

Court File No. 35-2212212

Estate No. 35-2212212

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ENTERTAINMENT MEDIA
INC.**

**A. FARBER & PARTNERS INC.
FIRST REPORT OF THE PROPOSAL TRUSTEE**

February 10, 2017

APPENDICES

- APPENDIX A: CERTIFICATE OF FILING NOTICE OF INTENTION TO
MAKE A PROPOSAL DATED JANUARY 27, 2017**
- APPENDIX B: ACKNOWLEDGEMENT RE YAPPN SHARES**
- APPENDIX C: DEMAND LETTER & NOTICE OF INTENTION TO
ENFORCE SECURITY**
- APPENDIX D: CREDITORS' LIST**
- APPENDIX E: WAYNE PARSONS CONSULTING AGREEMENT**
- APPENDIX F: DIP TERM SHEET**
- APPENDIX G: CASH FLOW STATEMENT AND NOTES FILED**
- APPENDIX H: NOTICE TO CREDITORS OF NOI FILING**

INTRODUCTION

1. On January 27, 2017, Intertainment Media Inc. ("**Intertainment**" or the "**Company**") filed a Notice of Intention to Make a Proposal (an "**NOI**") under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and A. Farber & Partners Inc. ("**Farber**") was appointed as proposal trustee in the Company's NOI proceedings (in such capacity, the "**Proposal Trustee**"). A copy of the Certificate of Filing of a Notice of Intention to Make a Proposal is attached hereto as **Appendix "A"**.

PURPOSE OF THIS REPORT

2. The purpose of this first report of the Proposal Trustee (the "**First Report**") is to report on and seek Court approval of: (i) the proposed interim financing to be provided for operating expenses (including professional fees); and, (ii) the activities of the Proposal Trustee.

DISCLAIMER

3. The Proposal Trustee has relied upon the financial records and information provided by the Company. The Proposal Trustee has not independently audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to the information contained in this First Report. The Proposal Trustee assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this First Report or for any use which any person or entity makes of this First Report, or any reliance on or a decision made based upon this First Report, other than for the express purposes as set out in this First Report.
4. Unless otherwise stated herein, all references to dollars are in Canadian currency.

5. A copy of this First Report and all other Court materials, Orders and Endorsements issued in these proceedings are, and will be, available on the Proposal Trustee's website at: <http://www.farberfinancial.com/insolvency-engagements/intertainment-media-inc>

BACKGROUND

6. Intertainment is a technology incubator focused on investing in technology and social media companies. The Company holds investments in certain technology companies described more particularly in the "Assets" section of this First Report. The Company was listed on the TSX Venture Exchange trading under the ticker "TSXV:INT" until it was delisted in November of last year.
7. Intertainment has experienced negative cash flow from operations for over a year. The last interim financial statements filed reflected a net loss of approximately \$1.3 million for the quarter ended March 31, 2016. Cash used in operating activities for the 9 months ended March 31, 2016 was negative \$2.5 million, as compared with negative \$4.2 million for the 9 months ended March 31, 2015.
8. Burdened by excessive debt, on May 9, 2016, the Company announced that it had entered into a debt settlement and forbearance agreement (the "**Debt Settlement Agreement**") with the holders of outstanding secured debentures of the Company representing an aggregate principal and interest amount of \$3,628,396.81. The agreement called for the transfer of 12,000,000 common shares of Yappn (defined below) as partial settlement of the secured debentures.
9. As at the date of the NOI filing, the Company was still holding the 12,000,000 Yappn shares since it had insufficient cash on hand to pay the transfer agent to execute the transfer. Attached as **Appendix "B"** is an acknowledgement agreement which provides that Intertainment is holding the 12,000,000 Yappn shares in trust. The Company intends to proceed with this transfer as soon as cash becomes available from the DIP Financing Agreement (defined later in this report) to pay the transfer agent.

10. Pursuant to the terms of the Debt Settlement Agreement, the management and board of the Company was reorganized such that Mr. David Lucatch, Chief Executive Officer and a director, and other directors resigned from their positions with the Company. Mr. Wayne Parsons, a former consultant to the Company and former director and audit committee chair of Yappn Corp., was appointed Chief Executive Officer and director. On June 30, 2016, Intertainment announced that Mr. Anthony Pearlman, President and COO of Intertainment, left the Company.
11. On August 15, 2016, the Company issued a press release that it had received a Statement of Claim filed by David Lucatch in the amount of approximately \$6,000,000 claimed in connection with his resignation as CEO pursuant to the terms of the negotiated Debt Settlement Agreement. The Company claimed the allegations in the statement of claim were without merit.
12. On August 26, 2016, Intertainment announced that it had received a Statement of Claim filed by Mr. Anthony Pearlman, the former President and Chief Operating Officer of Intertainment and a cousin of Mr. Lucatch. The Statement of Claim claims \$650,000 in unpaid wages and other damages in connection with Mr. Pearlman's employment with Intertainment.
13. With the passage of time and continued liquidity issues, investors were unwilling to continue to support the Company, particularly in light of litigation costs involved in connection with the above noted statements of claim. As a result of a lack of funding, on October 27, 2016, Intertainment announced that it would be unable to file its audited annual financial statements for the financial year ending June 30, 2016. As a consequence, the Company's shares were cease traded on November 3, 2016.
14. On November 30, 2016, the Company received a Demand Letter and a Notice of Intention to Enforce Security under Section 244(1) of the Bankruptcy and Insolvency Act (Canada) from Cancor Debt Agency Inc. (the "**Collateral Agent**"), on behalf of the Secured Creditors (defined below), pursuant to a Collateral Agency Agreement dated May 3, 2016. The Collateral Agent demanded repayment of the principal amount of \$1,291,839.37 (the "**Indebtedness**") due to the Secured Creditors, plus accrued and

accruing costs and interest. Attached, as **Appendix "C"**, is a copy of the Demand Letter and Notice of Intention to Enforce Security.

ASSETS

15. Intertainment presently has only one employee, Wayne Parsons, the CEO. The Company operates out of Mr. Parsons' home and the only assets of significance are the investments it holds in various technology companies described below:

- a) 4.8 million shares of Yappn Corp. ("**Yappn**") a publicly traded Company on the Over the Counter Bulletin Board Exchange in the United States, which does language translation services;
- b) 20% stake in Active ImageNation Inc., a Los Angeles based developer of a technology platform called Cap That ("**Cap That**") which allows the sharing of videos, images and commercial printing into the entertainment, music, sports and gaming sectors;
- c) \$1.25 million owing from a company called Mi5 Print & Digital Communications Inc. ("**Mi5**") for the outstanding purchase price from the sale of a company called Magnum Fine Commercial Printing Limited by Intertainment to Mi5 on September 2, 2014 (the "**Magnum Litigation Proceeds**");
- d) Tax losses of over \$60,000,000 (the "**Tax Losses**");
- e) 20% stake in an Israeli voice translation company called Lexifone Communications Systems (2010) Ltd. ("**Lexifone**"); and,
- f) Intertainment previously owned a stake in itiBiti Ventures Inc ("**itiBiti**"), a company which creates social entertainment applications – pursuant to the terms of sale, Intertainment is entitled to a 40% stake in any sale proceeds if ItiBiti is sold on or before December 31, 2017.

CREDITORS

16. Attached as **Appendix "D"** is a listing of all of its secured and unsecured creditors according to the records of the Company.

Secured Creditors

17. The Proposal Trustee understands from the Company that the "**Secured Creditors**" rank as follows:

- a) Thornton Grout Finnigan LLP ("**TGF**"), acting as counsel to the Secured Debenture Holders (defined below) and Gowlings WLG (Canada) LLP ("**Gowlings**") as counsel to the Company;
- b) The "**Secured Debenture Holders**" as listed in Appendix "D"; and,
- c) Mark Greaves, Tony Relouw and Craig Combe who advanced funds via a private placement as third ranking secured creditors.

The Proposal Trustee has asked its counsel, Bennett Jones LLP, to conduct a review of the secured creditors' security and expects to have the results of that security review in time for its next report.

Unsecured Creditors

18. Intertainment has informed the Proposal Trustee that it has approximately \$3,081,407 in unsecured liabilities as of the date hereof. It should be noted that the actual amount of unsecured debt would be dependent on the valuation of the litigation claims with David Lucatch and Anthony Pearlman noted above.

EMPLOYEE COMPENSATION AND KERP

19. Wayne Parsons is presently the only employee of the Company. Since Mr. Parsons is a director, there are no expected employee related priorities. The Cash Flow (defined below) anticipates the payment of Mr. Parsons' outstanding expenses, estimated to be \$10,400, and the payment to Mr. Parsons of \$20,000 + HST for each of February and March pursuant to his consulting agreement, attached as **Appendix "E"**. The Cash

Flow also anticipates a payment to Mr. Parsons of \$25,000 as a key employee retention plan (“KERP”) upon closing of an eventual court approved sale transaction. The Proposal Trustee understands that the above noted payments to Mr. Parsons have been discussed with the Secured Creditors, who are supportive of them.

INTERIM FINANCING

20. Intertainment has depleted all of its cash reserves and its bank account is in a debit position. The Company requires operating funds to pay for the costs of these NOI proceedings, including the professional fees of its counsel and the Proposal Trustee to conduct a sales process during the NOI proceedings. The interests in the private companies which Intertainment holds are in very specialized areas and will take time to monetize. The Company’s interest in Yappn, a thinly traded public company, would be difficult to monetize and, if sold *en bloc*, would likely result in a depressed share price, which would erode the value of the shares.
21. Accordingly, the Company entered into a debtor-in-possession term sheet (the “**DIP Financing Agreement**”) with Tony Relouw, Craig Combe, Mark Greaves and Wayne Parsons. Messrs Relouw, Combe and Greaves are secured creditors of the Company. Mr. Parsons is the sole director and officer of Intertainment and is a creditor. The DIP Financing Agreement is in the amount of \$180,000 to fund the professional fees and other operating expenses related to the proposed restructuring process. Attached as **Appendix “F”** is a copy of the DIP term sheet.
22. The lenders require a priority court ordered charge in the amount of \$180,000 against the assets of Intertainment (the “**DIP Charge**”) in order to advance funds pursuant to the DIP Financing Agreement.
23. TGF and Gowlings have both indicated their consent of the DIP Charge to the Proposal Trustee. Pursuant to the Collateral Agency Agreement, the majority of creditors in value are required for the Collateral Agent to make a decision. The Proposal Trustee is in receipt of copies of written approvals from Mark Greaves, Steve Singh, Craig Combe and Tony Relouw (the signing officer for the Relouw Family 2004 Discretionary Trust)

indicating their support for the proposed DIP financing; together, these four parties form the majority of the Secured Debenture Holders in value and thus provide the authority for the Collateral Agent to consent. Mark Greaves, Craig Combe and Tony Relouw are also the third registered secured creditors. It should be noted that the above noted consent was based upon a DIP Financing Agreement of \$150,000, rather than \$180,000. According to Mr. Parsons, he has discussed the increase of the DIP to \$180,000 with each of the above noted Secured Creditors and has advised that they have each consented to the proposed amount of the DIP Charge. This assertion is supported by the fact that three of the four parties who form the majority required by the Collateral Agent are also providing the DIP Financing Agreement, namely Messrs Relouw, Greaves and Combe.

24. Because the DIP Financing Agreement is anticipated to be used for such a short period of time (less than one year), the setup fee of \$20,000 has the effect of equating to a high per annum rate, if it was considered to be interest. However, such rates are not unusual with such a short-term loan where the majority of the financing charges stem from the setup fee.
25. Given the approval of the Secured Creditors and the difficulty in monetizing the assets, the Proposal Trustee is of the view that the DIP Charge is reasonable in the circumstances and recommends that the DIP Financing Agreement should be approved. Prior to the NOI filing, the Company had reached a verbal agreement for a DIP with a third party DIP financier. After that agreement fell through, Messrs Relouw, Combe, Greaves and Parsons agreed to step in and provide the DIP Financing Agreement. It should be noted that the DIP Financing Agreement is on very similar terms as compared with what was negotiated verbally with the third party DIP financier. Given the small loan balance and nature of the assets, the rates also appear to be reasonable and consistent with other debtor-in-possession financings the Proposal Trustee is aware of. Funds from the DIP Financing Agreement are included in the cash flow projections described below and are shown to be repaid out of cash on hand at closing.

CASH FLOW PROJECTION

26. Intertainment has prepared a projected weekly cash flow statement for the period from January 27, 2017 to the week ending May 12, 2017 (the “**Cash Flow**”). On February 3, 2017, the Proposal Trustee e-filed the statutory cash flow with the Official Receiver in accordance with section 50.4(2) of the BIA. A copy of the cash flow package is attached as **Appendix “G”**. The Cash Flow indicates that Intertainment is projected to have sufficient liquidity through to the conclusion of an eventual sales process (for which approval is not being sought at this time), provided it has access to the DIP Funds.
27. The Cash Flow is predicated on certain assumptions outlined in the assumptions page of the Cash Flow, including that Intertainment will return to Court for approval of a stalking horse sales process, that there will be a 3 week sales process, and that the purchaser will advance an estimated \$235,000 in order to repay the DIP Financing Agreement and provide funding while the company drafts and tables a proposal to its creditors.
28. The Proposal Trustee has reviewed the underlying assumptions on which the Cash Flow projection is based and believes them to be reasonable.

OTHER ACTIVITIES OF THE PROPOSAL TRUSTEE

29. On January 31, 2017, the Proposal Trustee mailed notice of the NOI to Intertainment’s creditors. A copy of the notice is attached as **Appendix “H”**. Note that the total creditors per the NOI mailing differs slightly from the creditor’s list in Appendix “D”, which has been updated since the mailing.
30. The Proposal Trustee has also begun work with the Company to outline a stalking horse sales process.

RECOMMENDATIONS

31. The Proposal Trustee respectfully recommends that this Honourable Court:

- i) approve the activities of the Proposal Trustee as described herein; and,
- ii) approve the proposed DIP Financing Agreement and the DIP Charge.

All of which is respectfully submitted this 10th day of February, 2017.

**A. FARBER & PARTNERS INC. IN ITS CAPACITY AS PROPOSAL TRUSTEE
OF ENTERTAINMENT MEDIA INC., AND NOT IN ITS PERSONAL OR IN ANY
OTHER CAPACITY**

A. Farber & Partners Inc

APPENDIX A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

In the Matter of the Notice of Intention to make a
proposal of:

Intertainment Media Inc.
Insolvent Person
A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: January 27, 2017

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 30, 2017, 12:42

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

APPENDIX B

ACKNOWLEDGMENT AND AGREEMENT

TO: Thornton Grout Finnigan LLP

FROM: Intertainment Media Inc. (“INT”)

AND FROM: Red Trade Ventures Fund 1 Ltd. (the “**DIP Lender**”)

RE: 12,000,000 shares of Yappn Corp. (“**Yappn**”) held in trust by INT in favour of those holders of certain secured convertible debentures (collectively, the “**Debenture Holders**” and each a “**Debenture Holder**”)

Pursuant to the Debt Settlement and Forbearance Agreement (the “**Agreement**”) dated May 3, 2016, between INT and Cancor Debt Agency Inc. as Collateral Agent on behalf of the Debenture Holders, INT agreed to transfer 12,000,000 shares of Yappn (the “**Yappn Shares**”) to the Debenture Holders in accordance with the terms of the Agreement.

INT hereby acknowledges and agrees that INT is holding the Yappn Shares in trust in favour of the Debenture Holders until such time as such shares can be released to each respective Debenture Holder. Accordingly, INT hereby further acknowledge and agree that the Yappn Shares do not form part of the property of INT.

Dated this 27th day of January, 2017.

INTERENTAINMENT MEDIA INC.

Per:  _____ c/s
Name: Wayne Parsons
Title: President

I have the authority to bind the Corporation.

APPENDIX C



November 30, 2016

VIA EMAIL

Intertainment Media Inc.
80 Tiverton Court, Suite 100
Markham, ON L3R 0G4

Attention: Wayne Parsons.
Sent by email- parsonswayne27@yahoo.ca

Dear Sir:

Re: Indebtedness of Intertainment Media Inc. (the "Company")

We refer to the Collateral Agency Agreement dated May 3, 2016 between Cancor Debt Agency Inc. (in its capacity as Agent, the "Agent"), the Company and the holders of certain convertible debentures of the Company (the "Agency Agreement"). Pursuant to the terms of the Agency Agreement, the Agent was appointed as the Collateral Agent to act for and on behalf of all of the Secured Creditors. Unless otherwise defined herein, capitalized terms are as defined in the Agency Agreement.

We refer to the indebtedness of the Company to the Secured Creditors pursuant to the Secured Notes. As at November 18, 2016, the Company is indebted to the Secured Creditors in the amount of \$1,291,839.37, plus accrued and accruing costs and accruing interest, with respect to the Secured Notes (the "Indebtedness").

The Company is in default of its obligations to the Secured Creditors under the Secured Notes and the Indebtedness thereunder is immediately due and payable. On behalf of the Secured Creditors, we hereby demand payment from the Company of the Indebtedness, namely the sum of \$1,291,839.37, thereon and all costs, including all legal, consultant and other agent fees and disbursements, incurred by the Secured Creditors and the Agent to the date of payment.

Interest accrues at the rate of 12% per annum and is accruing in the amount of \$424.71 per day.

We also enclose at this time a Notice of Intention to Enforce Security pursuant to the Bankruptcy and Insolvency Act (Canada) together with a consent thereto. If you consent to the Agent enforcing its right and remedies without further delay, please date and execute one copy of the consent attached to the enclosed Notice of Intention to Enforce Security and return same to the undersigned by return e-mail or facsimile (416-361-1790) forthwith.

In the event that you fail to pay the sum indicated, the Agent shall pursue its remedies against you.

Sincerely,

CANCOR DEBT AGENCY INC.

Per:  c/s
Name: Richard M. Barnowski
President

**NOTICE OF INTENTION TO ENFORCE SECURITY
PURSUANT TO SECTION 244 OF THE
BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

TO: Intertainment Media Inc. (the "Company")

Take notice that:

1. Cancor Debt Agency Inc., in its capacity as the Collateral Agent of the holders of certain convertible debentures of the Company pursuant to the Collateral Agency Agreement dated May 3, 2016 (the "**Agent**"), a secured creditor, intends to enforce its security on all of the present and after-acquired assets, property and undertaking of the Company.
2. The security that is to be enforced is in the form of:
 - (a) a General Security Agreement; and
 - (b) Demand Debenture Agreements (the "**Security**").
3. The total amount of the indebtedness secured by the Security, as of September 23, 2016, is \$1,291,839.37 (the "**Indebtedness**"), plus interest accruing thereafter and costs incurred. As of today's date, interest is accruing in the amount of \$424.71 per day.
4. The Agent will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Company consents to an earlier enforcement.

Dated at Toronto this 30th day of November, 2016.

CANCOR DEBT AGENCY INC.

Per:  _____ c/s
Name: Richard Barnowski
Title: President

I have the authority to bind the Agent.

CONSENT

TO: CANCOR DEBT AGENCY INC. (the "Agent")

FROM: ENTERTAINMENT MEDIA INC. (the "Company")

The Company acknowledges receipt of a Notice of Intention to Enforce Security delivered by the Agent.

For consideration received, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Company hereby consents to the immediate enforcement by the Agent of the security held by it from the Company, and for the same consideration waives completely all rights to any delay by or any further notice from the Agent with respect to the enforcement of the Agent's security and the exercise of the other remedies of the Agent against the Company.

DATED at _____ this _____ day of _____, 2016.

ENTERTAINMENT MEDIA INC.

Per: _____

Name:

Title:

I have the authority to bind the Corporation.

APPENDIX D

Interentainment Media Inc.
Creditors List
February 2, 2017

Name	Address	City	Province	Postal	Unsecured	Total Secured	First Secured	Second Secured*	Third Secured
David Luczack	115 Sanibel Cres	Thornhill	ON	L4I 8K6	744,655	-	-	-	-
Anthony Pearlman	80 Thorton Court	Markham	ON	L3R 0G4	383,054	-	-	-	-
Craig McNameil	80 Thorton Court	Markham	ON	L3R 0G4	262,431	-	-	-	-
IJAY Investments (Paul Fox)	1186 Eglington Avenue West, Box 509	Toronto	ON	M6C 2E6	216,750	-	-	-	-
Steven Wayne Parsons	1455 Corley Drive	London	ON	L4G 2K5	204,869	20,000	-	-	20,000
DLA PIPER	Suite 100, Livingston Place W., 250 2nd St SW	Calgary	AB	T2P 0C1	184,977	-	-	-	-
Herb Willer	4 Beaverhall Drive	Toronto	ON	M2L 2C5	172,000	-	-	-	-
MNP LLP	111 Richmond St. W., Suite 300	Toronto	ON	M5H 2G4	120,726	-	-	-	-
Lynn Cumsiskey	80 Thorton Court	Markham	ON	L3R 0G4	116,557	-	-	-	-
Grivan Patterson	545 Windermere Avenue	Ottawa	ON	K2A 2W4	76,500	-	-	-	-
Brad Parry	17 McRae Drive	Toronto	ON	M4G 1S1	62,837	-	-	-	-
Douglas Gregory Hall	3531 Mathers Avenue	Toronto	ON	V7V 2K8	56,250	-	-	-	-
Constance Olsneski	701 Evans Avenue, Suite 700	Toronto	ON	M9C 1A3	35,892	-	-	-	-
Mitchell Silberberg & Knupp LLP	USF 12 East 49th Street, 30th Floor	New York	NY	10017	72,050	-	-	-	-
Edward Jonasson	50 Brooks Avenue	Aurora	ON	L4G 7W1	34,078	-	-	-	-
Maxim Group LLC	Chrysler Building, 405 Lexington Ave	New York	NY	10174	52,600	-	-	-	-
K&L Gates LLP	599 Lexington Avenue	New York	NY	10022-6030	38,342	-	-	-	-
DoubleClick USD	111 8th Avenue, 10th Floor	New York	NY	10011	27,615	-	-	-	-
Earl Marek	367 Bantroy Avenue	Richmond Hill	ON	L4B 4G1	10,000	-	-	-	-
Innovative Management Solutions	1881 Yonge Street, Suite 708	Toronto	ON	M4S 3C4	8,364	-	-	-	-
Gordon, Herliands, Randoloh, & Cox	365 Lexington Avenue	New York	NY	10017	16,377	-	-	-	-
Liberty Media Group Inc	12300 Liberty Blvd	Enlewood	CO	80112	15,780	-	-	-	-
Standard & Poor's Financial Services	55 Water Street	New York	NY	10041-0016	5,000	-	-	-	-
Kevin Shea	5 Elm Avenue, Suite 411	Toronto	ON	M4W 1M1	4,587	-	-	-	-
Jeffrey Puritt	41 Edenbrook Hill	Toronto	ON	M5H 1B6	4,125	-	-	-	-
Broadridge	4 King Street West, Suite 500	Toronto	ON	T2P 3G3	4,014	-	-	-	-
Stock Vantage	Suite 1500, 800 - 6th Avenue SW	Calgary	ON	T2P 3G3	3,303	-	-	-	-
Computershare	100 University Avenue, 11th Floor	Toronto	ON	M5J 2Y1	5,126	-	-	-	-
PayScale US	PO Box 674480	Detroit	MI	48267-4480	2,486	-	-	-	-
TSX Inc. - Mailinr Address	3rd Floor, 130 King Street West	Toronto	ON	M5X 1J2	4,100	-	-	-	-
Broadridge (US)	PO Box 416423	Boston	MA	02241-6423	1,703	-	-	-	-
HeatherChechorski	361 Golden Orchard Road	Maple	ON	L6A 0N5	1,306	-	-	-	-
Michael Sheridan Communications I	203 - 665 Davis Drive	Toronto	ON	L3Y 2R2	1,306	-	-	-	-
CT Corporation	PO Box 4349	Carol Stream	IL	60197-4349	2,491	-	-	-	-
PGI	Lockbox# 156395C, PO Box 56395	STN A	ON	MSW 4L1	598	-	-	-	-
Newsfile Corp	# 380 - 1100 Melville Street	Toronto	ON	M5W 4L1	339	-	-	-	-
Mediant Communications	P.O.Box 29976	Vancouver	BC	V6E 4A6	339	-	-	-	-
Chanox	3836 Bloor Street West	New York	NY	10087-9976	521	-	-	-	-
Staples	3175 Highway 7	Toronto	ON	M9B 1L1	166	-	-	-	-
Paisley Manor	1446 Don Mills Road, Suite 110	Markham	ON	L3R 0J5	84	-	-	-	-
Thornton Grou Finnigan	100 Wellington St. W., Suite 3200, PO Box 329	Toronto	ON	M5B 3N3	-	210,000	210,000	-	-
Gowlings	100 Wellington St. W., Suite 1600	Toronto	ON	M5K 1K7	-	120,000	120,000	-	-
Archie Leach	240 Sydenham Street	London	ON	M5K 1G5	113,000	-	-	-	-
Craig Combe	510 McGregor Avenue	London	ON	N6A 1W5	155,729	-	-	-	50,729
Steve Singh	28 Normandale Cres.	Toronto	ON	M2P 1M8	135,681	-	-	-	135,681
Hagen Gocht	2230 Lake Shore Blvd. West, Suite 1201	Toronto	ON	M2L 1L4	16,910	-	-	-	16,910
Aranda Lisus	3 Hedgewood Rd.	Toronto	ON	M8V 0B2	36,717	-	-	-	36,717
Relouw Family 2004 Discretionary Trust 254	Thames Rd. East	Exeter	ON	NOM 1S3	264,872	-	-	-	264,872
Tony Rebow	254 Thames Road East	Exeter	ON	NOM 1S3	50,000	-	-	-	50,000
Mark Greaves	110 Fitzwilliam Blvd.	London	ON	N6H 5H4	194,850	-	-	-	109,850
John Kutevicus Professional Corporation	102 Burnett Ave.	North York	ON	M2N 1V3	12,910	-	-	-	12,910
Eric Smith	21 Cedar Mills Cres.	Bolton	ON	L7E 0A1	25,820	-	-	-	25,820
Jerome Van-Vliet	PO Box 100, Stn. Main	Uxbridge	ON	L9P 1M6	12,910	-	-	-	12,910
Glen Cooke	801 Norwick Rd.	Newmarket	ON	L3X 1K7	18,074	-	-	-	18,074
John Lynch	1002 - 2067 Lake Shore Blvd. W.	Etobicoke	ON	M8V 4B8	25,820	-	-	-	25,820
Thomas Fairfull	6 Flazington Ct.	Ajax	ON	L1S 0N5	2,066	-	-	-	2,066
Jonathan Goodman	113 Starwood Road	Thornhill	ON	L4J 9C8	2,571	-	-	-	2,571

Philip Turk	561 Avenue Road, Apt. 1104	Toronto	ON	M4V 2T8	Canada	4,114	4,114
Fred Khosrowshahi	201 - 78 Harrison Garden Blvd.	North York	ON	M2N 7E2	Canada	4,885	4,885
Gordon Stratford	1286 Cummock Cres.	Oakville	ON	L6J 2N7	Canada	20,351	20,351
Roselyn Stratford	1286 Cummock Cres.	Oakville	ON	L6J 2N7	Canada	21,685	21,685
Samuel Sayson	5710 Providence Country Club Dr.	Charlotte	NC	28277-2621	USA	3,670	3,670
Calvin B Cameron	120 Shelter Cove Lane	Moorestville	NC	28117	USA	5,672	5,672
Cheming Yang	6318 Sison House Lane	Charlotte	NC	28277	USA	20,017	20,017
John Parr	2 Park Place Ct.	Sault Ste. Marie	ON	P6B 6K3	Canada	8,340	8,340
Martim Anna Stapleton Henson	3363 Cochise Drive	Atlanta	GA	30339	USA	10,009	10,009
Ian Hasinoff	15629 Frobock Place	Charlotte	NC	28277	USA	16,681	16,681
Levitt Insurance Brokers	225 Sheppard Ave. West	North York	ON	M2N 1N2	Canada	11,677	11,677
MGP Architects	123 East Street	Sault Ste. Marie	ON	P6A 3C7	Canada	16,681	16,681
Neal Kingstone	48 Yarden Dr.	Maple	ON	L6A 0W5	Canada	3,313	3,313
Thomas P McDonnell III	1052 Highland Colony Pkwy, Suite 204	Ridgeland	MS	39157	USA	16,565	16,565
P. Sead	1503 - 2020 Don Mills Rd.	Toronto	ON	M3A 3R6	Canada	4,969	4,969
Sanford Miller	28 Broadriver Road	Ormono Beach	FL	32174	USA	8,282	8,282
						3,081,407.00	3,081,407.00
						1,481,839.37	330,000.00
						891,839.37	260,000.00

* Note that amounts below were as at November 30, 2016. Interest accrues at \$424.71 per day.

APPENDIX E

THIS CONSULTING AGREEMENT made this 31st day of October, 2013

BETWEEN:

Intertainment Media Inc.
30 West Beaver Creek Road, Suite 111
Richmond Hill, ON L4B 3K1
Phone: 905-763-3510
Fax: 905-763-6175
(Hereinafter called the "Corporation")

AND:

Parsons Financial Consulting
1455 Corley Drive
London, ON N6G 2K5
Phone: 519-871-3998
(Hereinafter called the "Consultant")

WHEREAS the Corporation wishes to engage the Consultant to provide certain business consulting services on the terms set out herein;

AND WHEREAS the Consultant accepts this engagement by the Corporation;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the parties agree as follows:

1. THE CONSULTANT COVENANTS AND AGREES AS FOLLOWS:

The Consultant will introduce the Corporation, a publicly traded Corporation trading on the Toronto Venture Exchange, to the Consultant's business contacts, clients, associates with the intention of assisting with the development of new divisional, review of business process and procedures, and where applicable, investment capital and market support opportunities for the Corporation (the "Consulting Services"). The Consultant shall provide the Consulting Services primarily through its Company and executives.

2. FEE SCHEDULE

The Corporation will pay the Consultant a fee of Twenty Thousand (\$20,000) CDN per month for twelve (12) months ("Consultant Fee"), payable upon receipt of invoice. The Company, at its sole discretion, with a mutually executed written amendment to this agreement, may choose to continue payments on a mutually agreed upon basis.

The Consultant shall be reimbursed for all approved out-of-pocket expenses actually and properly incurred by it in connection with the Consulting Services herein, provided that the Consultant first furnishes statements and vouchers for all such expenses to the Corporation. The Corporation must approve all expenses over \$300 in advance.

As part of the compensation for the Consultant's services set out herein, the Corporation at its sole discretion may grant the Consultant incentive stock options to the Consultant in accordance with the Corporation's Stock Option Plan and / or the Subsidiary Stock Option Plan and regulatory guidelines.

4. TERM OF AGREEMENT

The initial term of this Agreement shall be for one year beginning January 1, 2014. Provided that this Agreement has not been terminated by either party pursuant to the provisions hereof, the Corporation may renew this Agreement for further renewal periods agreed to by both the Corporation and the Consultant.

5. TERMINATION

Either party may terminate this Agreement by giving at least 30 days written notice to the other. In addition, the Corporation may terminate this Agreement without notice for any serious breach of this Agreement or for misconduct, incompetence or behavior which is, in the reasonable opinion of the Corporation, prejudicial to the Corporation's business or interests.

6. RELATIONSHIP

The parties acknowledge and agree that in performing the Consulting Services, the Consultant is not an employee of the Corporation but is performing services as an independent contractor. The Consultant agrees, if applicable, to register for and include a GST registration number on all invoices and shall report and pay all taxes, employment insurance, Canada Pension Plan or similar contributions as are required by law. The Consultant acknowledges and agrees that the Corporation shall not be required to make any deductions or contributions (including employment insurance, Canada Pension Plan, workers' compensation, employer health tax or similar levies) in respect of its engagement. The Consultant shall be responsible to report to the proper authorities and pay all taxes, employment insurance contributions, Canada Pension Plan contributions, employer health tax, workers' compensation premiums, HST, or any other levies or taxes for which the Consultant may be liable at law in respect of any payments to it from the Corporation.

7. CONFLICTS

The Consultant is in the business of providing similar services to other companies and such services as provided to others, whether their business is similar to that of the Corporation, will not be in breach of this Agreement or considered a conflict of interest on the part of the Consultant.

8. CONFIDENTIALITY

- 8.1 Except as required by law or in the normal and proper course of the Consultant's duties hereunder, the Consultant will not use for the Consultant's own account or disclose to anyone else, during or after the term of this Agreement, any confidential or proprietary information or material relating to the operations or business of the Corporation and its subsidiaries which the Consultant obtains from the Corporation, the subsidiaries or their officers, consultants, agents, suppliers or customers or otherwise by virtue of the Consultant's engagement by the Corporation or the subsidiaries. Confidential or proprietary information or material includes, without limitation, the following types of information or material, both existing and contemplated, regarding the Corporation or its subsidiaries except to the extent otherwise in the public domain: corporate information, including plans, strategies, tactics, policies, resolutions, and any litigation or negotiations; financial information, including cost and performance data, debt arrangements, equity structure, investors and holdings; operational and scientific information, including trade secrets; technical information, technical drawings and designs, mine plans, pit designs and reserve and resource estimates; and personnel information, including personnel lists, personnel data, and organizational structure (collectively, the "Confidential Information").

- 8.2 The Consultant agrees that all documents (including, without limitation, software and information in machine-readable form) of any nature pertaining to activities of the Corporation and to its subsidiaries, if applicable, including without limitation, Confidential Information, in the Consultant's possession now or at any time during the term of this Agreement, are and shall be the property of the Corporation and its subsidiaries, and that all such documents and all copies of them shall be surrendered to the Corporation whenever requested by the Corporation.
- 8.3 The Consultant acknowledges that, in connection with the Consultant's engagement by the Corporation, the Consultant may receive or may become eligible to receive substantial benefits and compensation. The Consultant acknowledges that the Consultant's engagement by the Corporation and all compensation and benefits and potential compensation and benefits to the Consultant from such engagement will be conferred by the Corporation upon the Consultant only because and on condition of the Consultant's willingness to commit the Consultant's best efforts and loyalty to the Corporation, including protecting the Corporation's right to have its Confidential Information protected from non-disclosure by the Consultant and abiding by the confidentiality, and other provisions herein. The Consultant understands the Consultant's duties and obligations as set forth in section 8.1 and 8.2 and agrees that such duties and obligations would not unduly restrict or curtail the Consultant's legitimate efforts to earn a livelihood following any termination of the Consultant's engagement with the Corporation. The Consultant agrees that the restrictions contained in sections 8.1 and 8.2 are reasonable and valid and all defenses to the strict enforcement thereof by the Corporation are waived by the Consultant. The Consultant further acknowledges that irreparable damage would result to the Corporation if the provisions of sections 8.1 and 8.2 herein are not specifically enforced, and agrees that the Corporation shall be entitled to any appropriate legal, equitable, or other remedy, including injunctive relief, in respect of any failure or continuing failure to comply with the provisions of sections 8.1 and 8.2.

9. **REPRESENTATIONS AND WARRANTIES**

The Consultant represents and warrants to the Corporation that the execution and performance of this Agreement will not result in or constitute a default, breach, or violation, or an event that, with notice or lapse of time or both, would be a default, breach, or violation, of any understanding, agreement or commitment, written or oral, express or implied, to which the Consultant is a party or by which the Consultant or the Consultant's property is bound. The Consultant shall defend, indemnify and hold the Corporation harmless from any liability, expense or claim (including solicitor's fees incurred in respect thereof) by any person in any way arising out of, relating to, or in connection with any incorrectness or breach of the representations and warranties in this section.

10. **GENERAL**

- 10.1 **Waiver.** No consent or waiver, express or implied, by any party to this Agreement or any breach or default by any other party in the performance of its obligations under this Agreement or of any of the terms, covenants or conditions of this Agreement shall be deemed or construed to be a consent or waiver of any subsequent or continuing breach or default in such party's performance or in the terms, covenants or conditions of this Agreement. The failure of any party to this Agreement to assert any claim in a timely fashion for any of its rights or remedies under this Agreement shall not be construed as a waiver of any such claim and shall not serve to modify, alter or restrict any such party's right to assert such claim at any time thereafter.
- 10.2 The provisions of sections 9 and 10 shall survive the termination of this Agreement.
- 10.3 **Independent Legal Advice.** The Consultant acknowledges that this Agreement has been prepared by the Corporation and acknowledges that the Consultant has had

sufficient time to review this Agreement thoroughly, that he has read and understood the terms of this Agreement and that the Consultant has been given the opportunity to obtain independent legal advice concerning the interpretation and effect of this Agreement prior to its execution.

- 10.4 **Notices.** Any notice relating to this Agreement or required or permitted to be given in accordance with this Agreement shall be in writing and shall be personally delivered, telefaxed or mailed by registered mail, postage prepaid if to the Corporation to the address of the Corporation set out on the first page of this Agreement and if to the Consultant to the address of the Consultant on the Corporation's records. Any notice shall be deemed to have been received if delivered or telefaxed, when delivered or telefaxed, and if mailed, on the fifth day (excluding Saturdays, Sundays and holidays) after the mailing thereof. If normal mail service is interrupted the sender shall deliver such notice in order to ensure prompt receipt thereof. A party may change its address for service by notice in writing to the other party.
- 10.5 **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein, which shall be deemed to be the proper law hereof. The parties hereto hereby submit to the jurisdiction of the courts of Ontario.
- 10.6 **Severability.** If any provision of this Agreement for any reason is declared invalid, such declaration shall not affect the validity of any remaining portion of the Agreement, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated and it is hereby declared the intention of the parties that they would have executed the remaining portions of this Agreement without including therein any such part, parts or portion which may, for any reason, be hereafter declared invalid.
- 10.7 **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties hereto and there are no representations or warranties, express or implied, statutory or otherwise other than set forth in this Agreement and there are no Agreements collateral hereto other than as are expressly set forth or referred to herein. This Agreement supersedes any prior agreements, written or oral in respect of the Consultant's engagement with the Corporation. This Agreement cannot be amended or supplemented except by a written Agreement executed by all parties hereto.
- 10.8 **Counterpart.** This Agreement may be executed in counterpart and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set out on the first page of this Agreement.
- 10.9 **Binding Agreement.** This Agreement shall enure to the benefit of and shall be binding upon and enforceable by the parties hereto, and the heirs, executors, administrators and legal personal representatives of the Consultant and the successors and assigns of the Corporation. This Agreement is personal to the Consultant and may not be assigned by the Consultant.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the day and year first written above.

Per: 
Authorized Signatory - Corporation
Name: DAVID LUCATON, CEO

Per: 
Authorized Signatory - Consultant
Name:

APPENDIX F

February 8, 2017

Entertainment Media Inc.
1455 Corley Drive
London, ON N6G 2K5

Attention: Wayne Parsons

Dear Mr. Parsons:

Re: Interim Financing Term Sheet

Entertainment Media Inc. (the "**Borrower**") has requested and each of Wayne Parsons, Tony Relouw, Craig Combe and Mark Greaves (collectively, the "**Lenders**" and each a "**Lender**") have agreed to provide funding to the Borrower in the context of a proposal proceeding (the "**BIA Proceeding**") commenced under the *Bankruptcy and Insolvency Act* (the "**BIA**") subject to and in accordance with the terms set out herein.

Borrower	Entertainment Media Inc.
DIP Facility	Non-revolving, super-priority, credit facility (the " DIP Facility ") in the aggregate amount of \$180,000, inclusive of principal, accrued interest and unpaid fees (the " Maximum Amount ").
Purpose	The DIP Facility is for the purpose of funding the Borrower's activities during the BIA proceeding, including: a) the operating costs, expenses and liabilities of the Borrower substantially in accordance with the budget attached hereto as Schedule A ; b) transaction costs and expenses incurred by the Lenders in connection with the DIP Facility; and c) professional fees and expenses incurred by the Borrower, the trustee in the BIA Proceeding (the " Proposal Trustee ") and counsel to the holders of certain secured convertible debentures, in respect of the DIP Facility and the BIA proceeding.
Availability	Subject to the satisfaction of the conditions summarized in this Agreement, and compliance with the DIP Approval Order (defined below), advances (the " Advances " and each an " Advance ") under the DIP Facility will be made available in four tranches of \$45,000 each, to be made available by the Lenders immediately upon Court approval of this Term Sheet. Each Lender is responsible for its portion of the Advances and hereby agrees to make such Advance, regardless of whether any other Lender, for any reason, fails to fund their portion of the Advances.
Repayment	The Borrower shall repay all obligations owing under the DIP Facility (the " DIP Obligations ") on the earlier of: (a) an Event of Default (as defined below) that has not been remedied; (b) performance of a proposal under the BIA (the " Repayment Date "); (c) completion of a transaction for the

	sale of all or substantially all of the Borrower's assets; (d) one (1) year from the date of the first Advance, or such other date as the Borrower and the Lenders may agree to in writing.
Collateral	As defined on Schedule "A".
Voluntary Payments	The Borrower may make payments of not less than \$10,000 on account of the DIP Obligations at any time and from time to time without bonus or penalty but on two days' written notice.
Interest Rate	Interest on the principal amount of the Advance outstanding from time to time shall be calculated at a rate of eighteen (18%) percent per annum, which interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall be payable monthly on the last day of each month.
Security	Subject to the terms of the DIP Approval Order, the payment and performance of the DIP Obligations shall be secured and assured by a super priority court-ordered charge in favour of the Lenders (the " DIP Charge ") over all of the Collateral.
Conditions Precedent to the DIP Facility and to Advances	<p>The DIP Facility will become effective upon, and the ability of the Borrower to obtain the Advances shall be subject to, the satisfaction of the following conditions:</p> <ul style="list-style-type: none"> • the Borrower shall pay to the Lenders a one-time set up fee of \$20,000; • an Order in the BIA Proceeding, in form and content reasonably satisfactory to the Lenders, approving this DIP Facility (the "DIP Approval Order") will have been obtained; • there will be no pending appeals, injunctions or other legal impediments relating to the completion of the DIP Facility or pending litigation seeking to restrain or prohibit the completion of the DIP Facility; • the representations and warranties set out below will be true and correct in every material respect; • no Event of Default will have occurred or be continuing; and • the Lenders shall not have demanded repayment of the DIP Obligations.
Representations	To induce the Lenders to make the DIP Facility available to the Borrower, the Borrower will provide the Lenders with a management certificate

and Warranties	<p>representing and warranting to the Lenders the following:</p> <ul style="list-style-type: none"> • the Borrower is a corporation duly incorporated, and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to all jurisdictions in which the nature of its assets or business makes such qualification necessary; • no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any Governmental Authority, is or was necessary for the execution and delivery of this Agreement, other than obtaining the DIP Approval Order, where the term "Governmental Authority" herein means any domestic or foreign (a) federal, provincial, state, municipal, local or other government, (b) any governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, court, commission, board, tribunal, bureau or instrumentality, or (c) any body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature; • the business of the Borrower has been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is being carried on; and • there are no unregistered charges affecting the Collateral.
Positive Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, unless otherwise agreed to in writing by the Lenders, the Borrower covenants and agrees to do the following:</p> <ul style="list-style-type: none"> • the Lenders shall be an unaffected creditor in the BIA Proceeding in respect of the DIP Obligations and any other present and future indebtedness, liabilities and obligations of the Borrower to the Lenders; • the DIP Obligations and any other present and future indebtedness, liabilities and obligations of the Borrower to the Lenders shall not be subject to any compromise or arrangement; • comply with all Orders made in the BIA Proceeding except to the extent such Orders have been in whole or in part stayed, reversed, modified or amended; • keep the Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower; • deliver to the Lenders such reporting and other information from time to

	<p>time reasonably required by the Lenders;</p> <ul style="list-style-type: none"> ● use the Advances only for the purposes contemplated hereby; ● maintain its corporate existence; ● except where the stay of proceedings applies under the BIA, pay promptly when due all statutory Priority Payables, including those payments which rank ahead of the DIP Charge or with respect to such claims arising after the commencement date of the BIA Proceeding; ● insure and keep insured, to the extent necessary, the Collateral on terms acceptable to the Lenders naming the Lenders as loss payee and additional insured; ● comply with all applicable laws, rules and regulations applicable to the business of the Borrower; and ● pay to the Lenders in an amount up to the DIP Obligations then owing to the Lenders, proceeds of disposition received by the Borrower from the sale of the Collateral.
Negative Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, the Borrower covenants and agrees not to do or cause to be done the following:</p> <ul style="list-style-type: none"> ● apply for or consent to any change, amendment or modification to any Order issued in the BIA Proceeding without the prior written consent of the Lenders, or fail to oppose any application or motion for a change, amendment or modification to such Orders opposed by the Lenders; ● create, assume, incur or suffer to exist any encumbrance, without the consent of the Lenders, during the BIA Proceeding other than the DIP Charge; ● make any corporate distributions of any kind whatsoever to any director, officer or shareholder of the Borrower, unless approved by the Lenders and the Proposal Trustee; and ● enter into any transaction without the approval of the Court whereby all or substantially all of its undertaking, property and assets would become the property of any other person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise.
Reporting Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, the Borrower covenants and agrees to do or cause to be done</p>

	<p>the following:</p> <ul style="list-style-type: none">● provide prompt written notice of any action, investigation, suit, proceeding, claim or dispute before any court, governmental department, bureau, agency or similar body affecting the Borrower not stayed in the BIA Proceeding; and● no less than monthly, on a date and at a time convenient to the Lenders, acting reasonably, the Proposal Trustee shall, at the request of the Lenders, make itself available on a conference call, in which the Proposal Trustee and the Lenders will participate, where the Lenders will be updated with respect to developments relating the Borrower and the BIA Proceeding.
Expenses	<p>The Proposal Trustee will cause the Borrower to reimburse the Lenders for all reasonable fees (including legal and professional fees on a full indemnity basis), disbursements and out-of-pocket expenses incurred by the Lenders in any manner in connection with the BIA Proceeding, and any borrowings and any enforcement of the DIP Charge. All such fees, disbursements and expenses shall be included in the DIP Obligations and secured by the DIP Charge.</p>

Events of Default	<p>The occurrence of any one or more of the following events, without the prior written consent of the Lenders, shall constitute an event of default ("Event of Default") under this DIP Facility:</p> <ul style="list-style-type: none"> (a) the issuance of an order terminating the BIA Proceeding or lifting the stay in the BIA Proceeding to permit the enforcement of any security against the Borrower or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower; (b) the issuance of an order granting an Encumbrance equal or superior status to that of the DIP Charge, other than the Priority Payables; (c) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Charge or any orders in a manner which adversely impacts the rights and interests of the Lenders; (d) if (i) the DIP Approval Order is varied without the consent of the Lenders in a manner adverse to the Lenders or (ii) the stay of proceedings contained in any order is terminated or is lifted to allow an action adverse to the Lenders; (e) failure of the Borrower to pay any principal, interest, fees or any other amounts, in each case when due and owing hereunder; (f) any representation of warranty by the Borrower herein or in any certificate delivered by the Borrower to the Lenders shall be incorrect or misleading in any material respect as of the date made or deemed made; (g) an Order is made, a liability arises or an event occurs, including any change in the business, assets or conditions, financial or otherwise, of the Borrower that will have a material adverse effect on the Borrower; (h) any material violation or breach of any order upon receipt by either of the Borrower of notice from the Lenders of such violation or breach; and (i) failure of the Borrower to perform or comply with any other term or covenant hereunder and such default shall continue unremedied for a period of three (3) business days.
Remedies	<p>Upon the occurrence of an Event of Default, whether or not there is availability under the DIP Facility, without any notice or demand whatsoever, the right of the Borrower to any accommodation of credit shall be terminated, subject to any applicable notice provision in any order (as the case may be). Without limiting the foregoing, upon further order of</p>

	the Court, the Lenders shall have the right to exercise all other customary remedies, including, without limitation, the right to apply to the court for the appointment of a receiver in order for a receiver to realize on the Collateral. No failure or delay by the Lenders in exercising any of its rights, hereunder or at law shall be deemed a waiver of any kind, and the Lenders shall be entitled to exercise such rights at any time. All payments received by the Lenders shall be applied first to any fees due to the Lenders and any expenses of the Lenders, then to accrued and unpaid interest, and then to principal.
Receivership	In the event that a receiver is appointed by the Court over the assets, properties and undertakings of the Borrower, the Lenders confirm that they are prepared to extend the terms of the DIP Facility to such receiver provided that the Lenders are satisfied in its sole discretion that it receives the same protections for the Advances.
Governing Law	The laws of the Province of Ontario and the federal laws of Canada.

The undersigned parties accept and agree to the terms and conditions set out in this Agreement.

Entertainment Media Inc.

Per:

Name: Wayne Parsons
Title: President



Witness

Wayne Parsons



Witness

Tony Relouw

[Handwritten signature]

Witness

[Handwritten signature]

Craig Combe

Witness

Mark Greaves

Witness

Craig Combe

 02/09/17

Witness

 Feb 09/2017
Mark Greaves

Schedule "A"

The assets, property and undertaking of Intertainment Media Inc. (collectively, the "Collateral") include but are not limited to the following:

- 4.8 million shares of Yappn Corp.;
- 20% stake in Cap That Inc.;
- \$1.25 million receivable from Mi5 Print & Digital Communications Inc. for the sale of Magnum Printing;
- tax losses estimates of over \$60 million;
- 20% stake in Lexifone Communications Systems (2010) Ltd.; and
- 40% stake in any sale proceeds if ItiBiti Ventures Inc. is sold on or before December 31, 2017.

APPENDIX G

Interentainment Media Inc.
 Projected Weekly Cash Flow Statement
 For the Period Ending March 17, 2017

	Week Ending:						
	3-Feb	10-Feb	17-Feb	24-Feb	3-Mar	10-Mar	17-Mar
Opening Cash	-	-	157,500	67,000	54,500	31,900	31,900
Operating Disbursements:							
Expenses of Wayne Parsons			10,400				
Compensation to Wayne Parsons			22,600		22,600		25,000
Compensation to Other Employees				3,000			
Advertising				1,500			
Transfer agent				2,000			
Total Operating Disbursements			33,000	6,500	22,600		25,000
Professional Fees (Incl. H.S.T.) (iii)							
Proposal Trustee			20,000	6,000			5,000
Proposed Trustee's Legal Counsel			17,500				7,500
Company Legal Counsel			20,000				10,000
Secured Creditor Legal Counsel							5,000
Total Professional Fees			57,500	6,000			27,500
Cash Portion of Purchase Price							235,000
DIP Loan Interim Financing Advances / (Repayments)		157,500					(175,000)
DIP Interest, Fees and Legal Costs (vi)							(3,938)
Closing Cash (iv)	-	157,500	67,000	54,500	31,900	31,900	35,463

This Statement of Projected Cash Flow, prepared in accordance with s.s.50(6) and/or s.s.50.4(2) of the Bankruptcy and Insolvency Act, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

A. Farber & Partners Inc.

Per: Rob Steizer CA, CFP, LIT

Interentainment Media Inc.

Per: S. Wayne Parsons

Notes:
 (i) NOI filed on January 27, 2017
 (ii) Potential HST recovery of around \$5,000 has not been reflected in the cashflow due to uncertainty of CRA payment of refunds and timing of collection.

INTERENTAINMENT MEDIA INC.
(the "Company")

NOTES TO AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED
CASH FLOW FOR THE PERIOD JANUARY 28, 2017 TO MARCH 17, 2017

NOTES

The purpose of the statement of projected cash flow for the period January 28, 2017 to March 17, 2017 is to comply with the provisions of the *Bankruptcy and Insolvency Act*.

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgment, but are consistent with the purpose of the cash-flow projection.

None.

PROBABLE ASSUMPTIONS

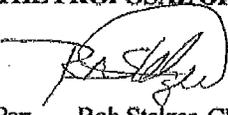
An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the revised cash-flow statement.

1. The Company will receive Interim Financing in the amount of \$175,000.
2. The Company will receive approval for a 3 week stalking horse sales process.
3. Management have estimated professional fees during the period of the cash flow, but these fees will be dictated by the level of activity required by the Company's counsel, the Proposal Trustee and the Proposal Trustee's legal counsel.

This Statement of Projected Cash Flow of Intertainment Media Inc. prepared in accordance with s.s. 50.4(2) and/or s.s. 50 (6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

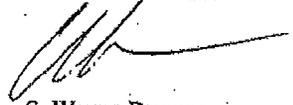
DATED AT TORONTO this 3rd day of February, 2017.

**A. FARBER & PARTNERS INC.
THE TRUSTEE ACTING *IN RE*
THE PROPOSAL OF ENTERTAINMENT MEDIA INC.**



Per: Rob Stelzer, CPA, CA, CIRP, LIT

Entertainment Media Inc.



Per: S. Wayne Parsons

**IN THE MATTER OF THE PROPOSAL OF
INTERENTAINMENT MEDIA INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE
PROVINCE OF ONTARIO WITH A HEAD OFFICE IN THE
CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON CASH-FLOW STATEMENT
(Paragraph 50(6)(b) of the Bankruptcy and Insolvency Act)

The attached statement of projected cash-flow of Intertainment Media Inc. as of the 3rd day of February, 2017 consisting of the statement of projected cash-flow for the period January 28, 2017 to March 17, 2017 and the notes and assumptions underlying the statement of projected cash flow, has been prepared by the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions as set out in the notes to and assumptions underlying the statement of projected cash flow.

Our review consisted of enquiries, analytical procedures and discussion related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

DATED AT TORONTO this 3rd day of February, 2017.

A. FARBER & PARTNERS INC.

The Trustee acting *in re* the proposal of
INTERENTAINMENT MEDIA INC.



Per: Rob Stelzer, CPA, CA, CIRP, LIT

**IN THE MATTER OF THE PROPOSAL OF
INTERENTAINMENT MEDIA INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE
OF ONTARIO WITH A HEAD OFFICE IN THE
CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

**REPORT ON CASH-FLOW STATEMENT BY THE PERSON
MAKING THE PROPOSAL**

(Paragraphs 50(6)(c) and 50.4(2)(c) of the Bankruptcy and Insolvency Act)

Intertainment Media Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 3rd day of February, 2017 consisting of the statement of projected cash-flow for the period January 28, 2017 to March 17, 2017, and the notes and assumptions underlying the statement of projected cash flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes to and assumptions underlying the statement of projected cash flow.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in the notes to and assumptions underlying the statement of projected cash flow. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT TORONTO this 3rd day of February, 2017.

INTERENTAINMENT MEDIA INC.

Per:  S. Wayne Parsons

APPENDIX H

IN THE MATTER OF THE PROPOSAL OF INTERTAINMENT MEDIA INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF
THE PROVINCE OF ONTARIO WITH A HEAD OFFICE IN THE CITY OF LONDON
IN THE PROVINCE OF ONTARIO

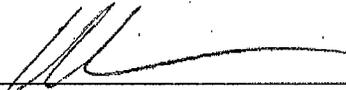
NOTICE OF INTENTION TO MAKE A PROPOSAL

TAKE NOTICE THAT:

1. The undersigned Intertainment Media Inc., an insolvent person, pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a Proposal to its creditors.
2. A Farber & Partners Inc., of 150 York Street, Suite 1600, Toronto, Ontario, a licensed Trustee, has consented to act as Trustee under the Proposal and a copy of the Consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the company are stayed as of the date of filing this Notice with the Official Receiver in my locality.

DATED AT TORONTO this 27th day of January, 2017.

INTERTAINMENT MEDIA INC.



Per: Wayne Parsons

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Intertainment Media Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Amanda Lisus	3 Hedgewood Road Toronto ON M2L 1L4		36,717.00
Anthony Pearlman	80 Tiverton Court Markham ON L3R 0G4		383,054.00
Archie Leach	240 Sydenham Street London ON N6A 1W5		113,000.00
Brad Parry	17 McRae Drive Toronto ON M4G 1S1		62,837.00
Broadridge	4 King Street West, Suite 500 Toronto ON M5H 1B6		4,125.00
Broadridge (US)	PO Box 416423 Boston MA 02241-6423 USA		4,100.00
Calvin B. Cameron	120 Shelter Cove Lane MOOREsville NC 28117 USA		5,672.00
Cheming Yang	6318 Seton House Lane Charlotte NC 28277 USA		20,017.00
Computershare	100 University Avenue, 11th Floor Toronto ON M5J 2Y1		3,303.00
Constance Olsheski	701 Evans Avenue, Suite 700 Toronto ON M9C 1A3		35,892.00
Craig Combe	510 McGregor Avenue London ON N6J 2S9		50,729.00
Craig Combe	510 McGregor Avenue London ON N6J 2S9		65,000.00
Craig McCannell	80 Tiverton Court Markham ON L3R 0G4		262,431.00
CT Corporation	PO Box 4349 Carol Stream IL 60197-4349 USA		2,491.00
David Lucatch	115 Sanibel Cres Thornhill ON L4J 8K6		744,655.00

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Intertainment Media Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
DLA PIPER	Suite 100, Livingston Place W., 250 2nd St SW Calgary AB T2P 0C1		184,977.00
DoubleClick USD	111 8th Avenue, 10th Floor New York NY 10011 USA		27,615.00
Douglas Gregory Hall	3531 Mathers Avenue West Vancouver BC V7V 2K8		56,250.00
Earl Marek	367 Bantry Avenue Richmond Hill ON L4B 4G1		10,000.00
Edward Jonasson	50 Brooks Avenue Aurora ON L4G 7W1		34,078.00
Eric Smith	21 Cedar Mills Cres. Bolton ON L7E 0A1		25,820.00
Fred Khosrowshahi	201 - 78 Harrison Garden Blvd. North York ON M2N 7E2		4,885.00
Girvan Patterson	545 Windermere Avenue Ottawa ON K2A 2W4		76,500.00
Glen Cooke	801 Norwick Road Newmarket ON L3X 1K7		18,074.00
Gordon Stratford	1286 Cumnock Cres. Oakville ON L6J 2N7		20,351.00
Gordon, Herlands, Randolph, & Cox LLP	355 Lexington Avenue New York NY 10017 USA		16,377.00
Gowlings	100 Wellington St. W., Suite 1600 Toronto ON M5K 1G5		200,000.00
Hagen Gocht	2230 Lakeshore Blvd. W., Suite 1201 Toronto ON M8V 0B2		16,910.00
Heather Ciechorski	361 Golden Orchard Road Maple ON L6A 0N5		1,703.00
Herb Willer	4 Beaverhall Drive Toronto ON M2L 2C5		172,000.00

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Intertainment Media Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Ian Hasinoff	15629 Frohock Place Charlotte NC 28277 USA		16,681.00
IJAY Investments (Paul Fox)	1186 Eglinton Avenue West, Box 509 Toronto ON M6C 2E6		216,750.00
Innovative Management Solutions	1881 Yonge Street, Suite 708 Toronto ON M4S 3C4		8,364.00
Jeffrey Puritt	41 Edenbrook Hill Toronto ON M9A 3Z8		4,587.00
Jerome Van-Vliet	PO Box 100, Stn. Main Uxbridge ON L9P 1M6		12,910.00
John Kutevicius Professional Corporation	102 Burnett Avenue North York ON M2N 1V3		12,910.00
John Lynch	1002 - 2067 Lakeshore Blvd. W. Toronto ON M8V 4B8		25,820.00
John Parr	2 Pakr Place Ct. SAULT STE MARIE ON P6B 6K3		8,340.00
Jonathan Goodman	113 Starwood Road Thornhill ON L4J 9C8		2,571.00
K&L Gates LLP	599 Lexington Avenue New York NY 10022-6030 USA		38,342.00
Kevin Shea	5 Elm Avenue, Suite 411 Toronto ON M4W 1N1		5,000.00
Levitt Insurance Brokers	225 Sheppard Ave. W. Toronto ON M2N 1N2		11,677.00
Liberty Media Group Inc	12300 Liberty Blvd. Englewood CO 80112 USA		15,780.00
Lynn Cumiskey	80 Tiverton Court Markham ON L3R 0G4		116,557.00
Marium Anna Stapleton Henson	3363 Cochise Drive Atlanta GA 30339 USA		10,009.00

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Intertainment Media Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Mark Greaves	110 Fitzwilliam Blvd. London ON N6H 5H4		109,850.00
Mark Greaves	110 Fitzwilliam Blvd. London ON N6H 5H4		85,000.00
Maxim Group LLC	Chrysler Buidling, 405 Lexington Ave New York NY 10174 USA		52,600.00
Mediant Communications	P.O.Box 29976 New York NY 10087-9976 USA		521.00
MGP Architects	123 East Street SAULT STE MARIE ON P6A 3C7		16,681.00
Michael Sheridan Communications Inc	203 - 665 Davis Drive Toronto ON L3Y 2R2		1,306.00
Mitchell Silberberg & Knupp LLP USD	12 East 49th Street, 30th Floor New York NY 10017 USA		72,050.00
MNP LLP	111 Richmond St. W., Suite 300 Toronto ON M5H 2G4		120,726.00
Neal Kingstone	48 Yarden Drive Maple ON L6A 0W5		3,313.00
Newsfile Corp	# 380 - 1100 Melville Street Vancouver ON V6E 4A6		339.00
P. Saad	1503 - 2020 Don Mills Rd. Toronto ON M3A 3R6		4,969.00
Payscale US	PO Box 674480 Detroit MI 48267-4480 USA		5,126.00
PGI	Lockbox# T56395C, PO Box 56395 STN A Toronto ON M5W 4L1		598.00
Philip Turk	561 Avenue Road, Apt. 1104 Toronto ON M4V 2J8		4,114.00
Relouw Family 2004 Discretionary Trust	254 Thames Road East Exeter ON N0M 1S3		264,872.00

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Intertainment Media Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Roselyn Stratford	1286 Cumnock Cres. Oakville ON L6J 2N7		21,685.00
Samuel Sayson	5710 Providence Country Club Dr. Charlotte NC 28277-2621 USA		3,670.00
Sanford Miller	28 Broadriver Road Ormono Beach FL 32174 USA		8,282.00
Standard & Poor's Financial Services, LLC	55 Water Street New York NY 10041-0016 USA		15,754.00
Steve Singh	28 Normandale Crescent Toronto ON M2P 1M8		135,681.00
Steven Wayne Parsons	1455 Corley Drive London ON L4G 2K5		204,869.00
Stock Vantage	Suite 1500, 800 - 6th Avenue SW Calgary ON T2P 3G3		4,014.00
Thomas Fairfull	6 Flazington Court Ajax ON L1S 6N5		2,066.00
Thomas P. McDonnell III	1052 Highland Colony Pkwy, Suite 204 Ridgeland MS 39157 USA		16,565.00
Thornton Grout Finnigan	100 Wellington St. W., Suite 3200, PO Box 329 Toronto ON M5K 1K7		200,000.00
Tony Relouw	254 Thames Road East Exeter ON N0M 1S3		50,000.00
TSX Inc.	3rd Floor, 130 King Street West Toronto ON M5X 1J2		2,486.00
Total			4,572,998.00

Intertainment Media Inc.
 Insolvent Person

Court No.

File No.

In the matter of the proposal of
Intertainment Media Inc.
of the City of London, in the Province of Ontario

Form 33
Notice of intention to make a proposal

A. FARBER & PARTNERS INC.

—
150 York Street, Suite 1600
Toronto ON M5H 3S5
Phone: (416) 497-0150 Fax: (416) 496-3839