

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (hereinafter "This Agreement") is made as of February 11, 2005, by and among WELLSPRING MEDIA, INC., a wholly owned subsidiary of American Vantage Media Corp. (hereinafter "WELLSPRING"), and the JOSEPH CAMPBELL FOUNDATION, a non-profit corporation (hereinafter "JCF"), collectively referred to herein as the "Parties" or sometimes separately referred to as a "Party."

RECITALS

A. WELLSPRING is the successor in interest of Fox Lorber Associates, Inc. dba Winstar TV and Video (hereinafter "Winstar"). On or about July 31, 1999, Winstar entered into a transaction with Unapix Entertainment, Inc. (hereinafter "Unapix") in which Unapix purported to transfer distribution and licensing rights licensed to it by JCF in text, audio, visual and performance rights and materials known as Mythos I, Mythos II, The Hero's Journey, and other properties to which JCF held exclusive ownership rights (hereinafter "The Properties"). Thereafter, Winstar purported to transfer the rights it claims to have received from Unapix in The Properties to WELLSPRING, and WELLSPRING commenced to sell The Properties and license them for television broadcast.

B. On March 16, 2004, JCF filed an action against Unapix and WELLSPRING in the United States District Court for the Northern District of California entitled Joseph Campbell Foundation v. Wellspring Media Inc., et al., designated as Case No. C04- 1046 BZ, referred to hereafter as "the Lawsuit."

C. The Parties wish to resolve and settle definitively all known and unknown disputes and claims between them including, but not limited to, all claims of right to The Properties, including those which have been asserted in the Lawsuit, by execution of this Settlement Agreement and Mutual Release.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and for other valuable consideration, receipt of which is hereby acknowledged, the Parties hereby covenant and agree as follows:

1. Payment to JCF by WELLSPRING: WELLSPRING shall pay in settlement to JCF the sum total of U. S. \$100,000, payable as follows: Upon execution of This Agreement, WELLSPRING shall pay and deliver to JCF the sum of U. S. \$50,000, by check, cash, certified check or money order. Within thirty (30) days after the execution of This Agreement, WELLSPRING shall pay and deliver to JCF the sum of U. S. \$50,000, by check, cash, certified check or money order.

2. Notice and Return of The Properties: Within ten (10) days from the execution of This Agreement, WELLSPRING and all of its agents and representatives, including but not limited to its duplicating and shipping associates, shall deliver to JCF, by the least expensive mode of transport provided by Federal Express, using JCF's Federal Express Account Number 1500-6511-9, to the following address: 180 Deburgh Drive, San Anselmo, CA 94960, all masters, betas and other copies, in any and all forms and media whatsoever, of The Properties, and all of its inventory of VHS copies or DVD's of The Properties, wherever located. Also,

with respect to WELLSPRING's videogram distribution, within five (5) days from the execution of This Agreement, WELLSPRING shall send a written and electronic moratorium notice in the form attached hereto to all of its customers who buy for resale, wholesale or otherwise (but not end users such as video rental stores), providing them thirty (30) days in which to request authorization to return any unsold inventory to Wellspring (which authorization will be granted), and requiring that they return such inventory to WELLSPRING's warehouse within sixty (60) days of the date of notice. Wellspring will promptly deliver all such returned videograms to JCF via Federal Express as described above. Further, with respect to any television licenses, within five (5) days from the Execution of This Agreement, WELLSPRING shall send written and electronic notice to all of its licensees and any sublicensees, stating that WELLSPRING's rights in The Properties have terminated as of the date of the execution of This Agreement, that any rights said parties had in The Properties are likewise terminated as of the same date. Said notices shall instruct all of WELLSPRING's licensees and sublicensees that they, and all of their agents and representatives, must within thirty (30) days deliver to JCF, via Federal Express, using the JCF's above stated Federal Express account number and address, all masters, betas and other copies of The Properties, in any and all forms and media whatsoever.

3. Accounting: Within ninety (90) days of the execution of This Agreement, WELLSPRING shall deliver to JCF a final accounting as to each of The Properties, broken out for VHS and DVD units, or any other format (including TV License formats), all of its duplication (based on purchase orders), sales, inventory distributed and returned, and licensing.

Said accounting shall show the number of units made, sold to each customer, the historical list prices and numbers of all units sold, all Properties licensed and to whom licensed, the terms of each license by licensee, and the fees obtained from each and every individual license.

4. JCF's Release of WELLSRING: Except for the duties and obligations set forth in This Agreement, JCF hereby releases and absolutely and forever discharges WELLSRING, its officers, directors, employees, parents, subsidiaries, attorneys, insurers and assigns, agents and representatives, of and from any and all Claims, whether now known or unknown, suspected or unsuspected, which it now has, owns or holds or at any time heretofore ever had, owned or held against WELLSRING or its predecessors, which are contained in, arise out of, or are in any way connected with The Properties, including, but not limited to, the allegations in the Lawsuit, any alleged obligation to pay royalties, and the filing and conduct of the litigation during the Lawsuit.

5. JCF's Waiver of Section 1542: With respect to its release of WELLSRING as described in Paragraph 4 of This Agreement, JCF expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

JCF acknowledges that it may have sustained damages and losses that are presently unknown and unsuspected, and that such losses as were sustained may give rise to additional losses and expenses in the future that are not now anticipated; nevertheless, JCF acknowledges that This Agreement has been negotiated and agreed upon in light of this

realization and, being fully aware of the situation, JCF hereby expressly waives any rights they may have under Civil Code Section 1542 as well as any other federal or state statutes, or common law principles of similar effect.

6. WELLSPRING's Release of JCF: Except for the duties and obligations set forth in This Agreement, WELLSPRING hereby releases and absolutely and forever discharges JCF, its officers, directors, agents and representatives, of and from any and all Claims, whether now known or unknown, suspected or unsuspected, which it now has, owns or holds or at any time heretofore ever had, owned or held against JCF or its predecessors, which are contained in, arise out of, or are in any way connected with The Properties, including, but not limited to, the allegations in the Lawsuit and the filing and conduct of the litigation during the Lawsuit.

7. WELLSPRING's Waiver of Section 1542: With respect to its release of JCF as described in Paragraph 6 of This Agreement, WELLSPRING expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

WELLSPRING acknowledges that it may have sustained damages and losses that are presently unknown and unsuspected, and that such losses as were sustained may give rise to additional losses and expenses in the future that are not now anticipated; nevertheless, WELLSPRING acknowledges that This Agreement has been negotiated and agreed upon in light of this realization and, being fully aware of the situation, WELLSPRING hereby

expressly waives any rights it may have under Civil Code Section 1542 as well as any other federal or state statutes, or common law principles of similar effect.

8. Warranty of Releases: Each Party represents and warrants that as of the date of execution of This Agreement, it has the sole right and authority to execute This Agreement on its behalf. Each Party further represents and warrants that as of the date of the execution of This Agreement, it has not sold, assigned, transferred, conveyed or otherwise disposed of any claim or demand relating to any rights surrendered by This Agreement, including by way of subrogation or by operation of law or otherwise. Should the foregoing representation and warranty be untrue or misleading in any way, the Party making that representation and warranty agrees to indemnify, defend and hold harmless the other Party from any claim, demand, action or cause of action purportedly released herein that the representing and warranting Party has sold, assigned, transferred, conveyed, or otherwise disposed of, including by way of subrogation or operation of law.

9. Warranty of Authorization: Each person executing This Agreement warrants that he or she is authorized to execute This Agreement on behalf of party for which he or she signs and that any necessary resolutions and authorizations have been obtained prior to execution of This Agreement.

10. Filing of Dismissal With Prejudice: Within ten (10) days of the clearing of WELLSPRING's final payment of \$50,000.00 by WELLSPRING's bank, or within five days of delivery by WELLSPRING to JCF of said final payment made by cash, certified check or money order, JCF shall dismiss the Lawsuit with prejudice, each party to bear its own

attorneys' fees and costs. JCF hereby irrevocably authorizes and directs its counsel to sign and to file with the Court a request for dismissal with prejudice of the Lawsuit pursuant to the terms of this paragraph.

11. No Public Announcement: There shall be no public announcement of the settlement or its terms and, if asked to comment, the parties shall reply only that the case has been settled on terms that were acceptable to both sides.

12. Continuing Jurisdiction; Venue; Attorneys Fees & Costs: The United States District Court for the Northern District of California shall retain jurisdiction over the parties to enforce This Agreement pursuant to Code of Civil Procedure § 664.6. Each party agrees that This Agreement is made in and is to be performed in the City and County of San Francisco, State of California, and that any suit brought for breach of This Agreement or to interpret its provisions, rights or obligations, shall be filed in The United States District Court for the Northern District of California in San Francisco, California. In any action between the Parties in which This Agreement is the basis of a claim or a defense, or a request to interpret its provisions, rights or obligations, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable attorneys' fees and costs incurred in litigating any dispute concerning This Agreement.

13. Costs of The Lawsuit: The Parties will each bear their own costs and attorneys' fees incurred in The Lawsuit as well as in the negotiation and preparation of This Agreement.

14. WELLSPRING Disclaimer of Rights To The Properties: WELLSPRING hereby acknowledges that upon execution of This Agreement, WELLSPRING, on behalf of itself, its

predecessors in interest, its parent company, and all other persons or entities claiming by, through, or under it, disclaims and has no claim to any right, title or interest in any of The Properties, and that, as between WELLSRING and all persons or entities claiming by, through or under it, and JCF, JCF has and owns all claims, right, title and interest in and to The Properties and each of them.

15. Additional Documents: The Parties shall execute all such further and additional documents as shall be necessary to carry out the terms of This Agreement.

16. Compromise Agreement: This Agreement is a result of a compromise of disputed claims. Neither This Agreement nor any action taken in connection with or pursuant to This Agreement constitutes an admission by any party to This Agreement or by any other entity or person that any party to This Agreement has any liability to any other party hereto or that any conduct was unlawful or in violation of any contract, agreement, statute, regulation, rule or order or constituted any wrongdoing whatsoever. Wellspring, in fact, denies liability for plaintiff's claims. The Parties are entering into This Agreement to settle disputed claims relating to the Lawsuit and to avoid the expense, inconvenience and uncertainties of litigation.

17. Independent Judgment: The Parties further declare and represent that they have reviewed This Agreement in its entirety, have understood the contents of the Agreement, and in making This Agreement have relied solely and entirely upon their own judgment, belief, knowledge, investigation, independent legal advice and research of the nature, extent and duration of losses and damages caused by the other, if any, and upon their independent assessment of future business considerations, legal fees, and expenses they would incur should

the Lawsuit continue and that they have not been influenced to any extent whatsoever in making This Agreement by any representations or statements regarding the same by any other party, or by any person or persons representing or acting for any other party. The Parties also declare that they have consulted with independent legal counsel in making This Agreement.

18. Entire Agreement: This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral. This Agreement may not be altered or amended except by an instrument in writing executed by all of the Parties to This Agreement.

19. Severable Provisions: The provisions of This Agreement are severable. If a court of competent jurisdiction rules that any provision of This Agreement is invalid or unenforceable, the court's ruling will not affect the validity and enforceability of the other provisions of This Agreement.

20. Successors and Assigns: This Agreement shall be binding upon and inure to the benefit of the Parties to This Agreement and their respective parents, subsidiaries, successors and assigns.

21. Notices: Unless otherwise instructed in writing, all communications or writings concerning This Agreement shall be delivered to and addressed to the Parties as follows:

To WELLSRING: Wellspring Media, Inc.
 419 Park Avenue South, 20th Floor
 New York, NY 10016
 Tel: (212) 686-6777
 Fax: (212) 545-9231
 Attn: Vice President of Business Affairs

To JCF:

Law Offices Of David M. Zeff
1388 Sutter Street, Suite 820
San Francisco, CA 94109-5453
Tel: (415) 923-1380
Facsimile: (415) 923-1382
Zefflaw1@aol.com

22. Drafting: Each party has participated in the drafting and preparation of This Agreement. Therefore, in any construction to be made of This Agreement, the same shall not be construed against any party by reason of the manner in which the Agreement was drafted and prepared.

23. California Law: This Agreement shall be construed and governed in accordance with the laws of the State of California.

24. Counterparts: This Agreement may be executed in counterparts by the Parties hereto, and the counterparts taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto execute This Agreement as of the date set above.

WELLSPRING MEDIA, INC.

JOSEPH CAMPBELL FOUNDATION

By _____
Matt Smith, its Executive VP/AVM

By _____
Robert Walter, its Executive Director

APPROVED AS TO FORM:

Levy Ram & Olson LLP

Law Offices of David M. Zeff

By _____
Karl Olson, Attorneys For
Wellspring Media, Inc.

By _____
David M. Zeff, Attorney For
the Joseph Campbell Foundation