during 2010 and beyond are expected initially to be derived from our Camelot Film Group operations, including distribution revenues generated by Camelot Distribution Group.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Camelot Film Group

We began generating minimal revenues, albeit slowly initially, during 2010 through our wholly owned subsidiary Camelot Film Group, Inc. Through Camelot Film Group divisions Camelot Distribution Group, Inc. and DarKnight Pictures, Inc., we acquired six films for distribution in 2009, and as a result we began generating revenues during the first quarter of 2010. We started collecting those revenues during the first quarter of 2010. During the first quarter of 2010, we have continued to acquire films for distribution, in addition to any library titles we may acquire as a result of our contemplated acquisitions. We plan to report our first quarter revenues as part of our first quarter Form 10-Q Quarterly report, scheduled to be filed no later than May 15th, 2010. We also expect to begin generating revenues from two other divisions within Camelot Film Group, Camelot Films® and Camelot Features. It will take three to five years to realize significant revenues from these divisions as they become fully operational.

We are currently updating our business plan, the core of which is our film, television and digital media business model. Upon completion of the business plan, we expect to finalize financing which could provide the funding necessary to launch our first Slate under the Camelot Films® banner. In addition, we will continue to develop and package projects within our Camelot Features division, including those projects described above. Our urban division, Camelot Urban Entertainment, plans on completing its first feature length documentary later this year with an expected release date of late 2010.

Once our films are funded and begin the production process, our distribution division intends to engage international and domestic channels of distribution using a variety of methods. If successful, these distribution outlets could generate early limited revenues prior to the actual delivery of the films. The type of film, subject matter and scale of the project will determine in most cases the priority in which the following distribution methods are addressed:

- Licensing of videocassettes and digital video discs (DVDs)
- Pay-per-view cable and satellite licensing
- Pay television and internet licensing, including VOD and Direct to Consumer
- Broadcast television, cable and satellite licensing
- Hotels, airlines and other non-theatrical exhibitions
- Theatrical exhibition
- Mobile and other forms of Digital Media
- Syndicated television licensing
- internet Protocol TV (IPTV)

Our strategy of developing in-house distribution and marketing expertise, while intended to increase the proportion of a given original motion picture's revenue we can retain, may have the effect of reducing the speed with which we can obtain cash from any motion pictures we complete. This is due in part to the way that many independent productions distribute their motion pictures.

We believe that many independent productions plan to engage sales agents to distribute their motion pictures. These sales agents often license the distribution rights to distributors on behalf of the production company, or another party that owns the rights to the motion picture negative. In exchange for these services, the agent normally receives a percentage of any licensing fees generated by licensing the film to a distributor.

The distributor's licensing a film's rights often has a fee set as a percentage of gross revenue from the film. While a preset rate is used, the amount of this fee is generally unknown at the time that the distribution agreement is entered into, as there is no way to know with any degree of certainty how much revenue, if any, will be generated by the film. However, in some cases the distributor might pay a certain minimum amount to the production company, or rights owner, upon delivery of a completed motion picture. This is sometimes referred to as a minimum guarantee or simply as an advance. Such guarantees, when available, reduce the perceived risks of parties financing original motion picture productions. As a result, these advances can make it easier for producers to obtain financing for a project.

Our strategy does not involve working through outside sales agents, although if we are unable to successfully market our films directly to the market, we may have no alternative but to pursue such channels. Under our strategy of marketing directly to buyers and other distributors, we would still have the ability to pursue and negotiate minimum guarantees and advances. However,

In general we believe that this would likely negatively impact the potential return we seek to realize on our original motion picture productions. The result of this strategy may be that the speed with which we convert film projects into cash inflows could also be negatively impacted.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Expected Significant Changes in the Number of Employees

According to the Bureau of Labor Statistics, in 2008, the United States had about 367,900 wage and salary jobs in the motion picture production and distribution industry. The majority of these jobs were in motion picture production and services, including casting, acting, directing, editing, film processing, motion picture and videotape reproduction, and equipment and wardrobe rental. Most motion picture and distribution establishments employ fewer than ten workers.

Many additional individuals work in the motion picture production and distribution industry on a freelance, contract, or part-time basis, but accurate statistics on their numbers are not available. Many people in the film industry are self-employed. They sell their services to anyone who needs them, often working on productions for many different companies during the year. Competition for these jobs is intense, and many people are unable to earn a living solely from freelance work.

While these factors appear to reinforce our belief that there is a large pool of available resources to engage in the production of our original motion pictures, there can be no guarantee that the resources will accept our terms or business strategy. According to our planned business model, those that do are expected to be engaged primarily as independent contractors. However, our plans also call for substantially increasing the number of individuals we hire as salaried and hourly employees.

None of our executive officers or directors currently has a contracted compensation package. The Board of Directors has established parameters for the anticipated employment contracts, which are now expected to be finalized during the second quarter of 2010. However, our executive officers do receive compensation. We also plan to hire a minimum of four additional personnel engaged in marketing and distribution, operations and general and administrative capacities. These planned changes in personnel alone are significant. However, should we be required to engage a higher number of production professionals as employees, instead of our current plans to engage many production personnel as independent contractors, the increase in employees would be even more significant.

General

Our operations consist primarily of acquiring completed films for domestic and international distribution and developing literary properties which can be produced, distributed and marketed as original motion pictures, television programming and digital media through our Camelot Film Group and its distribution divisions, Camelot Distribution Group and DarKnight Pictures. In addition, we are continuing to pursue projects through our Camelot Studio Group division and on a limited basis, projects within our Camelot Production Services Group division. These have inherent long-term sales cycles. As a result, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied on as an indication of future performance. However, it is still important that you read the discussion in connection with the audited financial statements, the unaudited interim financial and the related notes included elsewhere in this annual report.

YEAR ENDED DECEMBER 31, 2009 COMPARED TO YEAR ENDED DECEMBER 31, 2008

REVENUE

Cumulative During Development Stage	Year Ended December 31, 2009	2008
--	------------------------------------	------

%  
Change

Net Revenues	\$	58,568	\$	0	\$	0	(0%)
--------------	----	--------	----	---	----	---	------

We did not collect any revenue for the year ended December 31, 2009. We are currently focused on acquiring completed films for domestic and international distribution and developing literary properties which can be produced, distributed and marketed as original motion pictures, television programming and digital media through our Camelot Film Group and its distribution divisions, Camelot Distribution Group and DarKnight Pictures. None of our divisions, including those that have limited operations and those that are being developed, have not generated any collectable revenue as of December 31, 2009. However, we did begin collecting revenue during the first quarter of 2010. We do not expect to generate any significant revenue from any studio group projects for the foreseeable future. Revenue from production services group operations should begin to materialize within the next 24 months, depending upon availability of financing and other logistical factors, including technology development and staffing.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

## COST OF SERVICES

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
Cost of Services	\$ 95,700	\$ 0	\$ 0	(0%)

Our cost of services historically was comprised principally of activities directly related to the distribution and production of film, television and digital media properties and the development of our contemplated studio group properties. We provided no services that generated collected revenue for the year ended December 31, 2009. To the degree that we generate distribution and production revenue in future periods, services provided by officers during such periods are to be matched to revenue associated with such services and recorded as costs of services. In future periods, we expect to rely heavily on the ability to use exchanges of our equity to key production and other personnel and contractors as a means of reducing the cash required to complete original motion picture projects. Such reliance could likely result in a lack of predictability and a great deal of volatility with regard to our cost of sales and, therefore, our gross margin percentage.

## SALES AND MARKETING EXPENSES

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
Sales & Marketing Expenses	\$ 53,959	\$ 0	\$ 0	(0%)

Since inception, sales and marketing expenses have consisted of advertising, promotional materials and public relations expenses related to our product pipeline, which in 2009 was primarily through our Camelot Distribution Group division. There were no Sales & Marketing expenses for 2008. In future periods, we expect that nearly all of our sales and marketing expenses should be related to the distribution and promotion of original motion pictures, television programming and digital media we intend to produce. Similarly, we anticipate that nearly all such expenses should require settlement in cash.

## RESEARCH AND DEVELOPMENT

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
Research & Development Expenses	\$ 252,550	\$ 0	\$ 0	(0%)

Since inception, research and development expenses have consisted primarily of costs related to the acquisition, testing, design, development and enhancement of certain technologies we held rights to and which we intended to use in the future to meet our internal needs or the needs of ventures we might have invested these technologies with.



## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

## GENERAL AND ADMINISTRATIVE

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
General & Administrative Expenses	\$ 15,505,374	\$ 2,086,807	\$ 1,406,916	(48%)

The Company has incurred \$15,505,374 of general and administrative expenses since its inception. General and Administrative expenses were \$2,086,807 for the year ended, December 31, 2009, compared to \$1,406,916 for the year ended, December 31, 2008.

The general and general administrative expenses for 2009 were comprised of \$570,000 of officer salaries, \$385,448 of professional services and \$437,718 of professional fees (accounting, legal and other fees). Additionally, we incurred \$145,012 for marketing costs, \$16,902 in telephone costs, \$44,660 in rent, \$11,841 for insurance (D&O, workers compensation and business liability), office staff payroll of \$39,613, stock transfer fees and services of \$34,198, trade shows and travel costs of \$39,097, acquisition expenses of \$54,000, corporate filing fees of \$10,728, office supplies of \$22,057, dues and subscriptions of \$12,770, approximately \$223,000 in accrued payroll taxes for officer salaries and other administrative costs.

The general and general administrative expenses for 2008 were comprised of \$602,300 of officer salaries, \$319,385 of professional services and \$71,133 of professional fees (accounting, legal and other fees). Additionally, we incurred \$123,520 for marketing costs, \$13,349 in telephone costs, \$143,188 in rent, \$10,196 for insurance (D&O, workers compensation and business liability), office staff payroll of \$26,250 along with other administrative costs.

## IMPAIRMENT OF LONG-LIVED ASSETS AND IMPAIRMENT OF INVESTMENTS IN OTHER COMPANIES

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
Impairment of Assets	\$ 2,402,338	\$ 0	\$ 0	(0%)
Impairment of Investments in Other Companies	\$ 710,868	\$ 0	\$ 0	(0%)

Our impairment policy requires management to review assets and investments for impairment on an ongoing basis. In the case of investments in other companies, this analysis, combined with our other accounting policies, is expected to have a material impact on our results of operations in future periods. Our accounting policies generally may require us to record services performed in exchange for stock in early stage companies at a nominal value, since the stock issued generally has no readily determinable value. However, when we used our stock to effect investments in other companies, the bid price for our stock on the date of issuance is used to value the transaction initially. Subsequently, an impairment of this value may be required to reduce the carrying amount on our books to reflect an impairment in value.

Our financial results since inception are indicative of the extent to which impairment of investments and assets can impact our operating results. Since inception, impairment of investments in other companies accounts for \$710,868, or approximately 3% of our \$20,964,823 net loss, whereas impairment of long-lived assets has accounted for \$2,402,338, or approximately 11% of our net loss since inception. Together, these two expense categories account for 24% of our net loss from inception and through the year ended December 31, 2005.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

An impairment loss is recorded in the period in which we determine that the carrying amount is not recoverable. This requires the Company to make long-term forecasts of its future revenues and costs related to the assets subject to review. These forecasts may require assumptions about demand for the Company's products and services, future market conditions and technological developments in order to support fair value and avoid impairment. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period.

## INCOME TAXES

There is no current or deferred tax expense for the period from January 1, 2009 to December 31, 2009 due to net losses from operations by the Company. As of December 31, 2009 we had federal net operating loss carryforwards of over \$10,500,000, compared to operating loss carryforwards of over \$8,800,000 as of December 31, 2008. The operating loss carryforwards expire beginning in 2013 and may be subject to significant limitations attributable to change in control rules.

## NET LOSS

	Cumulative During Development Stage	Year Ended December 31,		% Change
		2009	2008	
Net (loss)	\$ (20,964,823)	\$ (4,259,802)	\$ (428,575)	893%

The net loss for 2009 was more than in 2008 due to increase in interest expense due to debt retirement, large increase in legal fees and professional services and the start up of Camelot distribution operations. during the year. General and Administrative expenses were more in 2009 due to professional service fees charged for money raised for the company during the year.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had minimal revenues, has experienced an accumulated deficit of \$20,964,823 and has a stockholders' deficit. These conditions, the loss of financial support from affiliates, and the failure to secure a successful source of additional financial resources raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the classification of liabilities that may result from the outcome of this uncertainty.

We have incurred net losses from operations in each fiscal year since our inception. The changes in components of our net loss are important. Impairment of assets accounted for 0% of our net loss in 2003, 2004, 2005 and 2006, whereas impairment of assets accounted for 40% of our net loss in 2002. We anticipate that impairments should no longer play a major role in our operating results for 2007 as well as in future periods. Although none of our impairment losses have consumed cash flow since inception, our ability to convert the assets, resources and technology we acquired into gains, and ultimately positive cash flow, had largely determined the viability or lack thereof of our business model. Similarly, to the degree that we had to issue more shares to acquire assets and resources that were later impaired and not readily recovered, such events were dilutive to our existing shareholders. Going forward, impairments should

hopefully no longer be an issue.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with entities or other persons, also known as “special purpose entities” (SPEs).

#### Critical Accounting Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results may differ from management’s initial estimates as reported. A summary of our significant accounting policies are detailed in the notes to the financial statements which are an integral component of this filing.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Management evaluates the probability of the utilization of the deferred income tax asset related to the net operating loss carryforward. The Company has not estimated a deferred income tax asset related to net operating loss carryforward and other book/tax differences at December 31, 2009. Management determined that because the Company has yet to generate taxable income and that the generation of taxable income in the short term is uncertain, it was appropriate to provide a valuation allowance for the total deferred income tax asset, resulting in a net deferred income tax asset of \$0.

Critical Accounting Policies

The Company has defined a critical accounting policy as one that is both important to the portrayal of the Company's financial condition and results of operations; and requires the management of the Company to make difficult, subjective or complex judgments. Estimates and assumptions about future events and their effects cannot be perceived with certainty. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations, where such policies affect our reported and expected financial results. In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective, and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Acquired Technology and Intangible Assets

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), establishes accounting and reporting standards for recording, valuing and impairing goodwill and other intangible assets. The adoption of SFAS 142 did not have an impact on the Company's financial condition or results of operations for fiscal year 2004. However, as the Company's business model is heavily dependent on acquiring intangible assets, this pronouncement is expected to have a material impact on the Company's financial condition and results of operations in future periods, should the Company survive as an ongoing concern.

Going Concern Uncertainties

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles accepted in the United States, which contemplate continuation of Camelot as a going concern. In addition, our independent auditors have included a paragraph within their report that expresses substantial doubt about our going concern. However, Camelot has experienced recurring operating losses and negative cash flows from operations. This is due in part to Camelot's historical focus on developing Camelot Studios at ATEP, which has necessitated considerable monetary and time commitments from Camelot in lieu of Camelot pursuing revenue generating opportunities either through its Camelot Film Group or Camelot Production Services Group divisions.

Camelot's Board of Directors made the decision to have Camelot focus on the studio project due to the long term importance of the studio and the impact successful completion of that project would have on Camelot Studio Group and Camelot overall. Camelot had to delay several revenue generating projects that it is now implementing with the ATEP project having been terminated. As a result, Camelot began generating revenues from its distribution operations during the fourth quarter of 2009 and began collecting those revenues during the first quarter of 2010.

Camelot's continued existence is dependent upon its ability to increase operating revenues and/or obtain additional equity financing. As part of our ongoing efforts to obtain additional financing, we entered into a financing agreement with JMJ Financial in August, 2009 and have renewed our agreement with The Atwell Group to provide funding for our basic operational requirements.

Further, The Atwell Group has provided advances for certain Camelot expenses when necessary. It appears likely that such funding and financial arrangements with JMJ Financial, NIR, The Atwell Group and our officers and directors should continue to be enough to meet all of the Company's cash requirements in 2010. However, the Company must find additional sources of financing in order to have a more traditional form of funding in place and to remain a going concern in the future. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION - continued

Significant Accounting Practices

Derivative Instruments

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of Financial Accounting Standards Board No. 133," and by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of Financial Accounting Standards Board Statement No. 133," which is effective for all quarters of fiscal years beginning after June 15, 2000. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. We adopted Statement of Financial Accounting Standards No. 133 beginning January 1, 2004, which was codified to ASC 855. The adoption of Statement of Financial Accounting Standards No. 133 did materially impact our results of operations with our convertible notes payable entered into in December 2006.

Revenue Recognition

Revenue from the sales or licensing of films is recognized upon meeting all recognition requirements of Accounting Standard Codification 926, Entertainment — Films ("ASC 926") (formerly Statement of Position 00-2.) These requirements are a) persuasive evidence of a sale or licensing arrangement with a customer exists, b) the film is complete and, in accordance with the terms of the arrangement, has been delivered or is available for immediate and unconditional delivery, c) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition, or sale, d) the arrangement fee is fixed or determinable, and e) collection of the arrangement fee is reasonably assured. For the year ended December 31, 2009 the Company had not produced and theatrically released any films that would meet all of the above-stated requirements and therefore recognized no revenues.

Cash payments received in advance are recorded as deferred revenue until all the conditions of revenue recognition have been met. As of December 31, 2009 and 2008, the Company has not recorded any deferred revenue.

ITEM 7A. MARKET RISK DISCLOSURES

We are currently not exposed to any market risks relating to our operations which might result from changes in interest rates and changes in foreign currency exchange rates. In addition, we currently do not have any foreign currency exposures on distribution and/or production expenses, although we may encounter such exposure in the future. Our principal risk with respect to our convertible debt is the downward pressure these types of financings can have on our stock price, which could make it more difficult for us to obtain additional financing in the future.

ITEM 8. FINANCIAL STATEMENTS

We are filing the following reports, financial statements and notes to financial statements with this Annual Report. These reports may be found following Part III of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Since April 30, 2009, dbbmckennon has served as the company's Certifying Accountant.

In connection with the reorganization of McKennon, Wilson & Morgan LLP (the "Former Auditors") in which certain of its audit partners resigned from the Former Auditors and have joined dbbmckennon. The Former Auditors resigned as the independent auditors of Camelot Entertainment Group, Inc. (the "Company"), effective April 30, 2009. The Former Auditors had been the Company's auditor since January 28, 2008. The Company's Board of Directors (the "Board") approved the resignation of McKennon, Wilson & Morgan LLP on April 30, 2009.

Between January 28, 2008 and April 30, 2009, McKennon, Wilson & Morgan, LLP served as the company's Certifying Accountant.

On January 28, 2008, the Company engaged McKennon, Wilson & Morgan, LLP as its Certifying Accountant for 2007 year end. The Company has no consulting arrangements or other services that are performed by McKennon, Wilson & Morgan, LLP.

On January 28, 2008, the Company dismissed Malone & Bailey, CPA's as its Certifying Accountant for 2007 year-end audit. The Company had no disagreements or other issues with Malone & Bailey. The audit committee felt it was better to have the auditor located in the same region as the Company. Malone & Bailey is located in Houston, Texas. McKennon, Wilson & Morgan, LLP is located in Irvine, California. During 2007, quarterly reviews were performed by Malone & Bailey, CPA's. The Company had no consulting arrangements or other services that are performed by Malone-Bailey, CPA's or by Epstein, Weber & Conover and/or Moss/Adams, CPA's.



## ITEM 9A. CONTROL AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

### Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that information required to be disclosed by the Company is accumulated and communicated to the Company's management to allow timely decisions regarding the required disclosure.

### Management's Report on Internal Control over Financial Reporting

Our management, including Robert P. Atwell and George Jackson, our Certifying Officers, are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipt and expenditures are being made only in accordance with authorizations of management and our Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. A system of internal control may become inadequate over time because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009 using the criteria set forth by the Commission of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, our management concluded that, as of December 31, 2009, our internal control over financial reporting disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities

Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including the Certifying Officer, as appropriate to allow timely decisions regarding required disclosure, due to the material weaknesses described below.

In light of the material weaknesses described below, our management, including the Certifying Officer, performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 2) or combination of control deficiencies, which result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The management has identified the following three material weaknesses which have caused the management to conclude that our disclosure controls and procedures were not effective at the reasonable assurance level:

ITEM 9A. CONTROL AND PROCEDURES - continued

1. We do not have sufficient segregation of duties within accounting functions due to the limited personnel, which is a basic internal control. This will change with the addition of more staff members, which has occurred during the first quarter of 2010.
2. Procedures have not been consistently in place to properly cut-off accounts payable and accrue un-invoiced liabilities. This is being addresses with the addition of new accounting staff in 2010.
3. The accounting department lacks adequate skills to account for stock based compensation for employees and non-employees related to stock issued for liabilities or services, and derivative accounting for convertible debt with a conversion rate with no floor (causing derivative accounting). The Company expects to add personnel familiar with these issues to our accounting department in 2010.

Our management, including the Certifying Officer, has discussed this matter with our current independent registered public accounting firm. To remediate the material weaknesses in our disclosure controls and procedures identified above, in addition to working with our independent auditors, we have continued to refine our internal procedures to address these weaknesses. These procedures include using an external consultant to assist in the identification and calculation of difficult accounting transactions which generally are associated with debt and equity.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Code of Ethics

We have adopted a Code of Business Conduct that applies to all our directors, officers (including our principal executive officer and principal financial officer) and employees. The Code of Business Conduct can be found on our website at [www.camelotent.com](http://www.camelotent.com). We plan to also post on this section of our website any amendment to the Code of Business Conduct, as well as any waivers that are required to be disclosed in accordance with Securities and Exchange Commission or market regulations.

---

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The following table sets forth the names and ages of the current directors and executive officers of the Company as of December 31, 2009, the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. Each serves until the next annual meeting of stockholders.

Name	Age	Position	Date of Appointment
------	-----	----------	---------------------

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Robert P. Atwell	56	President, Chief Executive Officer, Chairman	March 19, 2003
George Jackson	49	Secretary, Chief Financial Officer, Director	April 1, 2005

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT - continued

Robert P. Atwell, 56, has been Chairman, President and Chief Executive Officer of the Company since March 19, 2003. Mr. Atwell is also the President of The Atwell Group, Inc., which encompasses several companies that Mr. Atwell has been affiliated with since 1978, including The Corporate Solution, Inc. (1978), Eagle Consulting Group, Inc. (1996), The Atwell Group, LLC (2004) and Camelot Films®, Inc. (1978). Mr. Atwell is also the majority stockholder of two pink sheet companies, Sky440, Inc. and Emaji, Inc. Mr. Atwell recently took over control of those two companies to implement a restructuring of their operations and to install new management teams. Mr. Atwell's private companies specialize in taking small companies public, securing and implementing assignments for a variety of agencies and corporations including general business consulting, corporate restructuring, mergers and acquisitions, corporate investigations and securities administration. Mr. Atwell has been involved in all aspects of motion picture industry, including business affairs, development, production, distribution, finance, sales and marketing. Mr. Atwell began his career in the entertainment business in 1971, working initially in television and independent film before establishing Camelot Films® in 1978.

George Jackson, 49, was appointed Chief Financial Officer and joined the Board of Directors on April 1, 2005. Mr. Jackson has been a Certified Public Accountant since 1984. He worked with the public accounting firm of KPMG. While at KPMG he worked as a consultant and auditor on many film companies including: Carolco Films, New World Pictures and others. He was the co-founder, CEO & CFO of several fitness centers from 1985 to 1999. He was responsible for managing companies with over \$20 million in revenue, 540 employees in the United States and Asia, raising over \$10 million in capital and managing the accounting departments and preparing financial statements for shareholders in the U.S. and Asia. He sold all his fitness center assets to Bally Total Fitness in early 2000, netting a return to shareholders of over 45% on an annual basis. From 2000 to present he has developed more fitness centers in Asia and been a director to several fitness companies. Mr. Jackson graduated from the University of Southern California with a B.S. in Accounting in 1982.

#### Board Committees

The Board of Directors of the Company has a standing Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee.

#### Audit Committee

The principal functions of the Audit Committee are to review and monitor the Company's financial reporting and the internal and external audits. The committee's functions include, among other things: (i) to select and replace the Company's independent registered public accounting firm; (ii) to review and approve in advance the scope and the fees of our annual audit and the scope and fees of non-audit services of the independent registered public accounting firm; (iii) to receive and consider a report from the independent registered public accounting firm concerning their conduct of the audit, including any comments or recommendations they might want to make in that connection, and (iv) to review compliance with and the adequacy of our major accounting and financial reporting policies and controls. The Audit Committee met four times during the fiscal year ended December 31, 2009. It currently consists of Messrs. Atwell (Chairman) and Jackson. The Board has determined that Messrs. Atwell and Jackson are not "independent" as defined in the listing standards of the NASDAQ Stock Market.

#### Corporate Governance and Nominating Committee

Messrs. Atwell (Chairman) and Jackson constitute the Corporate Governance and Nominating Committee. The Board has determined that the members of the committee are not "independent" as defined in the listing standards of the

NASDAQ Stock Market. The primary functions of the Corporate Governance and Nominating Committee are to identify, evaluate and recommend nominees to serve as Directors and review corporate governance principles and practices and respond to regulatory initiatives and requirements. The Corporate Governance and Nominating Committee met four times in the fiscal year ended December 31, 2009.

#### Compensation Committee

Messrs. Atwell (Chairman) and Jackson are the members. The primary functions of the Compensation Committee are to review and approve the compensation of the Chief Executive Officer and the other executive officers of the Company, to recommend the compensation of the directors, to review and approve the terms of any employment contracts with executive officers and to produce an annual report for inclusion in the Company's proxy statement. The Compensation Committee also administers and interprets the Company's equity compensation and employee benefit plans and grants all awards under the employee's stock incentive plan.

#### Significant Employees

We rely on our Board of Directors, Executive Officers, and all of our employees to further the development of our business.

#### Family Relationships

Tamara Atwell, wife of Camelot Chairman Robert Atwell, provides administrative services to the Company on an as needed basis.

#### Involvement in Certain Legal Procedures

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT - continued

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of our equity securities (referred to as "reporting persons"), to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities. Reporting persons are required by Commission regulations to furnish us with copies of all Section 16(a) forms they file. To the Company's knowledge, all Section 16(a) filing requirements applicable to its directors, executive officers and greater than ten percent beneficial owners during such period were satisfied.

ITEM 11. EXECUTIVE COMPENSATION

Both of our executive officers and current directors have a contracted compensation package. The Board of Directors established the parameters for the employment contracts, which are expected to be amended during the second quarter of 2010. Our President and CEO earned \$420,000 as a base salary in 2009. Our CFO earned \$150,000 as a base salary in 2009. As of December 31, 2009 the CEO and CFO had not received all of these amounts and they are recorded as related party accounts payable on the balance sheet. In addition to the base salary, additional consideration is due and will be determined by the Board of Directors in 2010. The additional consideration will be added to the compensation packages for 2010, which are expected to increase.

The following table summarizes all compensation paid to our President and Chief Financial Officer for services rendered in all capacities to the Company during each of the fiscal years ended December 31, 2009 and 2008.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Totals (\$)
Robert P. Atwell, (1)President, Chief Executive Officer	2009	\$420,000	0	0	0	0	0	15,000	\$435,000
	2008	\$420,000	0	0	0	0	0	0	\$420,000
George Jackson, (2) Secretary, Chief Financial Officer	2009	\$150,000	0	0	0	0	0	0	\$150,000
	2008	\$100,000	0	0	0	0	0	0	\$100,000

Stock Option Plan

Our Board of Directors adopted the 2009 Stock Option/Stock Issuance Plan on October 30, 2009 (“Plan”). This Plan replaced our previous 2007 Stock Option Plan. The Plan is divided into two separate equity programs: the Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock, and the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Company (or any Parent or Subsidiary).

The persons eligible to participate in the Plan are employees, non-employee members of the Board or the non-employee members of the board of directors of any Parent or Subsidiary, and consultants and other independent advisors who provide Services to the Company (or any Parent or Subsidiary). The Plan Administrator shall have full authority to determine, (i) with respect to the grants made under the Option Grant Program, which eligible persons are to receive such grants, the time or times when those grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an Incentive Option or a Non-Statutory Option, the time or times when each option is to become exercisable, the vesting schedule (if any) applicable to the option shares and the maximum term for which the option is to remain outstanding, and (ii) with respect to stock issuances made under the Stock Issuance Program, which eligible persons are to receive such issuances, the time or times when those issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares and the consideration to be paid by the Participant for such shares.



ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT - continued

The stock issuable under the Plan are shares of authorized but unissued or reacquired Common Stock. The maximum number of shares of Common Stock which may be issued over the life of the Plan may not exceed 3,000,000,000 shares. Shares of Common Stock subject to outstanding options shall be available for subsequent issuance under the Plan to the extent: (i) the options expire or terminate for any reason prior to exercise in full; or (ii) the options are cancelled in accordance with the cancellation-regrant provisions. Unvested shares issued under the Plan and subsequently repurchased by the Company, at the option exercise or direct issue price paid per share, pursuant to the Company's repurchase rights under the Plan shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent option grants or direct stock issuances under the Plan.

Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Company's receipt of consideration, appropriate adjustments shall be made to: (i) the maximum number and/or class of securities issuable under the Plan; and (ii) the number and/or class of securities and the exercise price per share in effect under each outstanding option in order to prevent the dilution or enlargement of benefits thereunder. The adjustments determined by the Plan Administrator shall be final, binding and conclusive. In no event shall any such adjustments be made in connection with the conversion of one or more outstanding shares of the Company's preferred stock into shares of Common Stock.

The option exercise price per share shall be fixed by the Plan Administrator in accordance with the following provisions: The exercise price per share shall not be less than 100% of the Fair Market Value per share of Common Stock on the option grant date. If the person to whom the option is granted is a 10% or more Stockholder, then the exercise price per share shall not be less than 110% of the Fair Market Value per share of Common Stock on the option grant date. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section I of Article Four and the documents evidencing the option, be payable in cash or check made payable to the Company. Should the Common Stock be registered under Section 12 of the Exchange Act at the time the option is exercised, then the exercise price may also be paid as follows: in shares of Common Stock held for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions (A) to a Company -designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Company by reason of such exercise and (B) to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale. Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

The stock issuance purchase price per share shall be fixed by the Plan Administrator but shall not be less than 100% of the Fair Market Value per share of Common Stock on the issue date. However, the purchase price per share of Common Stock issued to a 10% Stockholder shall not be less than 110% of such Fair Market Value. Shares of Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance: cash or check made payable to the Company or past Services rendered to the Company (or any Parent or Subsidiary).

The Plan shall become effective when adopted by the Board, but no option granted under the Plan may be exercised, and no shares shall be issued under the Plan, until the Plan is approved by the Company's stockholders. If such stockholder approval is not obtained within 12 months after the date of the Board's adoption of the Plan, then all options previously granted under the Plan shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan. Subject to such limitation, the Plan Administrator may grant options and issue shares under the Plan at any time after the effective date of the Plan and before the date fixed herein for termination of the Plan.

The Plan shall terminate upon the earliest of: (i) the expiration of the ten year period measured from the date the Plan is adopted by the Board; (ii) the date on which all shares available for issuance under the Plan shall have been issued as vested shares; or (iii) the termination of all outstanding options in connection with a Company Transaction. All options and unvested stock issuances outstanding at the time of a clause (i) termination event shall continue to have full force and effect in accordance with the provisions of the documents evidencing those options or issuances.

#### Director Compensation

Independent Directors who are not employees of the Company or any of its subsidiaries and who do not have a compensatory agreement providing for service as a director of the Company or any of its subsidiaries are eligible to receive the following minimum compensation:

Annual retainer for each Director, paid quarterly in advance	\$	5,000
Additional annual retainer for Chairs of the Compensation Committee and Nominating and Governance Committee	\$	1,000
Additional annual retainer for Chair of the Audit Committee	\$	1,000

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT - continued**

The Company pays each director's reasonable travel, lodging, meals and other expenses connected with their Board service. As of April 15, 2010, the Company's Board of Directors did not have any members that were not employees and or officers of the Company.

The Non-Employee Directors' Deferred Compensation Plan provides that eligible directors may elect to defer 50% to 100% of their retainer fees. Each deferral election must be made prior to the year such retainer payment is due and will last for the entire year. Deferral elections may be terminated for the next year. Deferred amounts may be used to acquire our Common Stock at fair market value on the date each retainer payment would be otherwise paid to an eligible director, to acquire stock units equivalent to the fair market value of our Common Stock on the date each retainer payment would be otherwise paid or may be paid in cash following termination of service as a director with interest accruing at the prime rate on such deferred fees.

Directors who are employees and non-employee directors who are not eligible for the foregoing non-employee director compensation receive no separate compensation for director service.

**2009 Non-Employee Director Compensation**

The following table provides information regarding compensation earned by, awarded or paid to non-employee directors who served during the year ended December 31, 2009.

Name	Fees Earned or Paid in Cash (\$)	Value of Option Awards (\$)	Non-equity		Total
			Incentive Plan Compensation	All Other Compensation	
None	\$ 0	0	0	0	0
Total	\$ 0	0	0	0	0

**Certain Relationships and Related Transactions**

None of our Board members are related. There were no Company related transactions between the Board members in 2009.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following tables set forth, as of December 31, 2009, certain information regarding the ownership of Camelot's capital stock by Camelot's Board of Director's, executive officers and each person who is known to Camelot to be a beneficial owner owner of more than 5% of Camelot's Common Stock. Unless otherwise indicated below, to Camelot's knowledge, the persons listed below have sole voting and investing power with respect to his or her shares of Common Stock, except to the extent authority is shared by spouses under applicable community property laws.

The number of shares of Common Stock owned are those "beneficially owned" as determined under the rules of the SEC, including any shares of Common Stock as to which a person has sole or shared voting or investment power and any shares of Common Stock which the person has the right to acquire within 60 days through the exercise of any option, warrant or right. All shares are held beneficially and of record and each record shareholder has sole voting and investment power.

No officer, director or security holder listed herein owns any Common Stock warrants, options or rights not listed herein.

All shares are held beneficially and of record and each record stockholder has sole voting and investment power. The address at which each Executive Officer and Director can be reached is the Company's headquarters.

As of December 31, 2009, there were 3,061,330,703 shares of Common Stock issued and outstanding held by 157 stockholders of record. Of these shares, 100,000,000 shares of Common Stock are being held by Camelot in reserve for funding and other contractual obligations. As a result, there are 2,961,330,703 shares of Common Stock considered to be issued and outstanding.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS - continued

Name of Beneficial Owner	Shares Beneficially Owned	Percent
Robert P. Atwell, Inc. (1) 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	125,759,666	4%
George Jackson (2) 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	95,583,622	3%
TOTAL 5% Stockholders as a Group	221,343,288	7%

(1) Includes all shares owned and or under the control of the Beneficial Owner. Robert P. Atwell is the owner of The Atwell Group, Inc. and other entities that have holdings in Camelot. Mr. Atwell is an officer and a director of Camelot.

(2) Includes all shares owned and or under the control of the Beneficial Owner. Mr. Jackson is an officer and director of Camelot.

## Securities Ownership of Management

## Common Stock

The following table sets forth as of December 31, 2009, certain information, based on information obtained from the persons named below, with respect to the securities ownership of the Common Stock by Management. Management owns 7%, or 221,343,288 shares, of the Company's Common Stock.

Name of Beneficial Owner	Shares Beneficially Owned	Percent (3)
Robert P. Atwell, Inc. (1) 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	125,759,666	4%
George Jackson (2) 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	95,583,622	3%
Totals:	221,343,288	7%

Note (1): Includes direct and indirect affiliate ownership.

Note (2): Includes direct and indirect affiliate ownership.

Note (3): Based on 3,061,330,703 shares issued as of 12/31/09.

The number of shares of Common Stock owned are those "beneficially owned" as determined under the rules of the SEC including any shares of Common Stock as to which a person has sole or shared voting or investment power and any shares of Common Stock which the person has the right to acquire within 60 days through the exercise of any option, warrant or right.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS - continued

All shares are held beneficially and of record and each record stockholder has sole voting and investment power. The address at which each Executive Officer and Director can be reached is the Company's headquarters.

Preferred Stock

As of December 31, 2009, we had three classes of outstanding Class A Convertible Preferred Stock, Class B Convertible Preferred Stock and Class C Convertible Preferred Stock.

On December 31, 2009, there were 10,147,511 shares outstanding of our \$0.0001 par value Class A Convertible Preferred Stock. The Class A Preferred converts to 4 shares of Common Stock for every one share of Class A Preferred Stock. Each share of Class A Preferred Stock is entitled to 50 votes. Class A Preferred ranks superior to our Common Stock and ranks junior to our Class B Preferred Stock.

On December 31, 2009, there were 9,996,510 shares outstanding of our \$0.0001 par value Class B Convertible Preferred Stock. The Class B Preferred converts to 10 shares of Common Stock for every one share of Class B Preferred Stock. Each share of Class B Preferred Stock is entitled to 1,000 votes. Class B Preferred ranks superior to all other classes of stock.

On December 31, 2009, there were 7,151,500 shares outstanding of our \$0.0001 par value Class C Convertible Preferred Stock. The Class C Preferred converts to 1 share of Common Stock for every one share of Class C Preferred Stock. Each share of Class C Preferred Stock is entitled to 1 vote. Class C Preferred ranks superior to our Common Stock and ranks junior to our Class A and Class B Preferred Stock.

Name of Beneficial Owner	Class A Preferred Shares Beneficially Owned	Percent (3)
Robert P. Atwell (1) Chairman, President, CEO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	8,625,010	85%
George Jackson (2) Secretary, CFO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	1,410,000	14%
Totals:	10,035,010	99%

Note (1): Includes shares held directly and indirectly. Converts to 34,500,040 shares of Common Stock. Equals 431,250,500 votes.

Note (2): Includes shares held directly and indirectly. Converts to 5,640,000 shares of Common Stock. Equals 70,500,000 votes

Note (3) Based on 10,147,511 total Class A Shares





ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS - continued

Name of Beneficial Owner	Class B Preferred Shares Beneficially Owned	Percent (3)
Robert P. Atwell (1) Chairman, President, CEO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	8,560,809	86%
George Jackson (2) Secretary, CFO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	1,410,000	14%
Totals:	9,970,809	100%

Note (1): Includes shares held directly and indirectly. Converts to 85,608,090 shares of Common Stock. Equals 8,560,809,000 votes.

Note (2): Includes shares held directly and indirectly. Converts to 14,100,000 shares of Common Stock. Equals 1,410,000,000 votes.

Note (3): Based on 9,996,510 total Class B Shares

Name of Beneficial Owner	Class C Preferred Shares Beneficially Owned	Percent (3)
Robert P. Atwell (1) Chairman, President, CEO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	6,030,000	84%
George Jackson (2) Secretary, CFO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	1,101,000	15%
Totals:	7,131,000	99%

Note (1): Includes shares held directly and indirectly. Converts to 6,030,000 shares of Common Stock. Equals 6,030,000 votes.

Note (2): Includes shares held directly and indirectly. Converts to 1,101,000 shares of Common Stock. Equals 1,101,000 votes.

Note (3): Based on 7,151,500 total Class C Shares.

Voting Rights by Class Summary as of December 31, 2009

Common	Shares	Common Equivalent	Votes	Percentage
Management	221,343,288	221,343,288	221,343,288	7%
Others	2,839,987,415	2,839,987,415	2,839,987,415	93%
Total	3,061,330,703	3,061,330,703	3,061,330,703	100%

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Class A	Shares	Common Equivalent	Votes	Percentage
Management	10,035,010	38,940,040	486,750,500	99%
Others	112,501	450,004	5,625,050	1%
Total	10,147,511	39,390,044	492,375,550	100%

Class B	Shares	Common Equivalent	Votes	Percentage
Management	9,970,809	99,708,090	9,670,809,000	100%
Others	25,701	257,010	25,701,000	0%
Total	9,996,510	99,965,100	9,696,510,000	100%

Class C	Shares	Common Equivalent	Votes	Percentage
Management	7,131,000	7,131,000	7,131,000	99%
Others	20,500	20,500	20,500	1%
Total	7,151,500	7,151,500	7,151,500	100%

Total	Shares	Common Equivalent	Votes	Percentage
Management	248,480,107	367,122,418	10,386,033,788	78%
Others	2,840,146,117	2,840,714,929	2,871,333,965	22%
Total	3,088,626,224	3,207,837,347	13,257,367,753	100%

Voting Rights of Management and Beneficial Owners of 5% or More of the Common Stock as of December 31, 2009

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS - continued

The following table shows the total voting rights of management and beneficial owners of 5% or more of Common Stock on items that are presented to stockholders at annual and special meetings of the stockholders which require stockholder approval.

Name of Beneficial Owner (1)	Total Votes	Percent
Robert P. Atwell Chairman, President, CEO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	9,123,849,166	69%
George Jackson Secretary, CFO 8001 Irvine Center Drive, Suite 400 Irvine, CA 92618	1,262,184,622	9%
Management and Beneficial Owners of 5% or More of the Common Stock	10,386,033,788	78%
All Other Common Stockholders	2,871,333,965	22%
Totals:	13,257,367,753	100%

Note (1): Includes direct and indirect affiliate ownership.

Involvement in Certain Legal Proceedings

None of our management is involved in any type of legal proceedings.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following transactions are for year ended December 31, 2009. All transactions are incorporated by reference and can be found through our previous filings:

Except as indicated below, and for the periods indicated, there were no material transactions, or series of similar transactions, since the beginning of the Company's last fiscal year, January 1, 2009, or any currently proposed transactions, or series of similar transactions, to which we were or are a party, in which the amount involved exceeds \$100,000, and in which any director or executive officer, or any security holder who is known by us to own of record or beneficially more than 5% of any class of our Common Stock, or any member of the immediate family of any of the foregoing persons, has an interest.

The Atwell Group Funding

We entered into an agreement with The Atwell Group in 2010 to continue providing capital including operational funding for the Company as needed, based upon a previous agreement entered between the Company and Eagle

Consulting Group, Inc. (“Eagle”), which originally expired 2007. Atwell is the owner of Eagle. Eagle is now part of The Atwell Group, owned by Atwell. In exchange for twenty percent (20%) of the Company’s outstanding Common Stock on a non-dilutive, continuing basis until the Company can secure permanent additional required financing from another source, Eagle had agreed to provide funding for the Company’s annual audit, quarterly filings, accounts payable and other ongoing expenses including office, phones, business development, legal and accounting fees.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS - continued

The Atwell Group Advances, Expenses and Guarantors

We previously leased office space provided by The Atwell Group, Inc., a privately-held company owned by Mr. Atwell, our President, Chief Executive Officer and Chairman. The space was leased on an annual basis for \$72,000 per year. That lease contractually expired on December 31, 2009. However, both The Atwell Group and we decided to terminate the lease early and move the company to its current location in Irvine. The Company is currently making monthly payments toward settlement of the remaining monies due on the lease. Total settlement amount to be paid over the next three years, \$79,530, initial payments of \$1,000 per month start on March 1, 2010. In addition, The Atwell Group, The Corporate Solution and Love Bug Management Corp., all of which are owned by Mr. Atwell, paid expenses on behalf of Camelot during 2009 and 2008. Further, Mr. Atwell and his wife, Tamara Atwell, were guarantors on various financial transactions involving Camelot during 2009 and 2008.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Our current auditors for December 31, 2009 are dbbmckennon.

Our auditors for December 31, 2008 were McKennon, Wilson & Morgan, LLP.

The Principal Accountants performed the services listed below and were paid the fees listed below:

Audit Fees

dbbmckennon charged \$20,000 for the year ended December 31, 2009 audit.

McKennon, Wilson & Morgan, LLP charged \$20,000 for the year ended December 31, 2008 audit

dbbmckennon charged \$19,500 for quarterly review fees during 2009.

McKennon, Wilson & Morgan, LLP charged \$18,000 for quarterly review fees during 2008.

dbbmckennon charged \$20,000 for other services performed in connection with the audit of a pending acquisition and other items during 2009.



ITEM 15. EXHIBITS AND REPORTS ON FORM 8-K LIST OF EXHIBITS ATTACHED OR INCORPORATED BY REFERENCE PURSUANT TO ITEM 601 OF REGULATION S-B AND FINANCIAL STATEMENT SCHEDULES.

Where so indicated by footnote, exhibits, which were previously filed, are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated in parentheses.

Exhibit No.	Title of Document	Location
3.1.1	Certificate of Incorporation	Incorporated by reference as Exhibit 2.1 to Form 10-K filed April 17, 2001
3.1.2	Amended Certificate of Incorporation	Incorporated by reference to Form 8-K filed June 29, 2004
3.2	By-laws	Incorporated by reference as Exhibit 2.1 to Form 10-K filed April 17, 2001
4.1	Entry Into a Material Definitive Agreement with New Millennium Capital Partners II LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference to Form 8-K filed on January 4, 2007
4.2	Form of Stock Purchase Warrant issued to New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.3 to Form 8-K filed on January 4, 2007
4.3	Registration Rights Agreement dated December 27, 2006 by and among New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.4 to Form 8-K filed on January 4, 2007
4.4	Security Agreement dated December 27, 2006 by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.5 to Form 8-K filed on January 4, 2007
4.5	Intellectual Property Security Agreement dated December 27, 2006 by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.6 to Form 8-K filed on January 4, 2007
4.6	Structuring Agreement with Lionheart	Incorporated by reference as Exhibit 4.7 to Form 8-K filed on January 4, 2007

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

4.7	Change in Registrant's Certifying Accountant	Incorporated by reference to Form 8-K filed on January 31, 2007
4.8	Change in Registrant's Certifying Accountant	Incorporated by reference to Form 8-K/A-1 filed on January 31, 2007
4.9	Entry Into a Material Definitive Agreement with New Millennium Capital Partners II LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference to Amendment No. 1 to Form 8-K filed on January 31, 2007
4.1	Securities Purchase Agreement dated December 27, 2006, by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.1 to Form 8-K filed on February 1, 2007
4.11	Form of Callable Convertible Secured Note by and among New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.2 to Form 8-K filed on February 1, 2007
4.12	Entry Into a Material Definitive Agreement	Incorporated by reference to Amendment No. 2 to Form 8-K filed on February 2, 2007
4.13	Stock Purchase Warrant issued to Lionheart Associates LLC d/b/a Fairhills Capital	Incorporated by reference as Exhibit 4.8 to Form 8-K filed on February 2, 2007
4.14	SB-2 Registration	Incorporated by reference to SB-2 Registration Statement Form SB-2 filed on February 2, 2007
4.15	SB-2 Registration	Incorporated by reference to SB-2 Registration Statement Form SB-2/A filed on May 11, 2007
4.16	SB-2 Registration	Incorporated by reference to SB-2 Registration Statement Form SB-2/2A filed on May 31, 2007
4.17	Departure of Directors	Incorporated by reference to Form 8-K filed on July 31, 2007
4.18	Departure of Directors	Incorporated by reference to Form 8-K filed on August 31, 2007
4.19	S-8 Registration	Incorporated by reference to Form S-8 filed on October 19, 2007
4.20	2007 Stock Option Plan	Incorporated by reference as Exhibit 4.1 to Form S-8 filed on October 19, 2007





Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

4.20	2007 Stock Option Plan	Incorporated by reference as Exhibit 4.1 to Form S-8 filed on October 19, 2007
4.21	Changes in Registrant's Certifying Accountant	Incorporated by reference to Form 8-K filed on February 1, 2008
4.22	Changes in Registrant's Certifying Accountant	Incorporated by reference to Form 8-K/A filed on February 7, 2008
4.23	Appointment of Directors	Incorporated by reference to form 8-K filed on February 19, 2008
4.24	Departure of Directors	Incorporated by reference to form 8-K filed on May 19, 2008
4.25	Departure of Directors	Incorporated by reference to form 8-K filed on May 30, 2008
4.26	Reverse Stock Split	Incorporated by reference to form 14-C filed on August 14, 2008
4.27	Entry Into a Material Definitive Agreement with New Millennium Capital Partners II LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference to Form 8-K filed on August 21, 2008
4.28	Securities Purchase Agreement dated July 31, 2008, by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.1 to Form 8-K filed on August 21, 2008
4.29	Form of Callable Convertible Secured Note dated July 31, 2008, by and among New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.2 to Form 8-K filed on August 21, 2008
4.30	Form of Stock Purchase Warrant issued to New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.3 to Form 8-K filed on August 21, 2008
4.31	Registration Rights Agreement dated July 31, 2008 by and among New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.4 to Form 8-K filed on August 21, 2008
4.32		

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

	Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.5 to Form 8-K filed on August 21, 2008
4.33	Intellectual Property Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.6 to Form 8-K filed on August 21, 2008
4.34	Subsidiary Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.7 to Form 8-K filed on August 21, 2008
4.35	Amendment to Previous Notes by and among the Company and New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.8 to Form 8-K filed on August 21, 2008
4.36	Form of Callable Convertible Secured Note dated August 15, 2008 by and among New Millennium Capital Partners II, LLC, AJW Qualified Partners, LLC, AJW Offshore, Ltd. and AJW Partners, LLC	Incorporated by reference as Exhibit 4.9 to Form 8-K filed on August 21, 2008
4.37	Change of Trading Symbol to CMLT	Incorporated by reference to Form 8-K filed on August 29, 2008
4.38	Increase in Authorized to 850,000,000	Incorporated by reference to Form 14-C filed on December 19, 2008
4.39	Increase in Authorized to 3,000,000,000	Incorporated by reference to Form 14-C filed on December 19, 2008
4.40	Change of Address to Irvine	Incorporated by reference to Form 8-K filed on February 4, 2009

4.41	Increase in Authorized to 6,000,000,000	Incorporated by reference to Form 14-C filed on March 26, 2009
4.42	Increase in Authorized to 10,000,000,000	Incorporated by reference to Form 14-C filed on March 27, 2009
4.43	Annual Stockholders Meeting May 13, 2009	Incorporated by reference to Form 14-A filed on April 3, 2009
4.44	Annual Report for 2008	Incorporated by reference to Form 10-K filed on April 15, 2009
4.45	Changes in Registrant's Certifying Accountant	Incorporated by reference to Form 8-K filed on May 4, 2009
4.46	Quarterly Report for 1st Quarter 2009	Incorporated by reference to Form 10-Q filed on May 20, 2009
4.47	Increase in Authorized to 20,000,000,000	Incorporated by reference to Form 14-C filed on June 5, 2009
4.48	Increase in Authorized to 20,000,000,000	Incorporated by reference to Form 14-C filed on June 9, 2009
4.49	Change of Trading Symbol to CMGR and Reverse Stock Split	Incorporated by reference to Form 8-K filed on July 9, 2009
4.50	Retention of Investment Banking Firms	Incorporated by reference to Form 8-K filed on August 19, 2009
4.51	Quarterly Report for 2nd Quarter 2009	Incorporated by reference to Form 10-Q filed on August 19, 2009
4.52	Amended Quarterly Report for 2nd Quarter 2009	Incorporated by reference to Form 10-QA filed on August 20, 2009
4.53	Entry Into a Material Definitive Agreement with JMJ Financial	Incorporated by reference to Form 8-K filed on September 3, 2009
4.54	Convertible Promissory Note dated August 18, 2009, by and among the Company and JMJ Financial	Incorporated by reference as Exhibit 4.1 to Form 8-K filed on September 3, 2009
4.55	Secured Collateralized Promissory Note dated August 18, 2009 by and among JMJ Financial and the Company	Incorporated by reference as Exhibit 4.2 to Form 8-K filed on September 3, 2009
4.56		

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

	Entry Into a Material Definitive Agreement with New Millennium Capital Partners III LLC	Incorporated by reference to Form 8-K filed on September 4, 2009
4.57	Securities Purchase Agreement dated August 31, 2009, by and among the Company and New Millennium Capital Partners III LLC	Incorporated by reference as Exhibit 4.1 to Form 8-K filed on September 4, 2009
4.58	Form of Callable Convertible Secured Note dated August 31, 2009, by and among New Millennium Capital Partners III LLC	Incorporated by reference as Exhibit 4.2 to Form 8-K filed on September 4, 2009
4.59	Registration Rights Agreement dated August 31, 2009 by and among New Millennium Capital Partners III LLC	Incorporated by reference as Exhibit 4.3 to Form 8-K filed on September 4, 2009
4.60	Security Agreement dated August 31, 2009 by and among the Company and New Millennium Capital Partners III LLC	Incorporated by reference as Exhibit 4.4 to Form 8-K filed on September 4, 2009
4.61	Intellectual Property Security Agreement dated August 31, 2009 by and among the Company and New Millennium Capital Partners II, LLC	Incorporated by reference as Exhibit 4.5 to Form 8-K filed on September 4, 2009
4.62	Subsidiary Security Agreement dated August 31, 2009 by and among the Company and New Millennium Capital Partners III LLC	Incorporated by reference as Exhibit 4.6 to Form 8-K filed on September 4, 2009
4.63	Entry Into a Material Definitive Agreement Universal City Office Space	Incorporated by reference to Form 8-K filed on September 16, 2009
4.64	Entry Into a Material Definitive Agreement and Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on October 2, 2009
4.65	Notice of Acquisition LOI's	Incorporated by reference to Form 8-K filed on October 5, 2009
4.66	S-8 Registration	Incorporated by reference to Form S-8 filed on November 5, 2009
4.67	Quarterly Report for 3rd Quarter 2009	Incorporated by reference to Form 10-Q filed on October 16, 2009
4.68	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on December 31, 2009
4.69	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on February 11, 2010

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

4.70	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on February 11, 2010
4.71	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on February 11, 2010
4.72	Acquisition of Beneficial Ownership	Incorporated by reference to Form 13-D filed on February 18, 2010
4.73	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on February 19, 2010
4.74	Funding Freeze Notice Due to DTCC Chill	Incorporated by reference to Form 8-K filed on March 5, 2010
4.75	Unregistered Sale of Equity Securities	Incorporated by reference to Form 8-K filed on March 16, 2010
4.76	Entry Into a Material Definitive Agreement with New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference to Form 8-K filed on March 24, 2010
4.77	Securities Purchase Agreement dated July 31, 2008, by and among the Company and New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.1 to Form 8-K filed on March 24, 2010
4.78	Form of Callable Convertible Secured Note dated July 31, 2008, by and among New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.2 to Form 8-K filed on March 24, 2010
4.79	Registration Rights Agreement dated July 31, 2008 by and among New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.3 to Form 8-K filed on March 24, 2010
4.80	Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.4 to Form 8-K filed on March 24, 2010

4.81	Intellectual Property Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.5 to Form 8-K filed on March 24, 2010
4.82	Subsidiary Security Agreement dated July 31, 2008 by and among the Company and New Millennium Capital Partners III LLC, AJW Master Fund II, LLC, AJW Master Fund, LLC. and AJW Partners, LLC, AJW Partners II, LLC	Incorporated by reference as Exhibit 4.6 to Form 8-K filed on March 24, 2010
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

CAMELOT ENTERTAINMENT GROUP, INC.  
(A Development Stage Company)

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2 AND 3
BALANCE SHEETS AS OF DECEMBER 31, 2009 and 2008	F-4
STATEMENTS OF OPERATIONS FOR 2009, 2008 AND FOR INCEPTION TO DECEMBER 31, 2009	F-5
STATEMENTS OF STOCKHOLDERS' DEFICIT FOR INCEPTION TO DECEMBER 31, 2009	F-6 - F-24
STATEMENTS OF CASH FLOWS FOR 2009, 2008 AND FOR INCEPTION TO DECEMBER 31, 2009	F-25 AND 21
NOTES TO FINANCIAL STATEMENTS	F-22 TO F-46

F-1

---



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Camelot Entertainment Group, Inc.  
(A Development Stage Company)

We have audited the accompanying balance sheet of Camelot Entertainment Group, Inc. as of December 31, 2009, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camelot Entertainment Group, Inc. as of December 31, 2009, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Camelot Entertainment Group, Inc. will continue as a going concern. As discussed in Note 2 to the financial statements, Camelot Entertainment Group, Inc. suffered losses from operations and has a working capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ dbbmckennon  
Newport Beach, California  
April 20, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Camelot Entertainment Group, Inc.  
(A Development Stage Company)

We have audited the accompanying balance sheet of Camelot Entertainment Group, Inc. as of December 31, 2008, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camelot Entertainment Group, Inc. as of December 31, 2008, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Camelot Entertainment Group, Inc. will continue as a going concern. As discussed in Note 2 to the financial statements, Camelot Entertainment Group, Inc. suffered losses from operations and has a working capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/McKennon, Wilson and Morgan, LLP  
Irvine, California  
April 15, 2009

Camelot Entertainment Group, Inc.  
(A Development Stage Company)  
Balance Sheets

	ASSETS	
	December 31, 2009	December 31, 2008
<b>Current Assets</b>		
Cash	\$ 56,320	\$ 175
Prepaid Expenses	53,345	1,733
<b>Total Current Assets</b>	<b>109,665</b>	<b>1,908</b>
<b>Total other assets</b>	<b>37,350</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 147,015</b>	<b>\$ 1,908</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 529,759	\$ 206,847
Accrued expenses to related parties	627,584	722,000
Secured Convertible Notes Payable, net of discount of \$166,954 and \$394,506 respectively	364,504	92,070
Derivative Liability - Conversion Feature	121,828	147,838
Note Payable to Shareholder	-	215,598
Stockholder advances	-	22,830
Convertible Notes Payable	-	15,000
<b>Total Current Liabilities</b>	<b>1,643,675</b>	<b>1,422,183</b>
<b>Long Term Liabilities</b>		
Derivative Liability - Preferred Stock Class A, B, and C	21,620	65,630
Secured Convertible Note Payable, net of Discount \$409,486 and \$407,246, respectively	309,657	311,897
Derivative Liability - Embedded Conversion Feature	512,198	218,500
Derivative Liability - Warrant	-	3,992
<b>Total Long Term Liabilities</b>	<b>843,475</b>	<b>600,019</b>
<b>Total Liabilities</b>	<b>2,487,150</b>	<b>2,022,202</b>
<b>Class A, B, C Convertible Preferred Stock</b> par value \$0.0001 per share, 50,000,000 shares authorized: 10,147,510, 9,896,510 and 7,151,500	<b>56,505</b>	<b>50,905</b>

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

shares issued and outstanding as of December  
31, 2009

par value \$0.0001 per share, 50,000,000 shares  
authorized: 7,347,510, 7,196,510 and  
7,151,500

shares issued and outstanding as of December  
31, 2008

Stockholders' Deficit

Common Stock; Par Value \$0.0001 Per  
Share; Authorized

19,900,000,000 Shares; 3,061,330,703  
Shares

Issued and 2,961,330,703 Outstanding as of  
December 31, 2009

296,133

223

Authorized 2,950,000,000 shares; 2,234,254  
issued and

2,233,814 shares outstanding as of December  
31, 2008

Additional Paid-In Capital

18,272,050

14,633,599

Deficit Accumulated During the Development  
Stage

(20,964,823)

(16,705,021)

-

Total Stockholders' Deficit

(2,396,640)

(2,071,199)

Total Liabilities and Stockholders' Deficit

\$

147,015

\$

1,908

The accompanying notes are an integral part of these financial statements.

Camelot Entertainment Group, Inc.  
(A Development Stage Company)  
Statements of Operations

	For Year ended December 31, 2009	For Year ended December 31, 2008	From Inception on April 21, 1999 through December 31, 2009 (Unaudited)
REVENUE	\$ -	\$ -	\$ 58,568
Total Revenue	-	-	58,568
EXPENSES			
Costs of services	-	-	95,700
Sales and marketing	-	-	53,959
Research and development	-	-	252,550
General and administrative	2,086,807	1,406,916	15,505,374
Impairment of assets	-	-	2,402,338
Impairment of investments in other companies	-	-	710,868
Total Expenses	2,086,807	1,406,916	19,020,789
NET OPERATING LOSS	(2,086,807)	(1,406,916)	(18,962,221)
OTHER INCOME (EXPENSES)			
Interest (Expense)	(2,284,364)	(625,711)	(4,459,831)
Gain/ (loss) on derivative liabilities	111,369	1,404,052	2,001,729
Other income - CSI investors	-	200,000	200,000
Gain on extinguishment of debt	-	-	255,500
Total Other Income (Expenses)	(2,172,995)	978,341	(2,002,602)
NET LOSS	\$ (4,259,802)	\$ (428,575)	\$ (20,964,823)
BASIC AND DILUTIVE LOSS PER COMMON SHARE	\$ (0.01)	\$ (3.39)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	626,419,938	126,591	

The accompanying notes are an integral part of these financial statements.

F-5

---

Camelot Entertainment Group, Inc.

(a Development Stage Company)

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the Period from January 1, 2004 to December 31, 2009

	Common Stock		Preferred Stock		Additional Paid-In Capital	During Development Stage	Subscription Receivable	Deferred Compensation	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Balance at January 1, 2004	484	-	-	-	5,498,396	(6,059,442 )	-	-	(561,046 )
Shares issued for services	1	-	-	-	3,000	-	-	-	3,000
Shares issued for financing	97	-	-	-	203,739	-	-	-	203,739
Subscriptions receivable for financing agreement	-	-	-	-	-	-	(116,069 )	-	(116,069 )
Share issued for services	343	-	-	-	1109509	-	-	-	1,109,509
						-			
Share issued for financing	109	-	-	-	229065	-	(316,003 )	-	(86,938 )
Advances offset sub a/r							174,000	-	174,000
Shares issued for debt	14	-	-	-	40000	-	-	-	40,000
Shares issued for amt due	23	-	-	-	48590	-	-	-	48,590
Value of option exercised	-	-	-	-	351000	-	-	-	351,000
Net (loss)						(1,265,278 )	-	-	(1,265,278 )
	1,071	-	-	-	7483299	(7,324,720 )	(258,072 )	-	(99,493 )

Balance as  
of  
December  
31, 2004

Shares issued for consulting services	57	-	-	-	220000	-	-	220,000
--	----	---	---	---	--------	---	---	---------

Shares issued for officers salaries	33	-	-	-	189,844	-	-	189,844
--	----	---	---	---	---------	---	---	---------

Shares issued to Eagle for expenses paid	26	-	-	-	80927	-	-	80,927
--	----	---	---	---	-------	---	---	--------

Shares issued for consulting services	3	-	-	-	10,000	-	-	10,000
--	---	---	---	---	--------	---	---	--------

F-6

---



Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

	Common Stock		Preferred Stock		Additional Paid-In Capital	During Development Stage	Subscription Receivable	Deferred Compensation	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Shares issued for officers salaries	51	-	-	-	175,000	-	-	-	175,000
Shares issued to Eagle for expenses paid	21	-	-	-	119,672	-	-	-	119,672
Shares issued to Eagle 20% of shares issued	25	-	-	-	122,753	-	-	-	122,753
Shares issued for Shareholder loans 2005	51	-	-	-	259,941	-	-	-	259,941
Class A Preferred Stock issued	-	-	51,000	5	560,995	-	-	-	561,000
Class B Preferred Stock issued	-	-	51,000	5	2,804,995	-	-	-	2,805,000
Net Loss	-	-	-	-	-	(4,500,139 )	-	-	(4,500,139 )
Balance at Dec 31, 2005	1,338	-	102,000	10	12,027,426	(11,824,859 )	(258,072)	-	(55,496 )

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Net Loss at December 31, 2006	-	-	-	-	-	(2,348,352 )	-	-	(2,348.353)
Shares issued for officers salaries	74	-	-	-	470,000	-	-	-	470,000
Shares issued to Consultants	29	-	-	-	181,088	-	-	-	181,088
Shares issued to Eagle for expenses paid	17	-	-	-	114,321	-	-	-	114,321
Shares issued to Eagle	18	-	-	-	118,182	-	-	-	118,182

F-7

---

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
For the Period from January 1, 2004 to December 31, 2009

	Common Stock		Preferred Stock		Additional Paid-In Capital	During Development Stage	Subscription Receivable	Deferred Compensation	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Shares issued to Eagle per agreement 20%	26	-	-	-	170,444	-	-	-	170,444
Shares issued to Scorpion Bay LLC	21	-	-	-	135,150	-	-	-	135,150
Imputed interest on related notes payable	-	-	-	-	19,238	-	-	-	19,238
Balance at Dec 31, 2006	1,524	-	102,000	10	13,235,848	(14,173,211)	(258,072)	-	(1,195,425)
Shares issued to Nucore	71	-	-	-	500,000	-	(500,000)	-	-
Shares issued for interest on Note Payable	100	-	-	-	339,000	-	-	-	339,000
Shares issued for expenses paid	6	-	-	-	16,078	-	-	-	16,078
Shares issued for services	18	-	-	-	50,000	-	-	-	50,000
Shares issued for	18	-	-	-	29,424	-	-	-	29,424

conversion of  
notes payable

Derivatives  
liability  
relieved by  
conversions  
on N/P

-	-	-	-	48,399	-	-	-	48,399
---	---	---	---	--------	---	---	---	--------

Imputed  
interest on  
Shareholders  
loans

-	-	-	-	2,246	-	-	-	2,246
---	---	---	---	-------	---	---	---	-------

F-8

---

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

	Common Stock		Preferred Stock		Additional Paid-In Capital	During Development Stage	Subscription Receivable	Deferred Compensation	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Shares issued for service - Bastien & Associates	3	-	-	-	2,083	-	-	-	2,083
	39	-	-	-	22,376	-	-	-	22,376
NIR Fairhill Capital	129	-	-	-	12,755	-	-	-	12,755
Shares issued for interest on Notes payable	14	-	-	-	3,100	-	-	-	3,100
Scorpion Bay LLC	14	-	-	-	5,500	-	-	-	5,500
	40	-	-	-	9,800	-	-	-	9,800
Shares issued for services - Patrick Winn	14	-	-	-	3,800	-	-	-	3,800
Shares issued for services - Susan Sanchez	14	-	-	-	3,800	-	-	-	3,800
Cancelled Subscription Receivable 2003	-	-	-	-	(258,072)	-	258,072	-	-
Shares issued to Scorpion Bay, LLC	130	-	-	-	31,137	-	-	-	31,137
Shares issued for Services - Patrick Winn	40	-	-	-	9,134	-	-	-	9,134
Shares issued for Services - Susan Sanchez	49	-	-	-	11,372	-	-	-	11,372
Preferred Stock - Series A	-	-	144,010	14	190,080	-	-	-	190,094

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Shares issued to Dolpin Communities	71	-	-	-	8,772	-	-	8,772
Preferred Stock - Series B	-	-	35,510	4	117,178	-	-	117,182
Shares issued to NIR	43	-	-	-	5,535	-	-	5,535

F-9

---

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
For the Period from January 1, 2004 to December 31, 2009

	Common Stock		Preferred Stock		Additional Paid-In Capital	During Development Stage	Subscription Receivable	Deferred Compensation	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Shares issued for legal services - Chris Flannery	36	-	-	-	10,000	-	-	-	10,000
Shares issued to John Kozmur - investment	286	-	-	-	60,000	-	-	-	60,000
Shares issued to Jeff Zuckerman - investment	286	-	-	-	60,000	-	-	-	60,000
Shares issued to Joseph Petrucelli - legal services	36	-	-	-	10,000	-	-	-	10,000
Shares issued to Chris Davis - services	3	-	-	-	1,192	-	-	-	1,192
Shares issued to Micheal Ellis - services	68	-	-	-	70,000	-	-	-	70,000
Shares issued to Lewis Consulting - services	14	-	-	-	5,000	-	-	-	5,000
Shares issued to Craig Prater - services	2	-	-	-	729	-	-	-	729
Shares issued to Scorpin Bay, LLC	210	-	-	-	52,928	-	-	-	52,928
	(71 )	-	-	-	(500,000 )	-	500,000	-	-

Cancelled Subscription Receivable to Nucore Derivative Liability - Preferred Stock A & B	-	-	(281,520)	(28 )	(307,039 )	-	-	-	(307,067 )
Interest Expense for Shareholders Loans	-	-	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	(2,103,235 )	-	-	(2,103,235 )
Balance at December 31, 2007	3,207	-	-	-	13,862,155	(16,276,446)	-	-	(2414,291 )
Shares issued to Schubert Flint for services	14	-	-	-	5,000	-	-	-	5,000
Shares issued to NIR	79	-	-	-	8,495	-	-	-	8,495
Preferred shares issued to Scorpion Bay			-	-	5,829	-	-	-	5,829



Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscription	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Receivable	Compensation	Stockholders'
						Capital	Stage			Deficit
Debt conversion										
2nd qtr		450	-	-	-	25,646	-	-	-	25,646
Shares issued to Corporate Solution, Inc.	8/13/2008	143	-	-	-	3,000	-	-	-	3,000
Shares issued to investors escrow	8/1/2008	1,429	-	-	-	1,000	-	-	-	1,000
Shares issued to Scorpion Bay, LLC	8/13/2008	132	-	-	-	4,611	-	-	-	4,611
Shares issued to George Jackson	8/13/2008	286	-	-	-	10,000	-	-	-	10,000
Shares issued to Atwell Group, Inc.	8/13/2008	400	-	-	-	14,000	-	-	-	14,000
Shares issued to Jeff Brown	8/27/2008	14	-	-	-	300	-	-	-	300
Shares issued to investors escrow adjustment	8/27/2008	(14 )	-	-	-	(10 )	-	-	-	(10 )
Shares at stock split										
Shares issued to	9/8/2008	-	-	-	-	4	-	-	-	4

CEDE

Shares issued to NIR	8/29/2008	178	-	-	-	749	-	-	-	749
Shares issued to NIR	9/3/2008	178	-	-	-	1,372	-	-	-	1,372
Shares issued to NIR	9/12/2008	178	-	-	-	936	-	-	-	936
Shares issued to NIR	9/17/2008	178	-	-	-	842	-	-	-	842
Shares issued to NIR	9/18/2008	79	-	-	-	160	-	-	-	160

F-11

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscription	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Receivable	Compensation	Stockholders'
						Capital	Stage			Deficit
Shares issued to NIR	9/22/2008	100	-	-	-	244	-	-	-	244
Shares issued to NIR	9/24/2008	178	-	-	-	964	-	-	-	964
Shares issued to NIR	9/26/2008	1,141	-	-	-	1,017	-	-	-	1,017
Shares issued to K&L Enterprises	9/12/2008	2,857	-	-	-	24,000	-	-	-	24,000
Shares issued to Patrick Winn	9/5/2008	357	-	-	-	3,000	-	-	-	3,000
Shares issued to Robert Atwell	9/18/2008	2,857	-	-	-	6,000	-	-	-	6,000
Shares issued to George Jackson	9/18/2008	429	-	-	-	900	-	-	-	900
Shares issued to George Jackson	9/19/2008	1,429	-	-	-	2,000	-	-	-	2,000
Shares issued to Patrick Winn	9/19/2008	357	-	-	-	500	-	-	-	500

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Shares issued to Patrick Winn	9/19/2008	357	-	-	-	500	-	-	-	500
Shares issued to Robert Atwell	9/19/2008	7,143	1	-	-	9,999	-	-	-	10,000
Shares issued to George Jackson	9/26/2008	2,857	-	-	-	4,400	-	-	-	4,400
Shares issued to Robert Atwell	9/26/2008	45,455	5	-	-	69,995	-	-	-	70,000
Shares issued to Chris Flannery	9/26/2008	1,429	-	-	-	2,200	-	-	-	2,200
Shares issued to Thomas Stepp	9/26/2008	714	-	-	-	1,100	-	-	-	1,100
Shares issued to Patrick Winn	9/26/2008	714	-	-	-	1,100	-	-	-	1,100
Shares issued to Joe Petrucelli	9/26/2008	1,429	-	-	-	2,200	-	-	-	2,200
Shares issued to Vince Monaco	9/26/2008	1,429	-	-	-	2,200	-	-	-	2,200

F-12

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscription	Defered	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Received	Compensation	Stockholders'
						Capital	Stage			Deficit
Shares issued to Phillip Parsons	9/26/2008	1,429	-	-	-	2,200	-	-	-	2,200
Shares issued to Douglas Warner	9/27/2008	2,857	-	-	-	4,400	-	-	-	4,400
Shares issued to Bastien Living Trust	9/27/2008	2,857	-	-	-	4,400	-	-	-	4,400
Shares issued to Lewis Consulting Group	9/27/2008	2,857	-	-	-	4,400	-	-	-	4,400
Shares issued to Jeffory Smith	9/27/2008	1,429	-	-	-	2,200	-	-	-	2,200
Shares issued to Tamara Atwell	9/27/2008	3,247	-	-	-	5,000	-	-	-	5,000
Shares issued to Susan Sanchez	9/27/2008	3,247	-	-	-	5,000	-	-	-	5,000
Shares issued to Patrick Winn	9/27/2008	3,247	-	-	-	5,000	-	-	-	5,000
Shares issued to Phillip Parsons	9/27/2008	3,247	-	-	-	5,000	-	-	-	5,000
Shares issued to CEDE	9/30/2008	71	-	-	-	51	-	-	-	51
Shares issued to Hope Capital, Inc	11/14/2008	25,714	3	-	-	12,597	-	-	-	12,600
Shares issued to Hope Capital, Inc	11/18/2008	28,571	3	-	-	15,997	-	-	-	16,000
Shares issued to K&L international, Inc	11/19/2008	31,429	3	-	-	15,397	-	-	-	15,400
Shares issued to K&L international, inc	11/25/2008	48,571	5	-	-	13,595	-	-	-	13,600
Shares issued to Hope Capital, Inc/K&L	11/25/2008	48,571	5	-	-	13,595	-	-	-	13,600
Shares issued to K&L international, inc	12/2/2008	57,143	6	-	-	15,994	-	-	-	16,000

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Hope Capital, Inc/12/3/2008	35,714	4	-	-	9,996	-	-	-	10,000
Hope Capital, Inc/12/8/2008	71,429	7	-	-	19,993	-	-	-	20,000

F-13

---

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscriptions	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Received	Compensation	Stockholders'
						Capital	Stage	Over		Deficit
K&L										
international, inc	12/8/2008	71,429	7	-	-	19,993	-	-	-	20,000
Hope Capital, Inc	12/17/2008	85,714	9	-	-	11,991	-	-	-	12,000
K&L										
international, inc	12/17/2008	7,143	1	-	-	999	-	-	-	1,000
Watson										
Investment										
Enterprises, Inc.	12/18/2008	71,429	7	-	-	9,993	-	-	-	10,000
Watson										
Investment										
Enterprises, Inc.	12/18/2008	71,429	7	-	-	9,993	-	-	-	10,000
Watson										
Investment										
Enterprises, Inc.	12/29/2008	142,857	14	-	-	19,986	-	-	-	20,000
Shares issued to										
La Jolla										
Investment	10/1/2008	10,000	1	-	-	20,999	-	-	-	21,000
Shares issued to										
Tania Babeshoff	10/1/2008	10,000	1	-	-	20,999	-	-	-	21,000
Shares issued to										
ATG, Inc	10/2/2008	10,000	1	-	-	33,799	-	-	-	33,800
Shares issued to										
Ongkaruck										
Sripetch	10/2/2008	10,000	1	-	-	38,499	-	-	-	38,500
Shares issued to										
Robert Atwell	10/8/2008	50,000	5	-	-	13,995	-	-	-	14,000
Shares issued to										
Rodger										
Spainhower	10/14/2008	2,857	-	-	-	800	-	-	-	800
Shares issued to										
Alpha Trade	11/7/2008	12,500	1	-	-	16,860	-	-	-	16,861
Shares issued to										
Philip Parsons	11/10/2008	7,143	1	-	-	8,999	-	-	-	9,000

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Shares issued to										
Patrick Winn	11/10/2008	3,571	-	-	-	4,500	-	-	-	4,500
Shares issued to										
Tamara Atwell	11/10/2008	7,143	1	-	-	8,999	-	-	-	9,000
Shares issued to										
Phil Scott	11/19/2008	7,143	1	-	-	3,499	-	-	-	3,500

F-14

---



Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscription	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Receivable	Compensation	Stockholders'
						Capital	Stage			Deficit
Shares issued to Tamara Atwell	11/21/2008	35,714	4	-	-	9,996	-	-	-	10,000
Shares issued to Philip Parsons	11/21/2008	35,714	4	-	-	9,996	-	-	-	10,000
Shares issued to George Jackson	11/21/2008	35,714	4	-	-	9,996	-	-	-	10,000
Shares issued to Robert Atwell	11/21/2008	35,714	4	-	-	9,996	-	-	-	10,000
Shares issued to Phil Scott	12/2/2008	7,143	1	-	-	1,999	-	-	-	2,000
Shares issued to Doug Warner	12/31/2008	28,571	3	-	-	3,997	-	-	-	4,000
Shares issued to Rodger Spainhower	12/31/2008	71,429	7	-	-	9,993	-	-	-	10,000
Shares issued to Philip Parsons	12/31/2008	71,429	7	-	-	9,993	-	-	-	10,000
Shares issued to Tamara Atwell	12/31/2008	71,429	7	-	-	9,993	-	-	-	10,000
Shares issued to George	12/31/2008	42,857	4	-	-	5,996	-	-	-	6,000

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Jackson										
Shares issued to Robert Atwell	12/31/2008	500,000	50	-	-	69,950	-	-	-	70,000
Shares issued to Phil Scott	12/31/2008	14,286	1	-	-	1,999	-	-	-	2,000
Shares issued to Vince Monaco	12/31/2008	71,429	7	-	-	9,993	-	-	-	10,000
Shares issued to Chris Flannery	12/31/2008	71,429	7	-	-	9,993	-	-	-	10,000
Shares issued to Shares to NIR	10/1/2008	1,141	1	-	-	1,421	-	-	-	1,422
Shares issued to NIR	10/3/2008	1,141	1	-	-	1,262	-	-	-	1,263
Shares issued to NIR	10/8/2008	1,141	1	-	-	783	-	-	-	784
Shares issued to NIR	10/13/2008	1,141	1	-	-	143	-	-	-	144
Shares issued to NIR	10/14/2008	1,141	1	-	-	(176 )	-	-	-	(175 )
Shares issued to NIR	10/16/2008	1,141	1	-	-	(176 )	-	-	-	(175 )

F-15

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscribed	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In Capital	Development Stage	Receivable	Compensation	Stockholders' Deficit
Shares issued to NIR	10/27/2008	1,141	1	-	-	(176 )	-	-	-	(175 )
Shares issued to NIR	10/31/2008	1,141	1	-	-	(192 )	-	-	-	(191 )
Shares issued to NIR	11/5/2008	1,141	1	-	-	(192 )	-	-	-	(191 )
Shares issued to NIR	11/7/2008	1,141	1	-	-	(192 )	-	-	-	(191 )
Shares issued to NIR	11/10/2008	1,141	1	-	-	(192 )	-	-	-	(191 )
Shares issued to NIR	11/11/2008	1,141	1	-	-	(188 )	-	-	-	(187 )
Shares issued to NIR	11/14/2008	1,141	1	-	-	(192 )	-	-	-	(191 )
Shares issued to NIR	11/14/2008	1,929	-	-	-	(325 )	-	-	-	(325 )
Shares issued to NIR	11/18/2008	1,929	-	-	-	(325 )	-	-	-	(325 )
Shares issued to NIR	11/19/2008	1,929	-	-	-	(325 )	-	-	-	(325 )
Shares issued to NIR	11/20/2008	1,929	-	-	-	(298 )	-	-	-	(298 )
Shares issued to	11/21/2008	4,286	-	-	-	(660 )	-	-	-	(660 )

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

NIR										
Shares issued to NIR	11/25/2008	4,286	-	-	-	(660)	-	-	-	(660)
Shares issued to NIR	11/26/2008	6,246	1	-	-	(1,050)	-	-	-	(1,049)
Shares issued to NIR	12/1/2008	11,916	1	-	-	(1,837)	-	-	-	(1,836)
Shares issued to NIR	12/8/2008	11,916	1	-	-	(2,004)	-	-	-	(2,003)
Shares issued to NIR	12/23/2008	14,286	1	-	-	(2,403)	-	-	-	(2,402)
Shares issued to NIR	12/30/2008	35,320	4	-	-	8,464	-	-	-	8,460
NIR difference		-	-	-	-	-	-	-	-	-
Net Income (Loss) as of 12/31/08		-	-	-	-	-	(428,575)	-	-	(428,575)
Balance at December 31, 2008		2,233,812	231	-	-	14,633,599	(16,705,021)	-	-	(2,071,199)

F-16

Camelot Entertainment Group, Inc.  
(a Development Stage Company)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
For the Period from January 1, 2004 to December 31, 2009

		Common Stock		Preferred Stock		Additional	During	Subscription	Deferred	Total
		Shares	Amount	Shares	Amount	Paid-In	Development	Receivable	Compensation	Stockholders'
						Capital	Stage	Clawback		Deficit
Shares issued to NIR	1/6/2009	35,321	4	-	-	973	-	-	-	977
Shares issued to NIR	1/9/2009	35,321	4	-	-	973	-	-	-	977
Shares issued to NIR	1/16/2009	35,321	4	-	-	487	-	-	-	491
Shares issued to NIR	1/23/2009	7,171	1	-	-	99	-	-	-	100
Shares issued to NIR	2/3/2009	14,286	1	-	-	197	-	-	-	198
Shares issued to NIR	2/13/2009	14,286	1	-	-	197	-	-	-	198
Shares issued to NIR	2/23/2009	14,286	1	-	-	394	-	-	-	395
Shares issued to NIR	2/27/2009	14,286	1	-	-	394	-	-	-	395
Shares issued to NIR	3/2/2009	14,286	1	-	-	197	-	-	-	198
Shares issued to NIR	3/5/2009	14,286	1	-	-	197	-	-	-	198
Shares issued to NIR	3/9/2009	14,286	1	-	-	197	-	-	-	198
Shares issued to NIR	3/20/2009	342,522	34	-	-	9,437	-	-	-	9,471

Edgar Filing: Camelot Entertainment Group, Inc. - Form 10-K

Shares issued to NIR	3/31/2009	13,771	1	-	-	190	-	-	-	191
Shares issued to Hope Capital	1/6/2009	142,857	14	-	-	19,986	-	-	-	20,000
Shares issued to Hope Capital	2/23/2009	364,286	36	-	-	50,964	-	-	-	51,000
Shares issued to Hope Capital	2/26/2009	428,571	43	-	-	59,957	-	-	-	60,000
Shares issued to Hope Capital	3/2/2009	428,571	43	-	-	59,957	-	-	-	60,000
Shares issued to Hope Capital	3/27/2009	428,571	43	-	-	29,957	-	-	-	30,000
Shares issued to Watson Investment	1/6/2009	428,571	43	-	-	59,957	-	-	-	60,000
Shares issued to Watson Investment	1/15/2009	157,143								