

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

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

**MOTION RECORD
(RETURNABLE 14 FEBRUARY 2017)**

Date: 10 February 2017

GOWLING WLG (CANADA) LLP
Barristers & Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC. No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Debtor

ENTERTAINMENT MEDIA INC.
SERVICE LIST
(Updated as of February 10, 2017)

TO: GOWLING WLG (CANADA) LLP
100 King Street West, Suite 1600
1 First Canadian Place
Toronto, Ontario M5X 1G5

Attention: E. Patrick Shea
Tel: (416) 369-7399
Fax: (416) 862-7661
Email: patrick.shea@gowlingwlg.com

Lawyers for the Debtor

AND TO: FARBER FINANCIAL GROUP
150 York Street, Suite 1600,
Toronto, Ontario M5H 3S5

Attention: Rob Stelzer
Tel: (416) 496-3500
Fax: (416) 496-3839
Email: rstelzer@farberfinancial.com

The Proposal Trustee

AND TO: THORTON GROUT FINNIGAN LLP
100 Wellington St. W, PO Box 329
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Leanne M. Williams
Tel: (416) 304-0060
Fax: (416) 304-1313
Email: lwilliams@tgf.ca

Lawyers for the Secured Creditors

AND TO: DEPARTMENT OF JUSTICE (CANADA)
The Exchange Tower, 130 King Street West
Suite 3400, Post Office Box 36
Toronto, Ontario M5X 1K6

Attention: Dianne Winters
Tel: (416) 973-3172
Fax: (416) 973-0810
Email: diane.winters@justice.gc.ca

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TAB 1

Court File No.: 35-2212212

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

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

NOTICE OF MOTION

ENTERTAINMENT MEDIA INC. (the “Debtor”) will make a motion to the Court on Tuesday the 14th of February at 9:30 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form attached as **Schedule “A”**; and
2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. The grounds set forth in the Affidavit of Wayne Parsons sworn 9 February 2017 (the “**Affidavit**”) and the First Report of A. Farber & Partners Inc. in its capacity as trustee under the Debtor’s Proposal dated February 2017 (the “**First Report**”).

2. Such further and other grounds as counsel may advise and this Honourable Court may accept.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Affidavit of Wayne Parsons sworn 9 February 2017;
2. The First Report of A. Farber & Partners Inc. in its capacity as trustee under the Debtor's Proposal dated February 2017; and
3. Such further and other evidence as this Honourable Court may permit.

10 February 2017

GOWLING WLG (CANADA) LLP
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E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
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Solicitors for the Debtor

TAB A

SCHEDULE "A"

Court File No.: 35-2212212

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

THE HONOURABLE)	TUESDAY, THE 14 TH
)	
JUSTICE)	DAY OF FEBRUARY, 2017

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

ORDER

THIS MOTION, made by Intertainment Media Inc. (the "**Debtor**") pursuant to section 50.6 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Wayne Parsons sworn 9 February 2017 and the First Report of A. Farber & Partners Inc. in its capacity as trustee under the Debtors' proposal dated February 2017, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Debtor;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Application Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DIP FINANCING

2. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under a credit facility from by Wayne Parsons, Tony Relouw, Craig Combe and

Mark Greaves (together, the “**DIP Lender**”) in order to finance the Debtor's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$180,000 unless permitted by further Order of this Court.

3. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Debtor and the DIP Lender dated as of [DATE] February 2017 (the “**Commitment Letter**”).

4. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtor is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

5. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on all of the Debtor’s present and after-acquired assets, property and undertaking (the “**Property**”).

6. **THIS COURT ORDERS** that each of the DIP Lender’s Charge shall constitute a charge on the Property shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

7. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the DIP Lender’s Charge, unless the Debtor also obtains the prior written consent of the DIP Lender or further Order of this Court.

8. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents; and
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, with the consent of the Debtor or upon obtaining an Order from the Court, may exercise any and all of its rights and remedies against the Debtor or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to: (a) cease making advances to the Debtor and set off and/or consolidate any amounts owing by the DIP Lender to the Debtor against the obligations of the Debtor to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge; (b) make demand, accelerate payment and give other notices; or (c) apply to this Court for the appointment of a receiver or receiver and manager.

9. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan any proposal filed by the Debtor with respect to any advances made under the Definitive Documents.

10. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Lender's Charge shall not be required, and that the DIP Lender's Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Lender's Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (c) the provisions of any federal or provincial statutes; or (d) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the DIP Lender's Charge nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party;
- (b) The DIP Lender shall have no liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtor entering into the Commitment Letter, the creation of the DIP Lender's Charge, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Debtor pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the DIP Lender's Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

12. **THIS COURT ORDERS** that any DIP Lender's Charge over leases of real property in Canada shall only be a charge in the Debtor's interest in such real property leases.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
COMMERCIAL LIST**

(PROCEEDING COMMENCED AT TORONTO)

ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
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Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Debtor

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
COMMERCIAL LIST**

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661
Solicitors for the Debtor

TAB 2

Court File No.: 35-2212212

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

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

AFFIDAVIT OF WAYNE PARSONS

(Sworn 9 February 2017)

I, WAYNE PARSONS, of the City of London in the Province of Ontario **MAKE OATH AND SAY AS FOLLOWS:**

1. I am an Officer and Director of Intertainment Media Inc. (the “**Debtor**”) and have person knowledge of the matters herein deposed save and except where I rely on information provided by others. Where I rely on information provided to me by others, I identify the source of that information and verily believe it to be true.
2. I am swearing this Affidavit in support of a Motion by the Debtor seeking an Order: (a) approving a \$180,000 secured loan (the “**DIP Loan**”) to be made Wayne Parsons, Tony Relouw, Craig Combe and Mark Greaves (together, the “**DIP Lender**”); and (b) granting to the DIP Lender a first-ranking security interest in all of the assets and property of the Debtor to secure advances made by under the DIP Loan. The DIP Loan is required to fund the Debtor’s cash flow requirements while it engages in a sales process to locate a buyer for its assets and develops a proposal to creditors.
3. On or about 27 January 2017, Debtor filed a Notice of Intention to Make a Proposal (the “**NoI**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”) naming A. Farber & Partners Inc. (the “**Proposal Trustee**”), as Proposal Trustee. A true copy of the Certificate of Filing is attached as **Exhibit “A”**.

4. The reasons the Debtor filed the NoI is described in the First Report of the proposal Trustee dated pFebruary 2017 (the “**First Report**”). The Debtor’s assets and the claims against the Debtor are also described in the First Report.
5. On or about 3 February 2017, the Debtor filed the cash flow projection and related documents as required by the BIA. A copy of the Debtor’s cash flow projection is attached to the First Report.
6. The Debtor’s intention is to conduct a sales process to locate a buyer for certain of its assets and to file a proposal that will permit the Debtor’s unsecured creditors to realize value from the Debtor’s tax losses. The Debtor has, in consultation with its major secured creditors, developed an timeline for the implementation of a sales process and the development of a proposal. The Debtor is anticipating being in the position to seek approval for a sales process on or about 17 February 2017 and is anticipating being in a position to file a proposal by the end of March of 2017.
7. I am the Debtor’s sole officer and director, and I will continue to manage the Debtor’s business and financial during the proposal proceedings.
8. As noted in the First Report, the Debtor has depleted all of its cash resources. Without the DIP Loan the Debtor will be forced to sell assets to fund its operations. The Debtor’s liquid assets consist of the shares of Yappn Corp (“**Yappn**”). While Yappn’s shares are publicly traded, there is not a lot of activity. Efforts by the Debtor to sell a volume of Yappn shares will very likely depress the value of Yappn shares to the detriment of the Debtor and its creditors.
9. The DIP Lender has agreed to provide the DIP Loan to financing the Debtor’s cash flow needs while the sales process is conducted. Based on the cash flow projections prepared by the Debtor, the DIP Loan provides sufficient financing. It is anticipated that the DIP Lona will be paid from the proceeds realized from the sale of the Debtor’s assets that will be subject to the sales process.
10. A copy of the term sheet between the Debtor and the DIP Lender is attached as **Exhibit “B”**. It is a condition of the DIP Loan that the Order being requested by the Debtor be

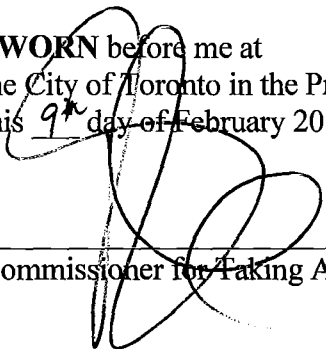
made *inter alia*: (a) authorizing the DIP Loan; and (b) providing the DIP Lender with first-ranking security

11. I have spoken to Thornton Grout Finnigan LLP, Gowling WLG (Canada) LLP, representatives of the majority of the Secured Debenture Holders (as defined in the First Report), and Mark Greaves, Tony Relouw and Craig Combe. As noted in the First Report, they support the Debtor's Motion seeking approval for the DIP Loan and related security. .

12. I do not believe that the Debtor owes any money to the Canada Revenue Agency in respect of unpaid source deductions. CRA has, however, been served with a copy of the Motion Record in respect of the Motion seeking approval for the DIP Loan out of an abundance of caution.

SWORN before me at
the City of Toronto in the Province of Ontario,
this 9th day of February 2017

Commissioner for Taking Affidavits or Notary



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WAYNE PARSONS

TAB A

**THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF
WAYNE PARSONS, SWORN BEFORE ME ON
FEBRUARY 9, 2017**



A COMMISSIONER FOR TAKING OATHS



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

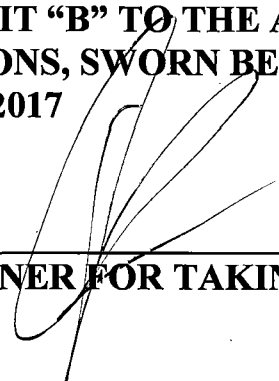
Official Receiver

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

Canada

TAB B

**THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF
WAYNE PARSONS, SWORN BEFORE ME ON
FEBRUARY 9, 2017**



A COMMISSIONER FOR TAKING OATHS

February 8, 2017

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

Attention: Wayne Parsons

Dear Mr. Parsons:

Re: Interim Financing Term Sheet

Intertainment 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	Intertainment 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.

Intertainment 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

Spencer Hall 02/09/17

[Signature] Feb 09/2017

Witness

Mark Greaves

Schedule "A"

The assets, property and undertaking of Entertainment 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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF WAYNE PARSONS
SWORN 9th FEBRUARY 2017

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661
Solicitors for the Debtor

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Bankruptcy & Insolvency)
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD
(RETURNABLE 14 FEBRUARY, 2017)

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