

SALES AGENCY AGREEMENT

"OBJECTIVE"

Date: As of April 5, 2006

This Sales Agency Agreement (the "**Agreement**") is made by and between JAZ FILMS LA, with offices at 2590 Glen Green • Los Angeles, California 90068 • USA • Tel: 323.201.2783 and Fax: 323.467.4709 c/o Jeremy Wall ("**Producer**") and ARCLIGHT FILMS INTERNATIONAL PTY LTD ACN 100 209 872, a limited liability company incorporated in New South Wales, Australia with its registered office located at Building 22 (Box 40) Fox Studios Australia • Driver Avenue • Moore Park 2021 • Australia • c/o Harrison Kordestani ("**Arclight**"), in connection with the exploitation of the theatrical motion picture entitled "THE OBJECTIVE" (the "**Picture**"), described below:

Producers:	Jeremy Wall, Zev Guber
Line Producer:	Andrea Balen
Associate Producer:	Richard Halpern
Director:	Daniel Myrick
Screenplay:	Daniel Myrick and Mark Patton (with credits to be confirmed)
Original Language:	English
Budget:	<i>estimated at approximately \$1.4 million USD (to be approved by Arclight, Completion Bond Company, and Producer)</i>
Principal Cast:	TBA
Delivery Date:	On or about November 2006

All of the elements listed above are hereby pre-approved by the Producer and Arclight.

A. Advance. Arclight shall provide Producer with a minimum guarantee of the greater of (i) 55% of the bonded budget (which bonded budget, for the avoidance of doubt, shall include, without limitation, a ~~\$70,000~~75,000 producer fee payable to Producer, a 10% contingency, a bond fee, approved financing costs and charges, Producer overhead charges in the amount of \$15,000, interest charges on \$125,000 calculated at the Bank of America prime rate plus 3% and a \$9,000 finders fee payable to Ara Katz), or (ii) U.S. \$700,000 (the "**Advance**"), to be recouped in first position from Foreign Gross Receipts, as such term is defined in paragraph 6 below and in accordance with the terms and conditions set forth in paragraph 8.a. below. Arclight hereby agrees that the Advance shall constitute a direct equity contribution towards the bonded budget of the Picture, and shall not consist of any funds lent against pre-sales or any other monies secured or otherwise collateralized by any right, title and/or interest in the Picture (with the sole exception being the pledge by Arclight of an interest in its financial entitlements hereunder). Within seven (7) business days following the execution of this Agreement, Arclight shall provide Producer with a bank reference letter or other evidence reasonably satisfactory to Producer evidencing that the Advance is available for funding the pre-production and production of the Picture on an

unconditional basis. The Advance shall be paid as follows: (i) within seven (7) business days of the execution of this Agreement, Arclight shall deposit 10% of the Advance ("**Initial Deposit**") into a mutually approved escrow account established in connection with the Picture ("**Escrow Account**") and otherwise consistent with the terms set forth below; and (ii) within sixty (60) days of the execution of this Agreement, Arclight will deposit the remaining 90% of the Advance into the Escrow Account. The Advance will be released from the Escrow Account into a production account maintained in the name of the Producer upon Producer's and Arclight's receipt of a letter of intent from a mutually acceptable completion bond company for the Picture (with Film Finances and CineFinance being hereby pre-approved). Arclight shall be entitled to recoup the following actual, out-of-pocket financing costs incurred and paid to unaffiliated third parties in connection with the Advance as provided in paragraph 8.a. below: (i) origination fees not to exceed 2% of the Advance, (ii) legal and incidental bank fees, not to exceed \$10,000, and (iii) actual interest incurred by Arclight, but in any event not to exceed an aggregate rate of 3 Month LIBOR plus 2.5% that shall commence upon monies being funded into the production account until recoupment of the Advance, as provided in paragraph 8.a. below (collectively, "**Arclight Financing Costs**"). Arclight Financing Costs shall be verifiable and subject to audit by Producer as provided in paragraph 11(a) below. If Arclight fails to deposit any portion of the Advance into the Escrow Account as and when due as provided above, Producer may, in its sole and absolute discretion, terminate this Agreement upon written notice to Arclight and, in addition to any and all remedies available to Producer at law or in equity, shall be entitled to retain the Initial Deposit.

1. Initial Term. The initial term of this Agreement shall be for sixty (60) days and shall be extended to the full term of the option held by Producer, once the entire Advance is deposited into the Escrow Account in accordance with the terms and conditions set forth above. Thereafter the Term set forth in paragraph 2 below shall apply, once the Picture is produced.

2. Term and Engagement. Subject to the terms of this Agreement, Producer engages Arclight, and Arclight hereby accepts the engagement, as Producer's exclusive sales agent for the sale and marketing of the Picture throughout the Territory (as such term is defined below) and Arclight is hereby granted the exclusive right to market and promote the Picture in the Territory for a period of twelve (12) years from the delivery of the Picture to Arclight, provided that if Arclight has not fully recouped its Marketing Fee and Continued Delivery and Maintenance Costs (Attached as Exhibit "C") at the expiration of that period, such period shall be automatically extended for an additional three (3) year period, or such longer period as may be mutually agreed in writing by the parties (the "**Term**").

3. Rights. Arclight will represent all of the following rights in and to the Picture in the Territory ("**Rights**"): Theatrical, Non-Theatrical, Video and Television, Pay TV, Free TV, Pay Per View, and Video on Demand, Airline Rights, Ship Rights, Hotel Rights (all as such terms are defined by IFTA), excluding interactive exploitation, merchandising rights, publishing rights, music rights, soundtrack rights and any other

rights not expressly set forth above. In addition to the foregoing, Arclight shall have the right to license internet rights (in accordance with the terms of paragraph 9.a. below), but those rights shall be non-exclusive, subject to approval by the domestic distributor, and provided that all licensees agree to a holdback of the exploitation of such rights in their territories until geo-filtering and other protective technologies are approved in writing by Producer, as per the language of the 2005 IFTA Internet Rider. Arclight agrees that Producer shall have the right to promote and engage in marketing and promotional events relating to the Picture on the internet, with or without charging fees for access thereto, which fees, as between Producer and Arclight, shall be solely retained by Producer and shall not constitute Gross Receipts hereunder; provided, however, that Producer shall not exhibit substantially the entire Picture or make the Picture available for downloading in connection with such promotion and marketing events. Producer hereby grants Arclight a right of first negotiation to act as the sales agent of any theatrical or made-for-television remakes, sequels and spin-offs of the Picture. The parties hereby acknowledge that all distribution agreements for the Picture shall be subject to the prior written approval of the Producer, such approval not to be unreasonably withheld.

4. Territory. Territory means the entire World. As used herein, (i) the “**Domestic Territory**” shall mean the United States and Canada, their associated territories, trusteeships and possessions, including, without limitation, Puerto Rico, the Bahamas, Bermuda, Guam and the U.S. Virgin Islands, all military bases, oil rigs and diplomatic posts thereof and all airlines and ships flying the flag of such countries and their associated territories, trusteeships and possessions; and (ii) “**Foreign Territory**” shall mean the world exclusive of the Domestic Territory.

5. Services. During the Term, Arclight shall provide all normal and customary services rendered by first-class international sales representatives with respect to the Picture, including, without limitation:

- i. Diligently marketing and licensing the Rights during the Term in the Territory, including attendance at film festivals and/or film markets;
- ii. Arranging and coordinating screenings of the Picture for Distributors, if and when necessary, as determined by Agent, to accomplish the objectives of this Agreement;
- iii. Conducting negotiations on Producer’s behalf with Distributors interested in acquiring rights in the Picture;
- iv. Arranging and coordinating the preparation of publicity, promotional, and advertising materials (to be paid for by Arclight as part of the Marketing Fee (as such term is defined below)) for the purpose of creating awareness of or presenting the Picture to Distributors;
- v. Soliciting and negotiating License Agreements;
- vi. Providing sales estimates for use in the financing of the Picture; see exhibit A attached hereto;

- vii. Coordinating and making delivery to each Distributor of the required delivery materials and corresponding elements and otherwise servicing the License Agreements in a timely manner;
- viii. Making relevant registrations with collection societies and similar associations; and
- ix. Supervising the collection of Gross Receipts from any Distributors who have licensed rights to the Picture and ensuring that Distributors properly account for and pay backend profit participations, if appropriate in their agreements.
- x. Coordinating the exercise of approval rights retained by Producer in connection with concluded License Agreements.
- xi. Arclight shall assume, perform, and fulfill all of the terms, covenants, conditions, and obligations required to be kept, performed, and fulfilled by Arclight, including coordinating and making delivery and supervising the collection of Gross Receipts.

6. Sales Agency Fees. With respect to the Gross Receipts (as defined below) derived from the Domestic Territory ("**Domestic Gross Receipts**"), Arclight will be entitled to receive a domestic sales agency fee (the "**Domestic Sales Agency Fee**") in an amount equal to ten percent of one hundred percent (10% of 100%) of the Gross Receipts actually received by Producer on a non-refundable basis from all License Agreements entered into with respect to the Domestic Territory during the Term, with five percent of one hundred percent (5% of 100%) of the Domestic Sales Agency Fee being deferred in accordance with the recoupment and allocation of Gross Receipts set forth in paragraph 8.b. below. With respect to Gross Receipts derived from the Foreign Territory ("**Foreign Gross Receipts**"), Arclight will be entitled to receive a sales agency fee (the "**Foreign Sales Agency Fee**") equal to fifteen percent of one hundred percent (15% of 100%) of the Foreign Gross Receipts actually received by Producer on a non-refundable basis from all License Agreements entered into with respect to the Foreign Territory during the Term, until such time that the Foreign Gross Receipts actually received by the Producer from the License Agreements surpass two million dollars (US\$2,000,000), and then Arclight shall be prospectively entitled to a sales agency fee in an amount equal to twenty percent of one hundred percent (20% of 100%) of the Foreign Gross Receipts, until such time that the Foreign Gross Receipts actually received by Producer on a non-refundable basis from the License Agreements entered into with respect to the Foreign Territory during the Term surpass three million five hundred thousand dollars (\$3,500,000), and then Arclight shall be prospectively entitled to a sales agency fee in an amount equal to thirty percent of one hundred percent (30% of 100%) of the Foreign Gross Receipts thereafter. At the point at which Arclight has recouped the Advance and thereafter, a five percent (5%) "override" shall be added to the Foreign Sales Agency Fee, which shall be paid to Producer on an on-going basis directly from the Collection Account (for example, after Producer's receipt of \$3,500,000 in Foreign Gross Receipts, a 35% Foreign Sales Agency Fee would be charged against the Foreign Gross Receipts, 5% of which shall be paid to Producer and 30% of which shall be paid to Arclight).

As used herein, "Gross Receipts" shall mean any and all non-returnable revenue, sums, compensations, monies, advances, fees, consideration and/or remuneration of any kind actually received by Producer from License Agreements procured by Arclight in the Territory pursuant to this Agreement, excluding any sales, withholding, use or remittance taxes, and any returns, discounts, rebates, credits or refunds. Advances, security deposits, guarantees, and similar payments are not Gross Receipts until they become non-returnable. Gross Receipts do not include (i) the Advance, or (ii) the receipts of any Distributor. Arclight shall advise all licensees and, all License Agreements shall provide, that all monies payable by any such licensees in respect of the Picture shall be paid directly to the following a collection account (the "Collection Account"): maintained by a mutually approved collection agent pursuant to a mutually approved collection account control agreement.

Account Holder: _____

Account Number: _____

Bank: _____

Contact: _____

Bank Code: _____

Swift Code: _____

If Arclight receives any such monies directly, Arclight shall hold such monies in trust for the benefit of Producer, shall not commingle such monies with other monies held by Arclight and shall remit such monies to the above Collection Account immediately upon, but in no event later than two (2) business days of, receipt thereof.

7. Marketing and Expenses.

a. All distribution and marketing expenses incurred by Arclight in connection with its services pursuant to this Agreement, including, without limitation, the Continued Delivery and Maintenance Costs set forth in Exhibit "C", shall be subject to the prior written approval of Producer in each instance and recoupable by Arclight out of the Foreign Gross Receipts as provided in paragraph 8.a. below

b. Producer hereby agrees that Arclight will be entitled to incur and recoup a marketing fee of \$75,000 ("**Marketing Fee**"), which Marketing Fee shall be expended substantially consistent with a marketing budget furnished by Arclight to Producer as set forth on Exhibit "D" attached hereto and incorporated by this reference. The Marketing Fee will cover all of Arclight's "overhead" costs such as consultancy fees, entertainment, accommodation, travel, telephone/fax/internet etc and all marketing expenses and promotion expenses required to market and promote the Picture in a first class manner, including, without limitation, the creation/preparation of an electronic press kit, trailers, posters, festival advertising and festival booths. These costs do not include Arclight's Continued Delivery and Maintenance Costs set forth in Exhibit "C".

c. Initial Campaign. Notwithstanding anything to the contrary herein, Arclight will obtain Producer's prior written approval of the initial marketing campaign and plan for the Picture and all elements thereof. Arclight shall create a trailer, one-sheet, poster and electronic press kit of the Picture, all of which shall be subject to Producer's prior written approval. All publicity materials prepared by Arclight shall be the sole property of Producer and shall be returned to Producer on the expiration, or earlier termination, of this Agreement.

d. Should any additional expenses for the marketing, exploitation and distribution of the Picture hereunder be required above the Marketing Fee, Arclight shall provide to Producer written estimates of such expenses and request the approval of Producer to recoup such expenses hereunder, which approval shall be at Producer's sole discretion. Such expenses shall be actual, direct, out-of-pocket costs incurred by Arclight to unaffiliated third parties with no mark up and shall be verifiable and subject to audit by Producer as provided in paragraph 11(a) below. Once approval is obtained, Arclight shall be responsible therefore, but shall be entitled to recoup such expenses in accordance with and subject to the above terms.

8. Recoupment.

a. Arclight Recoupment and allocation of Foreign Gross Receipts:
Foreign Gross Receipts shall be allocated and paid in the following order:

- i) Marketing Fee of \$75,000;
- ii) Foreign Sales Agency Fee as per level of overall Foreign Gross Receipts per paragraph 6 above;
- iii) Recoupment of the Advance, plus the Arclight Financing Costs;
- iv) Delivery Costs for delivery items that are not included in the approved budget of the Picture, and not reimbursable by third parties, recouped at 110% of Arclight's costs on an on-going and as needed basis;
- v) All remaining Foreign Gross Receipts shall be paid 100% to Producer to be applied towards the amounts payable to Producer as specified in subparagraphs 8.b.ii), iii), iv) and v) below.
- vi) Upon Producer's receipt of all amounts payable to Producer pursuant to subparagraphs 8.b.ii), iii), iv) and v) below (on a non-refundable basis), all Foreign Gross Receipts shall thereafter be payable 80% to the Producer and 20% to Arclight, until such time as Arclight receives the \$100,000 executive producer fee specified in paragraph 10 below, and thereafter 100% to the Producer.
- vii) As a matter of clarification, after Arclight's receipt of the \$100,000 executive producer fee, Producer shall have the

option to cross collateralize the Foreign Gross Receipts and the Domestic Gross Receipts.

b. Producer Recoupment and allocation of Domestic Gross Receipts:
The Domestic Gross Receipts shall be allocated and paid in the following order:

- i) Arclight shall first receive the non-deferred 5% Domestic Sales Agency Fee;
- ii) Producer shall then receive any unpaid overhead, production and/or delivery costs incurred in connection with the Picture, not to exceed \$50,000;
- iii) Next, the equity contribution funded or caused to be funded by Producer (contemplated to be 45% of the approved budget) ("**Equity Contribution**") shall be recouped in full by Producer and/or Producer's equity financiers ("**Equity**");
- iv) Producer shall then receive its deferred producer fee in the amount of \$100,000;
- v) Equity shall then receive an amount equal to 15% of such Equity Contribution;
- vi) Next, Arclight shall receive its deferred commission of 5% of Domestic Gross Receipts;
- vii) All remaining Domestic Gross Receipts shall be paid 100% to the Producer.

9. Distribution Agreements; Delivery Schedule.

a. Form of Agreements. Arclight shall use the standard IFTA deal memo, with such additional terms as Producer may require. All deal memo and other agreements shall be written between the company licensing the Rights ("Distributors") and Arclight as agent for Producer, after first consulting with, and obtaining prior written approval from, Producer to ensure that the terms of said deal memos are above the minimum "take" prices submitted by Arclight to Producer, which minimum "take" prices shall be set forth on Exhibit "A" attached hereto and incorporated by this reference, and that the terms of such deal are otherwise acceptable to Producer. Arclight may enter into said deal memos only with Producer's prior written approval and as agent on behalf of Producer.

b. Delivery. It is anticipated that Producer shall deliver a rough cut of the Picture to Arclight on or about November 15, 2006 ("**Delivery Date**") so that the Picture may be submitted to the Sundance Film Festival, subject to reasonable notice and cure periods, which date shall be subject to automatic extension for any delays caused by force majeure events and/or exigencies of production as the completion guarantor may designate not to exceed 90 days in the aggregate. The parties agree that the failure to deliver the Picture by the Delivery Date shall not be a breach of Producer's obligations hereunder and the parties agree in good faith to complete the Picture as soon as possible, time being of the essence.

c. Delivery Schedule. Set forth on Exhibit "B" attached hereto and incorporated by reference, is a copy of the Schedule of Delivery Materials to Arclight, which Arclight requires to effectuate delivery to all foreign distributors of the Picture. Producer agrees to deliver at its cost all of the materials specified in the attached Delivery Schedule to a location nominated by Arclight ("**Delivery**"), and mutually agreed to by Producer. Delivery will not be complete until all Delivery Materials have been delivered and accepted by Arclight; Delivery shall be deemed to have been properly effected hereunder unless Arclight gives written notice of objection (setting forth with specificity those items which are technically deficient) to Producer within 28 days after delivery of the Delivery Materials and Producer fails to cure any such defective items within 28 days after receipt of said notice. If Producer is unable to create any item(s) on the Delivery Schedule, and Arclight agrees to create such item(s), Arclight will recoup the cost as an additional marketing expense at the rate of 110% of the actual cost to Arclight in accordance with paragraph 8.a. above.

10. Executive Producer: Arclight shall be accorded a presentation credit on a separate main title (if any, and if not, then in closing credits) card on screen and in the billing block of all paid ads for the Picture, subject to customary distributor exclusions, including Arclight's logo. Arclight shall also be entitled to a U.S. \$100,000 executive producing fee (equal to that same fee for Producer), which shall be payable in accordance with paragraph 8.a. above. In addition, Arclight shall be accorded two (2) individual Executive Producer credits for Gary Hamilton and Harrison Kordestani, which Executive Producer credits shall appear together on a single card, in the main credits (if any, and if not, then in closing credits in line with all other credits), on screen and in the billing block of all paid ads, subject to customary distributor exclusions, and except in congratulatory ads where only the honoree is mentioned. Such executive producer credits shall be accorded in equal size and prominence (except as to order amongst others and except in congratulatory ads where only the honoree is mentioned) wherever 'producing-type' credits are awarded. Arclight shall also be entitled to one (1) co-producer (or co-executive producer) credit for an Arclight designee in the closing credits of the Picture. All other aspects of the credits specified in this paragraph 10 shall be at Producer's sole discretion. Arclight will have a right of meaningful consultation with respect to the following elements of the Picture: principal cast, DOP, composer, editor, final mix and music score, and final cut; provided, however, in the event of any disagreement, Producer's decision shall control.

11. Accounting:

a. Producer Accounting Rights. Arclight shall keep and maintain, at its principal place of business, complete and accurate books of account and records in connection with its licensing of the Picture hereunder. During the Term of the Agreement, and for 36 months thereafter, Producer or its representatives, accountants and/or designated agents, may, upon reasonable notice and during Arclight's regular business hours, but not more than once per year, have full access to and audit such books and records. Any statements not disputed or records not audited by Producer for a period of thirty-six (36) months after such statements are furnished to Producer shall be deemed final and correct. If an audit is conducted and it discloses that Producer has

been underpaid by the greater of five percent (5%) of the amount actually paid or one thousand U.S. dollars, then Arclight shall within five (5) days of such audit results (i) pay to Producer the amount of any such underpayment, and (ii) reimburse Producer for its reasonable, actual out-of-pocket audit costs.

b. Copies of License Agreements. A copy of each distribution or licensing agreement, including any side agreements or riders, that Arclight enters into shall be furnished to Producer within fourteen (14) business days of complete execution thereof.

c. Foreign Gross Receipts. Arclight shall timely obtain all governmental permits necessary to make all payments to Producer as and when required under this Agreement. Arclight shall cooperate with Producer with respect to Producer's entering into an agreement with Distributors in order to minimize any adverse tax withholdings. Any U.S. dollars due and payable to Producer by Distributors shall be paid to Producer, through the Collection Account, simultaneously with the rendering of statements as described below under d. Reporting; provided, however, that all amounts payable to Producer hereunder shall be subject to all laws and regulations now or hereafter in existence requiring deductions or withholdings for income or other taxes payable by or assessable against Producer. Sales Agent shall have the obligation to instruct all Distributors to take into account any double taxation convention that may exist between the United States of America and the country or territory for which the respective Distributor pays license or distribution fees to Producer. Arclight shall make reasonable efforts to oblige Distributors to notify of and forward to Producer any necessary application form or forms in order to ensure that a respective Exemption Certificate is timely issued by the Tax Authority. If the Exemption Certificate is issued, the monies payable to Producer shall be paid without any deduction for taxes, as and to the extent so provided in the Exemption Certificate.

d. Reporting. Arclight shall render to Producer within thirty (30) days after the end of each applicable accounting period, commencing at the end of the first calendar quarter in which gross receipts of the Picture have been received, periodic statements showing, with sufficient detail, the appropriate calculations under this Agreement. Statements shall be issued for each calendar quarter until the Picture has been in release for three (3) years from and including the quarter in which the Picture was first released and semiannually for the next five (5) years and annually thereafter for the duration of the Term. Each such quarterly, semi-annual or annual period, as the case may be, is herein referred to as an "accounting period." No statements need be rendered for any accounting period during which no gross receipts are received unless requested by Producer. Statements rendered by Sales Agent may be changed from time to time to give effect to year-end adjustments made by Sales Agent's Accounting Department or Public Accountants, or to items overlooked, to correct errors and for similar purposes.

12. Restrictions.

a. Screen. Prior to or concurrently with its delivery of the Picture hereunder, Producer will provide Arclight with a list of all required screen credits, including the credit to be accorded Producer (if not already contained in the picture), paid advertising and publicity and promotional requirements (if any). Arclight will comply, and will contractually require each Distributor to comply, with these requirements at all times after their receipt. No casual or inadvertent failure on Arclight's part to comply with the credit provisions of this Agreement or the failure of any third parties to comply with their agreements with Arclight shall constitute a breach by Arclight. In the event Arclight fails to adhere to the credit provisions, including those to Producer, upon receipt of written notice setting forth in detail such failure, Arclight agrees to use commercially reasonable efforts to prospectively cure such failure with regard to ads created and/or positive prints manufactured after the date of receipt of such notice. Arclight shall promptly notify any third party of such party's breach of its credit obligations as soon as Arclight becomes aware of such breach. Arclight shall obligate third party licensees with whom Producer or Arclight is in contractual privity to comply with the credit obligations.

b. Dubbing, Sub-Titling and Editing. To the extent Producer has been made aware of such requirements, Producer will timely provide Arclight in writing with any contractual dubbing, sub-titling, or editing requirements applicable to the Picture or its trailers. To the extent Arclight is advised in writing, Arclight will comply and will contractually require the Distributors to comply, with these requirements in creating an authorized dubbed, sub-titled, or edited version of any Picture or its trailers.

c. Limitations. In exercising the rights herein, Arclight shall not alter or delete any credit, logo, copyright notice, or trademark notice appearing on the Picture. Arclight may not change the title of the Picture without Producer's prior written consent. Arclight shall not be entitled to make, or authorize, any cuts, deletions or alterations to the Picture, except for censorship or other legal requirements, and then only after affording Producer and/or the director, as applicable, the first opportunity to make such changes. Arclight shall contractually impose on all Distributors the same restrictions as are set forth in this subparagraph c.

d. Holdbacks. Arclight acknowledges that the domestic distributor may require certain holdbacks on the release the Picture in certain media in the Territory until the Picture is released in such media in the U.S. and Arclight shall require all Licensees to abide by any such holdbacks.

e. Film Packages. Arclight will not include the Picture in any film package of pictures that Arclight is licensing or with respect to which Arclight acts as a sales agent without the prior written approval of Producer. The Picture shall not be included in agreements that are cross-collateralized with any other pictures sold or distributed by Arclight or otherwise be used to obtain more favorable terms on other motion pictures sold or distributed by Arclight.

13. Producer Representations and Warranties. Producer represents and warrants to Arclight that:

a. Authority. Producer has full authority to enter into and completely perform this Agreement and, to the best of Producer's knowledge, there are no existing or threatened claims or litigation which would adversely affect or impair Arclight's Rights in or to the Picture;

b. Encumbrances. Producer has not licensed, encumbered, or assigned, and will not license, encumber, or assign any rights in or to the Picture, other than to any single purpose production entity, Distributor or Bank in connection with a production loan to the Picture, or to the completion guarantor, and as may be required by applicable guild or union agreements; Any other encumbrances shall be made so in full consultation with Arclight provided that Producer's decision shall control;

c. Copyright Notice. All copies of the Picture publicly distributed by Producer shall bear a legally sufficient copyright notice in the form and position authorized by the Universal Copyright Convention, the Berne Convention, and the Buenos Aires Convention, including the symbol "©" ("c" in a circle) and the legend "All Rights Reserved" in close proximity to such notice. To the best of its knowledge, Producer has not done any act or omitted to do any act which has impaired the copyright in the Picture during the Term;

d. Third Party Rights. To the best of Producer's knowledge, no element of the Picture, nor the Picture itself, nor subject to Arclight's or Distributor's obtaining appropriate music performance licenses, the exercise of any of rights in or to any Picture does or will: (a) defame any third party; or (b) infringe any copyright, trademark, right of ideas, patent, or any other property right of any third party; and

e. Musical Rights. All requisite rights (other than public performance licenses) in and to all musical compositions contained in the Picture shall be clear for the intended use herein;

f. Insurance. Arclight will be added as an additional insured under Producer's Error's and Omissions and General Liability policies for the Picture, subject to the limitations, restrictions and terms of said policies.

14. Arclight Representations and Warranties. Arclight represents and warrants to Producer that:

a. Authority. Arclight is duly incorporated and in good standing in Australia and has full authority to enter into and completely perform this Agreement. Arclight has not, and will not, undertake any action which might impair Producer's rights under this Agreement. There are no existing or threatened claims or litigation, liens, encumbrances, legal proceedings, restricted agreements or understandings which would adversely affect or impair any provisions of this Agreement, any representation or warranty of Arclight contained herein, nor Arclight's ability to

completely perform under this Agreement. Arclight has not filed for bankruptcy protection, nor does it presently have the intention to file for bankruptcy protection;

b. Film Packages. Arclight will not include the Picture in any film package of Pictures which Arclight licenses or with respect to which Arclight acts as sales agent without the prior written approval of Producer. Arclight will not cross-collateralize the Picture in any way with any other film or product, and each of the distribution agreements will provide a similar prohibition against cross-collateralization by Distributors; and

c. Restrictions. Arclight will honor all restrictions on the exercise of any rights with respect to the Picture and/or its elements as such restrictions may be duly given to Arclight by Producer in conformity with this Agreement and shall at all times abide by all contractual and legal obligations in connection with the Picture that Producer has advised Arclight thereof, including without limitation all credit obligations and name and likeness restrictions.

d. No Representation as to Gross Receipts. Arclight has not made any representations or warranties and is not required to do so, as to the amount of Gross Receipts to be derived from the exploitation of the Picture, nor that there will be any sums payable to Producer hereunder. Arclight shall not be responsible for the actions, or inactions of any Distributor under any of the License Agreements, except a specifically provided hereunder.

15. Indemnities. Producer at all times will indemnify and hold Arclight and its affiliates, successors, licensees and assigns, and each of their respective officers, directors, employees, agents, attorneys and representatives harmless from and against all claims, demands, losses, obligations, liabilities, actions, penalties, causes of action, suits, arbitrations, damages, judgments, costs and expenses (including reasonable outside attorneys fees and legal costs) incurred by Arclight, arising out of or relating to the production and distribution of the Picture other than any claims arising from Arclight's own action or inaction or breach by Arclight of its representations, warranties or obligations under this Agreement. Arclight at all times will indemnify and hold Producer and its affiliates, successors, licensees and assigns, and each of their respective officers, directors, employees, agents, attorneys and representatives harmless from and against all claims, demands, losses, obligations, liabilities, actions, penalties, causes of action, suits, arbitrations, damages, judgments, costs and expenses (including reasonable outside attorneys fees and legal costs) incurred by Producer, arising out of or relating to a breach by Arclight of its representations, warranties or obligations under this Agreement,

16. Assignment. This Agreement shall not be assignable by Arclight (except to those companies that may be considered subsidiaries, parents or affiliated companies with substantially the same assets) without Producer's prior written consent except for assignments of the right to receive payment hereunder.

17. Termination.

a. Default. If Arclight materially breaches, repudiates, or otherwise fails to comply with or perform any of the terms and conditions of this Agreement, and fails to cure such breach within five (5) business days of the receipt of notice thereof from Producer, then the non-breaching party may thereafter terminate this Agreement upon notifying the other in writing. It shall also be considered a Default under this paragraph if Arclight ceases to carry out its business in the normal course or becomes insolvent or otherwise demonstrates an inability to render services in a manner that is customary for a top-tier foreign sales company in the motion picture industry in Los Angeles.

b. Change in Personnel. The parties acknowledge that Gary Hamilton and/or Harrison Kordestani are each a "key man", and that their continuing services as an active operating executive of Arclight is of the essence of this Agreement. Accordingly, in the event that (i) Gary Hamilton is no longer engaged as a primary sales person at Arclight and has not been promptly replaced by a person acceptable to Producer, or (ii) Gary Hamilton and/or Harrison Kordestani are disabled or incapacitated such that Gary Hamilton and/or Harrison Kordestani cannot personally render the services required of Arclight hereunder for any material period of time, as determined by Producer in its reasonable, good faith judgment, Producer shall have the right to terminate this Agreement upon written notice to Arclight.

c. Force Majeure. If the licensing of the Picture is interrupted or prevented, directly or indirectly, by matters beyond the control of Arclight including, but not limited to, floods, fires, governmental acts or directives, strikes or labor strife, power or service outages, civil unrest or acts of God ("**Force Majeure Event**"), Arclight may postpone or suspend the rendition of its Services and the running of time hereunder so long as any such Force Majeure Event shall continue. If such Force Majeure Event continues for a period of eight (8) consecutive weeks or ten (10) weeks in the aggregate, Arclight and/or Producer shall have the right to terminate this Agreement upon written notice to the other party any time thereafter.

d. Effect of Termination. Upon termination of this Agreement, Producer shall not be obligated to pay any further monies to Arclight, except for any amounts due under this Agreement including any Sales Agency Fees, recoupable costs or marketing and distribution costs and expenses that have been incurred or become due and unpaid prior to termination, and such obligation to pay such sums shall be subject to the rights and obligations of the parties resulting from any breach and neither party shall be deemed to have waived any rights or remedies that they may have hereunder or at law or in equity in connection with the rendition of Arclight's Services prior to termination. Moreover, the parties' right to terminate this Agreement shall be in addition to any and all remedies available to them at law or in equity, provided that under no circumstances shall Arclight be able to enjoin or prevent the distribution or exploitation of the Picture. Indemnification, credit and insurance obligations hereunder shall survive termination of this Agreement. No termination of this Agreement by Arclight shall operate to terminate or otherwise affect any of Producer's rights under any then-existing License Agreements.

18. Waiver. A waiver by either party of any breach of this Agreement shall not be deemed a waiver of any prior or subsequent breach hereof. All remedies of either party shall be deemed cumulative, and the pursuit of any one remedy shall not be deemed a waiver of any other remedy.

19. Arbitration and Jurisdiction.

a. Independent Film & Television Alliance Arbitration. Any controversy or claim arising out of or in relation to this Agreement, or the validity, construction or performance of this Agreement, or the breach thereof, shall be resolved by arbitration before a single arbitrator in Los Angeles, California in accordance with the rules and procedures of the Independent Film & Television Alliance ("IFTA"), as said rules be amended from time to time. Such rules and procedures are incorporated and made a part of this Agreement by reference.

b. American Arbitration Association Arbitration. If IFTA shall refuse to accept jurisdiction of such dispute, the parties agree to submit such dispute to binding arbitration under the rules and regulations of the American Arbitration Association ("AAA") at Los Angeles, California, before a single arbitrator familiar with entertainment law, approved by each of the parties. Arclight hereby irrevocably waives any claim that any dispute resolution proceeding provided for herein has been brought in an inconvenient forum.

c. Arbitration Award. The parties agree that they will abide by and perform any award rendered in any arbitration conducted pursuant hereto, that any court having jurisdiction thereof may issue a judgment based upon such award and that the prevailing party in such arbitration and/or confirmation proceeding shall be entitled to recover its reasonable attorneys' fees and expenses. Nothing contained in this provision shall preclude Producer from seeking and obtaining any injunctive relief or other equitable remedy available in a court of law.

d. Finality of Award. The arbitration shall be final, binding and non-appealable.

e. Service of Process. The parties agree to accept service of process in accordance with the IFTA Rules, as well as by any other means provided for under the laws of the State of California.

20. Notices. All notices hereunder shall be in writing to the address shown above or on the face hereof. Notices may be given by facsimile, overnight mail (e.g. FedEx) or by registered mail or certified U.S. mail (postage prepaid), and shall be deemed given on the date delivered or faxed (provided there is an electronic answerback confirmation), or the date three days after the date mailed. Notices to Producer shall be addressed to the specific attention of Mr. Jeremy Wall at 2590 Glen Green, Los Angeles, California 90068, with a copy to Loeb & Loeb, c/o Mr. Stephen Saltzman, Esq., 10100 Santa Monica Boulevard, Suite 2200, Los Angeles, CA 90067-4120. Notices to Arclight will be sent to Building 22 (Box 40) Fox Studios Australia,

Driver Avenue, Moore Park 2021, Australia, c/o Ian Gibbins, with a courtesy copy to 9229 Sunset Boulevard, Suite 705, Los Angeles, California 90069, USA, Fax: +1 (323) 927-1898, c/o Harrison Kordestani.

21. Relationship of Parties. The parties hereto agree that they are not partners or joint adventurers, and this Agreement shall not create any such joint venture.

22. Miscellaneous. This Agreement represents the sole and entire Agreement between the parties hereto, supersedes all prior representations, negotiations, promises, understandings or agreements, whether oral or written, between the parties with respect to the subject matter of this Agreement. This Agreement shall be governed by the laws of the State of California applicable to agreements entered into and performed within the State of California. This Agreement may not be changed orally. No failure of delay by any party hereto in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by any party hereto of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege. In case any one or more of the provisions in this Agreement should be invalid illegal or unenforceable in any respect under any law applicable in any relevant jurisdiction the validity legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in one or more counterparts, all of which when put taken together, shall constitute the same document. shall constitute one and the same document. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in either a Tagged Image Format File ("TIFF") or Portable Document Format ("PDF") shall be equally effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile, TIFF or PDF shall also deliver a manually executed counterpart of this Agreement, but failure to do so shall not effect the validity, enforceability, of binding effect of this Agreement.

23. Daniel Myrick Acknowledgement. All amounts set forth in this Agreement as payable to Producer (or related individuals or entities) shall be paid 40% to Producer and 60% to Gearhead Pictures, Inc. ("Gearhead"), except that 100% of the following shall be paid to Producer: (i) the \$75,000 budgeted fee payable to Producer (as referenced in recital A above), and (ii) Producer's unpaid overhead, production and/or delivery costs not to exceed \$50,000 (as referenced in Paragraph 8bii above). The \$100,000 deferred fee referenced in Paragraph 8 b iv above shall be split 50/50. Producer and Gearhead shall be paid directly from the Collection Account.

Arclight acknowledges and agrees to abide by the terms of that certain Chain of Title Agreement between Producer and Gearhead, specifically Gearhead's creative control rights and its entitlements under Paragraphs V3 and V4 of such Agreement.

[signatures on next page]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

JAZ FILMS LA

ARCLIGHT FILMS INTERNATIONAL, PTY LTD.

By: _____
Its: _____

By: _____
Its: _____

Exhibit "A"

SALES ESTIMATES

Arclight has provided Producer with its sales estimates, as attached. Producer acknowledges that Arclight will have the right to but not obligation to revise these estimates upwards only at the following milestones:

- a) At the start of principal photography
- b) On viewing the first cut of the Picture
- c) On viewing the final cut of the Picture
- D) After each of the major film markets of Cannes, Berlin and AFM (as appropriate) or after the first screenings of the Picture to prospective licencees, distributors, broadcasters etc.

Exhibit "B"

Delivery Schedule

"THE OBJECTIVE"

**[NOTE: PRODUCER IS DELIVERING A DIGITAL D5 MASTER AND IS NOT
DELIVERING ON FILM]**

ACCESS LETTER

Date: _____

Laboratory: _____

Re: "THE OBJECTIVE" (the "Picture")

Gentlemen:

Reference is hereby made to that certain sales agency agreement (the "Sales Agency Agreement") dated _____, between the undersigned ("Licensor") and Arclight Films International Pty Ltd. ("Licensee").

This will advise you that the Licensor has granted to Licensee and its designees, access to the feature film elements listed on Schedule "A" (attached).

You hereby represent and warrant that there is on deposit in your laboratory Film Material of such condition as to permit the manufacture therefrom of commercially acceptable pre-print materials and release prints.

We hereby authorize, direct and instruct you, and you agree, to fill all orders from Licensee at Licensee's cost and expense for positive prints and any other laboratory services and materials with respect to the Picture as Licensee from time to time may order, subject to Licensee's ability to meet its obligation at the laboratory. You agree to deliver to Licensee, upon their request, materials as they may order.

You shall not permit the Film Materials of the Picture to be removed from your possession without the express written consent of the Licensor and Licensee.

All materials and services which you may supply to, or order of, Licensee is to be paid for solely by Licensee. You agree that Licensor shall not be liable to pay any of your charges which may be incurred by Licensee for any services or materials relating to the Picture, and that you will neither refuse to process Licensor's orders for materials and services relating to the Picture nor assert any lien on the Picture or any material relating thereto as against Licensor by reason of failure of Licensee to pay charges which it may incur for materials or services relating to the Picture.

You agree that Licensee shall not be liable to pay any of your charges which may be incurred by Licensor or any of Licensor's other licensees for any services and materials relating to the Picture and that you will neither refuse to process Licensee's order for materials and services relating to the Picture nor assert any lien against the Picture or

any materials relating thereto as against Licensee by reason of the failure of Licensor or any of Licensor's other licensees to pay any charges which they may incur for services and materials relating to the Picture, except that the Laboratory shall comply with all Federal, State and local statutes.

The authorization herein set forth may be modified or revoked only by written notice to you signed by Licensor and Licensee, subject to the terms and conditions of the Sales Agency Agreement.

Please indicate your agreement to the foregoing by signing in the space provided below.

Very truly yours,

(LICENSOR)

By: _____

Its: _____

(LABORATORY)

By: _____

Its: _____

(LICENSEE)

By: _____

Its: _____

Exhibit "C"

Continued Delivery and Maintenance Costs

"Continued Delivery and Maintenance Costs" means the actual costs incurred and paid by Arclight during the Term to unaffiliated third parties and not reimbursable by such third parties (and excluding the salaries of employees and/or any other overhead charges) in effecting the delivery and ongoing management of licenses to Distributors including but not limited to:

- (a) the cost of master materials (including the interpositive, internegative and music and effects tracks), prints and tapes including standards conversions and editing, to the extent not delivered to Arclight pursuant to this Agreement;
- (b) the cost of duplication and on-going servicing of marketing materials including posters, still photographs and art work required for servicing and delivery purposes;
- (c) costs expended in cutting, editing, re-assembling, re-editing, re-scoring, dubbing, subtitling, re-titling, re-shooting, and re-cutting the Film, subject to any contractual restrictions notified by Producer, and subject to paragraph 9(c) of the Agreement herein;
- (d) costs of making any foreign language versions, cut-ins and superimposed versions;
- (e) dubbing expenses;
- (f) music copyright royalties, if and when actually paid;
- (g) all sums required to be paid or payable to any guild, union or other party on account of or in connection with the Film;
- (h) costs of registering copyrights;
- (i) the costs of creating Delivery Materials which Producer is unable or does not Deliver in accordance with this Agreement and which Arclight then produces provided always that Arclight will recoup at the rate of 110% of the actual costs incurred by Arclight;
- (j) freight, insurances, customs agents' fees and censorship fees;
- (k) costs associated with the storage of all elements of the Film and accounting records in relation to the Film;
- (l) costs incurred in retrieving blocked funds;
- (m) if and to the extent authorized by Producer, all reasonable outside legal expenses properly incurred in connection with any of the foregoing matters, or in connection with any litigation questioning rights in the Film, as well as any and all sums spent in connection with proceedings or actions which may be taken against any third parties to pay any moneys due on account of the Film, or on account of any arrangements with such third parties in which the Film is involved,
- (n) costs in respect of collecting, accounting for and disbursing Gross Receipts and maintaining all accounts in relation to marketing the Film; and
- (o) costs associated with the maintenance of the Film in Arclight's film catalogue, such costs not to exceed \$1200.

Exhibit "D"

Marketing Budget

Document comparison done by DeltaView on Friday, May 12, 2006 4:00:47 PM

Input:	
Document 1	iManageDeskSite://SC-LDMS/LA/1528863/6
Document 2	iManageDeskSite://SC-LDMS/LA/1528863/8
Rendering set	Strikethrough

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	9
Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	22