

COPYRIGHT MORTGAGE AND ASSIGNMENT

("PROJECT MERCURY" AND "PROJECT COPERNICUS")

This COPYRIGHT MORTGAGE AND ASSIGNMENT (as amended, restated, supplemented or otherwise modified from time to time, including all exhibits and schedules hereto, this "Copyright Mortgage and Assignment") is made as of November 1, 2010, between 38 Studios, Inc. ("Mortgagor"), and Rhode Island Economic Development Corporation ("Mortgagee").

RECITALS

WHEREAS, pursuant to that certain Loan and Trust Agreement dated as of November 1, 2010 (as amended, restated, supplemented or otherwise modified from time to time, including all exhibits and schedules thereto, the "Loan Agreement"), between Mortgagor and Mortgagee, Mortgagee is willing to make a term loan available to Mortgagor on the terms and conditions set forth therein;

WHEREAS, Mortgagee is willing to make a term loan available to Mortgagor on the terms and conditions set forth in the Loan Agreement, but only upon the condition, among others, that Mortgagor shall have executed and delivered to Mortgagee, that certain Security and Pledge Agreement dated as of November 1, 2010 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Mortgagor is required to execute and deliver to Mortgagee, this Copyright Mortgage and Assignment (all capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement);

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby agrees as follows:

1. Mortgagor hereby mortgages, assigns, transfers, sets over, conveys, grants and delivers to Mortgagee, as security for all of Mortgagor's obligations under the Loan and Trust Agreement, a security interest, copyright mortgage and lien in and to all of Mortgagor's right, title and interest in and to the collateral described on Exhibit A attached hereto and incorporated herein by this reference, wherever located, whether now in existence or hereafter created, and whether now owned or hereafter acquired (such collateral is collectively referred to herein as the "Collateral").

2. Mortgagor agrees that if any Person shall do or perform any acts which Mortgagee believes to constitute a copyright infringement of the Collateral or constitute a plagiarism, or violate or infringe any rights of any Mortgagor or Mortgagee therein, or if any Person shall do or perform any acts which Mortgagee believes to constitute an unauthorized or unlawful distribution, exhibition, or use of the Collateral or any rights therein, then and in any such event, Mortgagee may and shall have the right to take such steps and institute such suits or proceedings as Mortgagee may deem advisable or necessary to prevent such acts and conduct and to secure damages and other relief by reason thereof, and to generally take such steps as may be advisable or necessary or proper for the full protection of the rights of the parties. Mortgagee may take

such steps or institute such suits or proceedings in its own name or in the name of Mortgagor or in the names of Mortgagee and Mortgagor jointly.

3. In order to effectuate the rights described in the foregoing paragraph, Mortgagor hereby irrevocably constitutes and appoints Mortgagee its lawful attorney-in-fact to do all acts and things permitted or contemplated by the terms hereof. Without limiting the generality of the foregoing, the aforesaid conveyance and assignment includes with respect to the rights granted all prior choses-in-action, at law, in equity and otherwise, the right to recover all damages and other sums, and the right to other relief allowed or awarded at law, in equity, by statute or otherwise.

4. This Copyright Mortgage and Assignment shall be governed by, and construed in accordance with, the laws of the State of Rhode Island, excluding (to the fullest extent a Rhode Island court would permit) any rule of law that would cause application of the laws of any jurisdiction other than the State of Rhode Island.

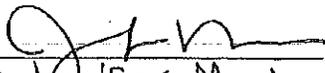
5. The security interests granted pursuant to this Copyright Mortgage and Assignment are granted in conjunction with the security interests granted to Mortgagee pursuant to the Security Agreement. Mortgagor hereby acknowledges and affirms that the rights and remedies of Mortgagee with respect to the security interest in the Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. Mortgagor shall give Mortgagee prompt notice in writing of any additional United States copyright registrations or applications therefor after the date hereof.

IN WITNESS WHEREOF, Mortgagor has caused this Copyright Mortgage and Assignment to be executed and delivered by its duly authorized officer as of the date first set forth above.

MORTGAGOR:

38 STUDIOS, LLC

By: 
Name: Jennifer MacLean
Title: CEO

Acknowledgment of Individual

STATE OF RHODE ISLAND

COUNTY OF PROVIDENCE

In Providence, in said County on the 1st day of
November, 2010, before me personally appeared
Jennifer Maclean, each and all to me known, and know by me to be
the party(ies) executing the foregoing instrument; and _____
acknowledged said instrument, by him/her/they executed, to be his/her/their free act and deed.

Janet Roberts

Notary Public

Printed Name: Janet Roberts

My Commission Expires:

8-31-13

EXHIBIT A

COLLATERAL

The "Collateral" is all of the following, wherever located, whether now in existence or hereafter created, and whether now owned or hereafter acquired:

1. All of Mortgagor's Equity Interests in [REDACTED], 38 Studios Baltimore, LLC, Mercury Project, LLC and all other subsidiaries, including, without limitation, all Certificates representing or evidencing the same, any and all proceeds and products of any of the foregoing, and any and all collections, dividends (whether in cash, stock or otherwise), distributions, redemption payments, liquidation payments, interest or premiums with respect to any of the foregoing.
2. All of Mortgagor's present and future right, title and interest, in or to any property or assets whatsoever, whether now or hereafter acquired and wherever the same may from time to time be located, and all rights and powers of Mortgagor, to transfer any interest in or to any property or assets whatsoever, including, without limitation, any and all of the following property:
 - a) All present and future accounts, accounts receivable, agreements, contracts, leases, contract rights, payment intangibles, rights to payment, instruments, documents, chattel paper (whether tangible or electronic), promissory notes, security agreements, guaranties, letters of credit, letter-of-credit rights, undertakings, surety bonds, insurance policies (whether or not required by the terms of the Loan Documents), notes and drafts, and all forms of obligations owing to Mortgagor or in which Mortgagor may have any interest, however created or arising and whether or not earned by performance;
 - b) All present and future general intangibles, all tax refunds and credits of every kind and nature to which Mortgagor now or hereafter may become entitled, however arising, all other refunds, and all deposits, credits, reserves, loans, royalties, cost savings, deferred payments, goodwill, choses in action, liquidated damages, rights to indemnification, trade secrets, computer programs, software, customer and supplier lists, licenses, permits, copyrights, technology, processes, proprietary information, insurance proceeds of which Mortgagor is a beneficiary; all present and future: (i) trademarks, trade names, trade styles, service marks, all prints and labels on which said trademarks, trade names, trade styles and service marks appear, have appeared, or will appear, and all designs and general intangibles of a like nature, all applications, registrations, and recordings relating to the foregoing in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States of America, any state thereof, or any political subdivision thereof, or in any other countries, and all reissues, extensions, and renewals thereof, including, without limitation, those registered and applied-for trademarks, terms, designs and applications described in Schedule I attached hereto and made a part hereof (the "Trademarks"), and (ii) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks (that portion of the Collateral

described in the foregoing clauses (i) and (ii) is referred to herein as the "Trademark Collateral"); and all present and future: patents, whether foreign or domestic, applications, registrations, and recordings relating to such patents in the USPTO or in any similar office or agency of the United States of America, any state thereof, or any political subdivision thereof, or in any other countries, and all reissues, extensions, and renewals thereof, including, without limitation, those patents and applications, registrations and recordings described in Schedule 2 attached hereto and made a part hereof (the "Patents"); and all present and future: copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations and copyright applications, whether foreign or domestic, and United States, state and international registrations of the foregoing, and all reissues, extensions and renewals of the foregoing, including, without limitation, those listed on Schedule 3 attached hereto and made a part hereof (the "Copyrights"), together with all income, royalties, damages and payments now or hereafter due and/or payable with respect to the foregoing; the right to sue for past, present and future infringements of rights in copyrights, all goodwill of Mortgagor related thereto, and any and all proceeds of any of the foregoing, including, but not limited to, any and all proceeds of licensing thereof (the "Copyright Collateral"); and collectively with the Trademark Collateral and the Patents, the "IP Collateral");

- c) All present and future deposit accounts of Mortgagor, including, without limitation, any demand, time, savings, passbook or like account maintained by Mortgagor with any bank, savings and loan association, credit union or like organization, and all money, cash and cash equivalents of Mortgagor, whether or not deposited in any such deposit account other than and excluding the collection account with respect to the video game project currently entitled "Project Mercury" held in the name of Mercury Project, LLC at City National Bank;
- d) All present and future books and records, including, without limitation, books of account and ledgers of every kind and nature, all electronically recorded data relating to Mortgagor or the business thereof, all receptacles and containers for such records, and all files and correspondence;
- e) All present and future goods, including, without limitation, all consumer goods, farm products, inventory, equipment, catalogs, machinery, tools, molds, dies, furniture, furnishings, fixtures, trade fixtures, motor vehicles and all other goods used in connection with or in the conduct of Mortgagor's business, including all goods as defined in Section 6A-9-102(44) of the UCC;
- f) All present and future inventory and merchandise, including, without limitation, all present and future goods held for sale or lease or to be furnished under a contract of service, all raw materials, work in process and finished goods, all packing materials, supplies and containers relating to or used in connection with any of the foregoing, and all bills of lading, warehouse receipts or documents of title relating to any of the foregoing;
- g) All present and future stocks, bonds, debentures, securities (whether certificated or uncertificated), securities entitlements, securities accounts, commodity

contracts, commodity accounts, subscription rights, options, warrants, puts, calls, certificates, investment property, partnership interests, limited liability company membership or other interests, joint venture interests, certificates of deposit, investments and/or brokerage accounts, including all Pledged Collateral, and all rights, preferences, privileges, dividends, distributions, redemption payments, or liquidation payments with respect thereto;

- h) All present and future accessions, appurtenances, components, repairs, repair parts, spare parts, replacements, substitutions, additions, issue and/or improvements to or of or with respect to any of the foregoing;
- i) All other present and future tangible and intangible property of Mortgagor;
- j) All present and future rights, remedies, powers and/or privileges of Mortgagor with respect to any of the foregoing, including the right to make claims thereunder or with respect thereto; and
- k) Any and all proceeds and products of any of the foregoing, including, without limitation, all money, accounts, payment intangibles, general intangibles, deposit accounts, promissory notes, documents, instruments, certificates of deposit, chattel paper, goods, insurance proceeds, claims by Mortgagor against third parties for past, present and future infringement of the IP Collateral or any license with respect thereto, and any other tangible or intangible property received upon the sale or disposition of any of the foregoing.

3. All of Mortgagor's right, title and interest in or to any projects whatsoever, whether now or hereafter acquired, including without limitation those certain video game projects currently entitled "Project Mercury" and "Project Copernicus" (the "Projects") and all rights therein and thereto, and all properties and things of value pertaining thereto, together with all of the following:

(a) all rights of every kind and nature (including, without limitation, copyrights) in and to and/or relating to the literary, musical, dramatic and/or other material upon which, in whole or in part, the Projects have been, is or may be based, or which have been, is or may be used or included in the Projects, including, without limitation, the underlying rights to the outline description and technical specifications, all preliminary and final scripts, scenarios, screenplays, bibles, stories, treatments, novels, outlines, books, titles, concepts, manuscripts, comics, novellas, trading cards, collectible card games, pen and paper games, web logs and other properties or materials of any kind or nature, in whatever state of completion and all drafts, versions and variations thereof and all source code, object code, data and databases forming part or all of the Projects, and all rights pursuant to any and all documents pursuant to which Mortgagor secured any right, title or interest in and to any of the foregoing (collectively the "Literary Property");

(b) all materials and items prepared in connection with the pre-production of the Projects, including the following: budgets, production schedules, research, patches, content updates, expansions, game tools and game engines, and all other tangible and intangible materials prepared during pre-production, production and/or following the release of the Projects (collectively, the "Development Items");

(c) all tangible personal property and physical properties of every kind or nature whatsoever of or relating to the Projects (including, without limitation, (A) all digital footage, trailers, soundtracks, music and effects tracks, video masters, video and audio recordings and programming code (collectively, the "Physical Elements"), and (B) copies of all (1) synchronization licenses, (2) composers agreements, (3) contracts relating to the acquisition and production of the Projects, (4) still photographs and artwork, (5) press books, (6) story synopses, (7) credit requirements lists, (8) posters, (9) advertising, (10) publicity materials, (11) designs, (12) drawings, (13) special effects, (14) gold masters, (15) game tools and game engines and all licenses in connection with the same, (16) soundtracks, (17) recordings, (18) audio and video tapes and discs of all types and gauges, (19) strategy guides, and all versions thereof (including, without limitation, all foreign language versions) and all of Mortgagor's rights of access to and use of the foregoing (collectively and together with the Physical Elements, the "Physical Properties");

(d) all rights (including, without limitation, all video game production rights) in and to any and all lyrics, music and musical compositions created for, used in or to be used in connection with the Projects, including, without limitation, all copyrights therein, and further including, without limitation, all rights to perform, copy, record, rerecord, produce, reproduce and/or synchronize all of said lyrics, music and musical compositions in and in connection with video game and other productions (collectively, the "Music Rights");

(e) all collateral, allied, ancillary, subsidiary, merchandising and publishing rights of every kind and nature, including without limitation, derived from, appurtenant to or related to the Projects or the Literary Property, including, without limitation, all production, exploitation, software, off-shoot mini-games, ports, expansion packs, SKUS, reissue, remake, sequel, serial or series production rights by use of film, tape, online, digital, recording devices or any other interactive media now known or hereafter conceived, devised, created or developed, whether based upon, derived from or inspired by the Projects, the Literary Property or any part thereof, all rights to use, exploit and license others to use or exploit any and all novelization, publishing, development, distribution, commercial tie-ups and merchandising rights of every kind and nature, including, without limitation, all novelization, publishing, development, distribution, merchandising rights and commercial tie-ups arising out of or connected with or inspired by the Projects or the Literary Property, the title or titles of the Projects, the characters appearing in the Projects or the Literary Property or the names or characteristics of such characters, and including further, without limitation, any and all commercial exploitation in connection with or related to the Projects or the Literary Property and all remakes of, prequels or sequels to the Projects or the Literary Property;

(f) all rights of every kind or nature, present and future, in and to all agreements and understandings (whether or not evidenced in writing) relating to the Projects, and the development, production, completion, delivery and exploitation of the Projects, including, without limitation, all agreements for personal services, including the services of writers, artists, programmers, developers, producers, special effects personnel, personnel, animators, cameramen and other creative, artistic and technical staff, and agreements for the use of studio space, equipment, facilities, locations, animation services, special effects services, source code escrow contracts and laboratory contracts, and any and all rights derived therefrom or relating thereto;

(g) all insurance and insurance policies heretofore, now or hereafter obtained in connection with the Projects, the Physical Properties or the insurable properties thereof or in connection with any Person or Persons engaged in the development, production, publishing, completion, delivery or exploitation of the Projects, and the proceeds of all of the foregoing;

(h) all statutory and common-law copyrights, domestic and foreign, and all renewals and extensions of any such copyrights, and all rights and interests in such copyrights, renewals and extensions, obtained or to be obtained on the Projects, the Literary Property and/or the Music Rights, together with any and all copyrights, domestic and foreign, and all renewals and extensions of any such copyrights, and all rights and interests in such copyrights, renewals and extensions, obtained or to be obtained in connection with the Projects or any underlying or component elements of the Projects, including, without limitation, the Literary Property and the Music Rights, together with the right to copyright and all rights to renew or extend such copyrights and the right (but not the obligation) to sue in the name of Mortgagor, or in Mortgagee's name, for past, present and future infringements of copyright, upon the Projects, and/or the Literary Property and/or the Music Rights and/or any part thereof;

(i) all rights to produce, publish, acquire, finance, release, sell, distribute, subdistribute, lease, market, license, exhibit, broadcast, reproduce, publicize, perform, copy, communicate, record, re-record, synchronize, transmit and/or otherwise exploit the Projects, the Literary Property, the Music Rights, the Physical Properties, the Development Items and any and all rights therein, in perpetuity, without limitation, in any manner and in any media whatsoever throughout the universe, including, without limitation, on any wired or wireless, gaming or non-gaming, audio, visual or audio-visual interactive platform including Sony Playstation and Microsoft Xbox (and the future and successor generations of those interactive platforms), PC and mobile telephony device and by internet, projection, radio, all forms of television (including, without limitation, free, pay, toll, cable, sustaining, subscription, sponsored and direct satellite broadcast), in theaters, non-theatrically, on all platforms, on cassettes, cartridges, DVDs, discs and other similar and dissimilar video devices, and by any and all other scientific, mechanical or electronic means, methods, processes or devices now known or hereafter conceived, devised, created or developed;

(j) all rights under contract or any other commitment or agreement which grant to any Person (including, without limitation, all rights under contract or any other commitment or agreement which grant to Mortgagee) any right to develop, produce, publish, acquire, finance, release, sell, distribute, subdistribute or otherwise exploit the Projects or any rights in or to the Projects, and all accounts and general intangibles arising out of the exploitation of the Projects or otherwise associated with or relating to the Projects, including, without limitation, all rights to receive any sums payable under any such contract, commitment, agreement, accounts or general intangibles; and

(k) all rent, revenues, income, compensation, products, increases, proceeds and profits or other property obtained or to be obtained from the production, sale, distribution, marketing, licensing, exhibition, reproduction, publication, ownership, exploitation or other uses or disposition of the Projects and the Literary Property (or any rights therein or part thereof), in any and all media, including, without limitation, the properties thereof and of any collateral, allied, ancillary and subsidiary rights and any and all merchandising and publishing rights therein and thereto, and amounts recovered as damages by reason of unfair competition, copyright

infringement, breach of any contract or infringement of any rights, or derived therefrom in any manner whatsoever.

4. The following personal property, whether now owned or hereafter acquired, (i) all of Mortgagor's rights in and to the title of the Projects, and the exclusive use thereof, including, without limitation, any and all rights protected pursuant to trademark, service mark, unfair competition or other laws, rules or principles of law or equity and (ii) all of Mortgagor's rights in and to any and all inventions, processes, code, formulae, licenses, patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, logos, indicia, corporate and company names, business source or business identifiers and renewals and extensions thereof, domestic and foreign, relating to the Projects, and the accompanying goodwill and other like business property rights, and the right (but not the obligation) to register claims under trademark or patent and to renew and extend such trademarks or patents and the right (but not the obligation) to sue in Mortgagor's name or in Mortgagee's name for past, present or future infringement of trademark or patent.

5. All of Mortgagor's right, title and interest in and to the underlying property that Mortgagor has or may acquire in the future to the extent necessary to develop, produce and distribute the Projects, including, without limitation, any and all licenses (including the Underlying Property License) from wholly owned subsidiaries of Mortgagor in any underlying property from in connection with development, production and exploitation of the Projects, and the Development Items.

6. All of Mortgagor's cash and cash equivalents, and all drafts, checks, certificates of deposit, notes, bills of exchange and other writings which evidence a right to the payment of money and are not themselves security agreements or leases and are of a type which in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment whether now owned or hereafter acquired.

7. All machinery, electrical and electronic components, equipment, fixtures, furniture, office machinery, vehicles, trailers, computers, memory devices, implements and other tangible personal property of every kind and description, whether now owned or hereafter acquired, (including, without limitation, all wardrobe, props, mikes, scenery, sound stages, movable, permanent or vehicular dressing rooms, sets, lighting equipment, cameras and other photographic, sound recording and editing equipment, projectors, film developing equipment and machinery) and all goods of like kind or type hereafter acquired, and all additions and accessions thereto (collectively the "Equipment") and all rents, proceeds and products of the Equipment, including, without limitation, the rights to insurance covering the Equipment.

8. Any and all documents, receipts or books and records, including, without limitation, documents or receipts of any kind or nature issued by any pledgeholder, warehouseman or bailee with respect to any of the Collateral described in Sections 2 through 7 hereof and Section 9 hereof.

9. Any security interest, copyright mortgage, mortgage, lien, pledge, charge, encumbrance, limitation, restriction, right, claim, license, lease, sale, purchase or assignment of any kind or nature in, to, of or upon any of the foregoing.

10. All proceeds, products, rents, additions and accessions (including, without limitation, insurance proceeds) of the Collateral described in Sections 2 through 9 hereof.

Definitions

"Certificates" shall mean all certificates, instruments or other documents now or hereafter representing or evidencing any Equity Interests.

"Equity Interests" shall mean shares of capital stock, partnership interests, membership interests in limited liability companies (including without limitation: (a) the right of the member to a share of the profits and losses of such limited liability company and the member's right to receive distributions of the limited liability company's assets; (b) all rights and powers of the member to manage the business and affairs of each such subsidiary pursuant to such subsidiary's limited liability company agreement, applicable law, or otherwise; and (c) the right of the member to become or to exercise any rights or powers of a member in such limited liability company), beneficial interests in a trust or other equity ownership interests in a person of whatever nature, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"Loan Documents" shall have the meaning set forth in the Loan Agreement.

"Underlying Property License" means that certain Short Form Underlying Intellectual Property License from [REDACTED] to Mortgagor dated as of October 4, 2010 relating to the universe of the entertainment property known as [REDACTED] in connection with the development and production of Project Copernicus, which Short Form Underlying Intellectual Property License has been recorded in the US Copyright Office at Volume [] Document [] on [].

SCHEDULE I
TO
COPYRIGHT MORTGAGE AND ASSIGNMENT

Existing and Pending Trademarks

The following existing and pending trademarks are owned by Mortgagor:

COUNTRY	SERIAL / REGISTRATION NO.	FILING / REGISTRATION DATE	MARK

SCHEDULE 2
TO
COPYRIGHT MORTGAGE AND ASSIGNMENT

Existing and Pending Patents

The following existing and pending patents and patent applications are owned by Mortgagor:

COUNTRY	PATENT NO. / SERIAL NO.	ISSUE / FILING DATE	TITLE

SCHEDULE 3
TO
COPYRIGHT MORTGAGE AND ASSIGNMENT

Existing and Pending Copyrights

The following existing and pending copyrights are owned by Mortgagor:

REGISTRATION NO.	TITLE	REGISTRATION DATE
	Project Copernicus	
	Project Mercury	