Vancouver Registry No. S-235084

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED AND THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED

AND

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BRON MEDIA CORP. AND THE ENTITIES LISTED AT SCHEDULE "A"

PETITIONERS

FOURTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS MONITOR

December 7, 2023

GrantThornton

Grant Thornton Limited,
Monitor

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INTRODUCTION

1. On July 18, 2023, BRON Media Corp. and the petitioners listed in **Schedule "A"** hereto (collectively, "**BRON**", the "**Petitioners**" or the "**Company**") made an application (the "**CCAA Application**") to commence proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Monitor (as defined below) understands that on July 18, 2023, major secured creditors of BRON were served with the CCAA Application.

2. On July 19, 2023, the Honourable Justice Gomery of the Supreme Court of British Columbia (the "**Court**") issued an initial order (the "**Initial Order**") which, among other things,

   a) declared that the CCAA applies to each of the Petitioners;

   b) ordered that until and including July 29, 2023 or such later date as the Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Petitioners or the Monitor, or affecting the Business of the Property (both as defined in the Initial Order), shall be commenced or continued except with the prior written consent of the Petitioners and the Monitor or with leave of the Court, and any and all Proceedings currently under way against or in respect of the Petitioners or affecting the Business or the Property are stayed and suspended pending further Order of the Court. The aforementioned stay of Proceedings also extended to any and all of the property, assets, and undertaking of the Petitioners situate in the United States (the "**US**");

   c) ordered that during the Stay Period, no Person (as defined in the Initial Order) shall (i) commence a Proceeding or enforcement process, (ii) terminate repudiate, make any demand, accelerate, alter, amend, declare in default, exercise any options, rights or remedies, or (iii) discontinue, fail to honour, alter interfere with or cease to perform any obligation pursuant to or in respect of any agreement, lease, sublease, license or permit with respect to which any of the Non-Petitioner Entities listed in **Schedule "B"** hereto are a party, borrower, principal obligor or guarantor except with the prior written consent of the Petitioners and the Monitor, or with leave of the Court;

d) appointed Grant Thornton Limited ("**GTL**") as monitor of the Petitioners (in such capacity, the "**Monitor**");

e) approved the execution by the Petitioners of a debtor-in-possession term sheet (the "**DIP Term Sheet**") dated as of July 18, 2023 (and agreements as contemplated in the DIP Term Sheet (the "**DIP Definitive Documents**")) with Creative Wealth Media Lending LP 2016 (the "**Interim Lender**" or "**CWML**"), pursuant to which the Interim Lender agreed to make available to the Petitioners a loan in an initial amount not to exceed $1,751,409 (the "**DIP Facility**"), and granted the Interim Lender a charge on the Property (subject to the Comerica Carve-Out, as defined below) up to a maximum of $1,751,409 (plus accrued and unpaid interest, fees and expenses) (the "**Interim Lender's Charge**") to secure amounts advanced under the DIP Facility. The Interim Lender is one of BRON's secured creditors;

f) granted a charge against the Property (subject to the Comerica Carve-Out) in an initial amount of $250,000 during the Stay Period, as security for the payment of the professional fees and disbursements of the Monitor, counsel to the Monitor, and counsel to the Petitioners (the "**Administration Charge**");

g) granted a charge against the Property (subject to the Comerica Carve-Out) in the initial amount of $250,000 during the Stay Period in favour of the directors and officers of the Petitioners (the "**Directors' Charge**");

h) provided that the Administration Charge, the Interim Lender's Charge, and the Directors' Charge would not constitute an Encumbrance (as defined in the Initial Order) on any Property that was subject to an Encumbrance in favour of Comerica Bank (the "**Comerica Carve-Out**"), without prejudice to the ability of the Petitioners and the beneficiaries of such charges to later seek priority for such charges; and

i) set down the comeback hearing for July 27 and 28, 2023 (the "**Comeback Hearing**").

3. Upon a motion made by the Petitioners to the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "**US Court**"), the US Court issued an order dated July 20, 2023, which granted interim recognition of the Initial Order in the US (the "**US Interim Recognition Order**").

4. On July 25, 2023, the Petitioners filed and served their materials for the Comeback Hearing on July 27, 2023, at which the Petitioners sought to extend the Stay Period, increase the amount of certain of the priority charges, and grant an order (the "**SISP Order**") approving a sales and investment solicitation process (the "**SISP**") for the business and assets of the Petitioners and Non-Petitioner Entities.

5. In connection with the Comeback Hearing, the Monitor filed its first report to Court (the "**First Report**") dated July 26, 2023.

6. On July 27 and 28, 2023, the Comeback Hearing took place before the Honourable Justice Gomery. On July 28, 2023, the Court issued an amended and restated Initial Order (the "**ARIO**") which, among other things,

a) extended the Stay Period up to and including October 18, 2023;

b) increased the borrowing limit under the DIP Facility, and granted a corresponding increase to the Interim Lender's Charge up to a maximum of $6,200,000, plus accrued and unpaid interest, fees, and expenses;

c) approved a key employee retention program ("**KERP**") and granted a charge in favour of the KERP beneficiaries up to $234,460 (the "**KERP Charge**");

d) increased the Administration Charge to $500,000;

e) increased the Directors' Charge to CAD$742,000; and

f) ordered the ranking of the Administration Charge, KERP Charge, Interim Lender's Charge, and Directors' Charge (collectively, the "**Charges**") as follows:

   i. with respect to Property not subject to an Encumbrance in favour of Comerica Bank:

      1. First – Administration Charge;

      2. Second – KERP Charge;

      3. Third – Interim Lender's Charge; and

      4. Fourth – Directors' Charge; and

   ii. with respect to Property subject to an Encumbrance in favour of Comerica Bank (all such Property, the "**Comerica Collateral**", and all Encumbrances, the "**Comerica Security**"):

1. First – any Comerica Security on the revenues, tax incentives or proceeds derived from or related to the motion pictures “Queen and Slim”, “Fences” and “Surrounded” (collectively, the “**Comerica Priority Collateral**”);
2. Second – Administration Charge;
3. Third – any Comerica Security or any Comerica Collateral other than the Comerica Priority Collateral;
4. Fourth – KERP Charge;
5. Fifth – Interim Lender’s Charge; and
6. Sixth – Directors’ Charge.

7. On July 28, 2023, the Court issued the SISP Order, which, among other things, approved the detailed steps as described in the SISP procedure document (the “**SISP Procedure**”) attached as Schedule “B” to the SISP Order. A copy of the SISP Order is attached hereto as **Appendix “1”**.

8. On July 28, 2023, the Honourable Justice Gomery delivered oral reasons from the bench in relation to the granting of the ARIO and the SISP Order.

9. Upon a motion made by the Petitioners to the US Court, the US Court issued an order dated August 15, 2023, which granted recognition of the ARIO and the SISP Order.

10. On October 5, 2023, the Petitioners filed application materials accompanied by the third affidavit of Aaron Gilbert made October 4, 2023, requesting that the Court grant an order (the “**Second Stay Extension Order**”) approving, among other things, the following relief:

    a) an extension of the Stay Period to November 8, 2023 (the “**Second Stay Extension**”);

b) a declaration that, pursuant to subsection 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 ("**WEPPA**"), BRON Animation Inc., BRON Media Corp., BRON Studios Inc., Fables Productions BC Inc., Gossamer Productions BC Inc., and Robin Hood Digital PC BC Inc. are each a "former employer" in accordance with the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, S.O.R./2008-222; and

c) a specific timeline for parties to exchange materials for the sale approval hearing set for November 7, 2023.

11. In connection with the October 5, 2023 application, the Monitor filed its second report to Court (the "**Second Report**") dated October 6, 2023.

12. On October 11, 2023, the Honourable Justice Gomery granted the Petitioners the Second Stay Extension and the requested relief under WEPPA.

13. On October 24, 2023, the Petitioners served an application (the "**November Application**") for a hearing on November 7, 2023 to, among other things,

a) approve the CWML APA (as defined below);

b) approve the Americana Distribution Agreement (as defined below); and

c) extend the stay of proceedings to December 4, 2023.

14. On November 1, 2023, the Ad Hoc Group of Investor Creditors (the "**Ad Hoc Group**") served a cross-application for an order directing the Monitor to investigate and report on certain matters relating primarily to 12 investments that members of the Ad Hoc Group made in various film and other productions (the "**Ad Hoc Group Cross-Application**").

15. The hearing of the November Application began on November 7, 2023 for a full day but was not completed. At that time, the Court granted an amended form of order sealing

certain of the exhibits to the Monitor's third report to Court dated October 26, 2023 (the "**Third Report**"). Because the hearing of the November Application and the Ad Hoc Group Cross-Application could not be completed on November 7, Justice Gomery extended the Stay Period on an interim basis to November 28, 2023 and scheduled a further full day for arguments on November 24, 2023.

16. The hearing of the November Application continued on November 24, 2023 for a full day. At that time, the Petitioners sought an extension of the Stay Period from November 28, 2023 to January 26, 2024. By that time, previous objections to the approval of the Americana Distribution Agreement had been resolved, and thus Justice Gomery granted an order approving the Americana Distribution Agreement. The remainder of the hearing on November 24, 2023, focused on the application for approval of the CWML APA and the Ad Hoc Group Cross-Application.

17. At the end of the November 24, 2023 hearing, Justice Gomery reserved judgment on the Ad Hoc Group Cross-Application and the application to approve the CWML APA.

18. On November 29, 2023, Justice Gomery delivered written reasons (the "**November 29 Decision**") that dismissed both the Ad Hoc Group Cross-Application and the application to approve the CWML APA. A copy of the November 29 Decision is attached hereto as **Appendix "2"**.

19. The November 29 Decision extended the Stay Period to December 11, 2023 and stated that if the Petitioners wished to seek an extension of the Stay Period beyond that date for the purpose of putting forward some other application, the Court would hear the matter on short notice.

20. Further information about these CCAA Proceedings, including the Initial Order, the ARIO, the SISP Order, affidavits, reports of the Monitor, and all other court-filed documents and

notices can be found on the Monitor's case website (the "**Case Website**") at: www.grantthornton.ca/BronMedia.

21. Since the commencement of these CCAA Proceedings, the Monitor has previously filed the following reports:

    a) The pre-filing report of Grant Thornton Limited in its capacity as Proposed Monitor dated July 18, 2023;

    b) the First Report;

    c) the supplement to the First Report dated July 27, 2023;

    d) the Second Report;

    e) the Third Report; and

    f) the supplement to the Third Report dated November 6, 2023 (the "**Supplement to the Third Report**").

    Copies of these reports (with appendices) are found on the Case Website.

22. The Third Report and Supplement to the Third Report included information about the following matters, which is relevant to the updates provided within this Fourth Report (as defined below):

    a) the SISP, including the Monitor's involvement in marketing efforts, administering the SISP and facilitating due diligence, and the outcome of the LOI and Final Bid processes;

    b) the sale of assets by BRON in the ordinary course of business;

    c) the proposed extension of the Stay Period until December 4, 2023;

d) BRON's request to expand the Petitioners that are parties to these CCAA Proceedings;

e) BRON's request to delete from the list of Non-Petitioner Entities, certain UK-based entities that are now the subject of administration proceedings in the UK;

f) certain requests for information by various creditors pursuant to paragraph 31 of the ARIO;

g) the Monitor's position regarding the Petitioners' request to

    i. approve the Asset Purchase Agreement dated October 24, 2023 between certain of the Petitioners and the Non-Petitioner Entities, as vendors and CWML, as purchaser (the "**CWML APA**") and issue a sale approval and vesting order;

    ii. grant an assignment order to carry out the assignment to CWML (or its assignee) of certain agreements pursuant to the CWML APA;

    iii. approve an ordinary course sale by National Anthem Holdings LLC to Lions Gate Entertainment Corporation ("**Lions Gate**") of the distribution rights to the film *"Americana"* (formerly titled *National Anthem*) pursuant to a term sheet between National Anthem Holdings LLC and Lions Gate and to permit National Anthem Holdings LLC to execute a distribution agreement with Lions Gate (the "**National Anthem Distribution Agreement**"); and

    iv. seal the confidential appendices attached to the Third Report;

h) the fees and disbursements to date of the Monitor, its Canadian counsel, Cassels Brock & Blackwell LLP, and its US counsel, Freundlich Law;

i) the Monitor's application for approval of its conduct as set out in the First Report, Second Report and the Third Report;

j) a comparison of the actual cash receipts and disbursements compared to (i) the cash flow forecast as appended to the First Report (the "**Initial Cash Flow Forecast**") and (ii) the Updated Original Cash Flow Forecast (as defined in the Second Report);

k) additional information relating to the received funds, as referenced in the Supplement to the Third Report;

l) additional information relating to the application responses of various creditors and the Ad Hoc Group Cross-Application; and

m) other key matters pertaining to the CCAA Proceedings.

PURPOSE OF THE FOURTH REPORT

23. The purpose of this fourth report of the Monitor (the "**Fourth Report**") is to provide information about the following matters:

a) the steps taken by the Monitor, BRON, and CWML to seek a viable alternative to the Original Transaction (as defined below) in order to avoid a failure of these CCAA Proceedings;

b) the Monitor's views and recommendation with respect to the Petitioners' request for an order (the "**Proposed Stay Extension Order**") extending the Stay Period to and including January 26, 2024;

c) the timing considerations with regard to ensuring that the Petitioners' operating costs are limited and an Alternate Transaction (as defined below) is concluded as soon as possible;

d) a comparison of the following cash flow related items:

   i. the actual cash receipts and disbursements compared the Initial Cash Flow Forecast;

   ii. the actual cash receipts and disbursements for the period from October 21, 2023 to November 17, 2023 compared to the Updated Cash Flow Forecast of October 20, 2023 (as defined in the Third Report); and

   iii. the actual cash receipts and disbursements for the period from November 18, 2023 to December 1, 2023 compared to the Cash Flow Forecast of November 22, 2023 (the "**November 22 Cash Flow Forecast**") which is Exhibit "C" to the Affidavit #6 of Aaron Gilbert dated November 23, 2023 (the "**Sixth Affidavit**"). A copy of the November 22 Cash Flow Forecast is attached hereto as **Appendix "3"**.

e) An updated cash flow forecast for the period from December 8, 2023 to January 26, 2024 (the "**December 7 Cash Flow Forecast**"), which reflects actual expenditures to December 1, 2023. A copy of the December 7 Cash Flow Forecast is attached hereto as **Appendix "4"**.

TERMS OF REFERENCE

24. In preparing this Fourth Report, the Monitor has relied upon the Petitioners' unaudited financial information, certain other financial information and financial projections of the Petitioners, and discussions with the Petitioners' management ("**Management**") (collectively, the "**Information**"). GTL has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information relied upon to prepare this Fourth Report in a manner that would comply with Canadian Accounting Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook, and,

accordingly, GTL expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the Information should perform its own diligence.

25. Some of the information used in preparing this Fourth Report consists of forward-looking information. The Monitor cautions that such forward looking information is based upon the Petitioners' assumptions about future events and conditions that are not ascertainable. The Petitioners' actual results with respect to the forward-looking information and the variations thereof could be significant. GTL expresses no opinion or other form of assurance on whether forward-looking information will be achieved.

26. During the course of its mandate, the Monitor has assumed the integrity and truthfulness of the Information and explanations presented to it by the Petitioners and its Management, within the context in which such Information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Fourth Report is based solely on the Information (financial or otherwise) made available to the Monitor by the Petitioners and its Management.

27. This Fourth Report has been prepared for the use of this Court and the Petitioners' stakeholders and to assist the Court in determining whether to grant the relief sought by the Petitioners. Accordingly, the reader is cautioned that this Fourth Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.

28. Unless otherwise stated, all monetary amounts contained herein are expressed in US Dollars. Capitalized terms not otherwise defined herein have the meaning given to them in the ARIO and the SISP Order.

AVOIDING THE FAILURE OF THESE CCAA PROCEEDINGS

29. Immediately after reviewing the November 29 Decision, the Monitor worked with BRON to try to find a viable alternative to the transaction contemplated by the CWML APA ("**Original Transaction**").

30. In ultimately concluding that the Original Transaction was not fair and appropriate and thus should not be approved, Justice Gomery stated (at para. 88) as follows:

> The dominant consideration is that the AVO would unfairly divest Access Road of its secured entitlement to the Media Res receivable. On a balance of probabilities, I find that Access Road's secured entitlement has significant value. The Media Res receivable is an asset of substance. The claims in priority to Access Road's entitlement are most unlikely to exceed US$6.5 million and it is likely that only some portion of them will fall to be satisfied from the receivable.

31. Since the refusal to approve the Original Transaction appears to have been based primarily on Justice Gomery's conclusion that there was residual value (beyond the amount of the DIP Facility likely to be allocated) in the proceeds (the "**MR Proceeds**") of the 218 Media Res units (the "**MR Units**") that certain Petitioners had agreed to sell to Media Res (for cancellation) pursuant to the Transaction and Settlement Agreement dated October 27, 2021 (**"TSA"**), the Monitor has focused on exploring a transaction that would address the transfer of the MR Units (if any) and the treatment of the MR Proceeds (if ever received) differently than proposed in the Original Transaction.

32. The Monitor believes that all reasonable steps should be taken to avoid the failure of these CCAA Proceedings. If these CCAA Proceedings fail, the key secured creditors will be able to enforce their security, which will likely lead to a series of multiple enforcement

proceedings in Canada and the United States, especially since many of the Petitioners that gave security to the major secured creditors are US-incorporated companies.

33. The terms of the Original Transaction provided a range of material benefits to other stakeholders, largely because CWML agreed to assume numerous contracts between various Petitioners and content creators, unions, sales agents, co-financiers, and lenders. In addition, in numerous cases, CWML proposed to assume the rights of the relevant Petitioner(s) subject to the prior rights of others pursuant to CAMAs.

34. At earlier court hearings in these CCAA Proceedings, such as the one on July 28, 2023, numerous creditors of the Petitioners appeared to assert their rights and to raise various objections. Over time, through the development of the Original Transaction and settlement efforts undertaken by CWML with the cooperation of the Petitioners, the number of objecting parties has essentially been reduced to two: Access Road and the Ad Hoc Group.

35. The formerly objecting stakeholders such as William Morris Endeavor, Hudson Private Corp., Comerica Bank (whose debt was acquired by a CWML affiliate), Directors Guild of America Inc., the Screen Actors Guild and Writers Guild of America West Inc., and the Union of B.C. Performers (the "**Resolved Stakeholders**") all consented to or did not oppose approval of the Original Transaction. Most of those parties stood to benefit from the Original Transaction.

36. The Monitor is mindful of the fact that any failure of these CCAA Proceedings would be harmful to, among others, the Resolved Stakeholders, who could lose the benefits that flow from a transaction similar to the Original Transaction and some of whom would then be required to assert their rights in the various enforcement proceedings (such as receivership) that would likely result.

37. From the Monitor's perspective, a revised transaction (an "**Alternate Transaction**") that retains the benefits of the Original Transaction for the Resolved Stakeholders and CWML in its capacities as the winning bidder in the SISP, the Interim Lender and a secured creditor while addressing the Court's concerns about the effect of the Original Transaction on the MR Units and the MR Proceeds would be in the best interests of the Petitioners and their stakeholders.

TIMING CONSIDERATIONS

38. The Petitioners wish to conclude an Alternate Transaction as soon as possible because of the need to minimize their operating costs and the Petitioners' inability to retain indefinitely the personnel necessary to effect a transaction. Further, the earlier that these CCAA Proceedings are completed, the sooner that the professional fees will cease.

39. In the November 22 Cash Flow Forecast, BRON projects payroll expenses of $285,956 from the week ending December 1, 2023 through the week ending January 26, 2024. A material portion of these forecast expenses for payroll are to retain a reduced number of BRON contractors who are familiar with BRON's assets such as master videos, productions in progress, business data, and certain tangible assets that are associated with BRON live and digital productions and digital assets that will be transferred to one or more purchasers that acquire such assets. BRON has retained these contractors to preserve the assets and their value and to enable a transfer of those assets to one or more purchaser(s).

40. BRON does not wish to terminate such contractors until a court-approved sale transaction is completed because the value of such assets is likely to be reduced or eliminated if, because of employee terminations, assets are abandoned or there is no one remaining with the required knowledge to transfer them to a purchaser in a usable form.

41. The Monitor supports BRON's goal of advancing an Alternate Transaction if possible while leaving issues concerning Media Res that flow from the November 29 Decision to be dealt with separately by settlement or subsequent adjudication. The Monitor supports the extension of the stay to January 26, 2024 to permit an Alternate Transaction to be developed, Court-approved (if appropriate), and completed, while still ensuring that the concerns set out in the November 29 Decision are addressed.

42. If an Alternate Transaction is ready for approval, the Monitor supports an application by the Petitioners as soon as a hearing date can be secured and Court materials prepared.

CONSULTATION WITH STAKEHOLDERS

43. Following the release of the November 29 Decision, the Monitor and/or its counsel immediately undertook consultation with all major stakeholders to discuss the effect of the November 29 Decision and the options for a sale of the assets of the Petitioners on amended terms that were consistent with such decision and fair to the affected the stakeholders in the circumstances.

Discussions with Access Road

44. On November 30, 2023, the Monitor's counsel had a lengthy telephone discussion with counsel for Access Road about the November 29 Decision and various issues relating to Access Road.

45. During this conversation, counsel for the Monitor also informed counsel for Access Road that a further stay extension beyond December 11, 2023 was almost certain to be sought and that an application before Justice Gomery would be scheduled on or before December 11, 2023 for that purpose.

Discussions with CWML

46. Later on November 30, 2023, counsel for the Monitor contacted counsel for CWML to discuss potential alternatives that the Monitor had identified. This was a productive discussion and kick-started a series of subsequent discussions over the subsequent days.

Discussions with Ad Hoc Investors

47. On the evening of November 30, 2023, counsel for the Monitor spoke with the counsel for Premium Properties, who are the lead counsel for the Ad Hoc Group. This discussion related to the findings made in the November 29 Decision and what the Monitor saw as next steps in the CCAA proceedings. At that time, counsel for the Monitor informed counsel for Premium Properties that a stay extension beyond December 11, 2023, was likely to be sought.

48. On December 5, 2023, counsel for the Monitor informed counsel for the Ad Hoc Group (Mr. Cho) that a December 11 hearing had been booked for the Petitioners to seek a stay extension to January 26, 2024 and invited such counsel to contact the Monitor or its counsel to discuss the stay extension and the status of efforts to put forward an Alternate Transaction. The Monitor understands that counsel for the Petitioners has been in touch with counsel for the Ad Hoc Group about the application for a stay extension.

Subsequent Stakeholder Discussions

49. On December 1, 2023 (with the permission of counsel), the Monitor's counsel spoke directly to businesspeople at CWML to outline the Monitor's views about the November 29 Decision, potential alternatives to the Original Transaction, and other ways in which the remaining issues in dispute with Access Road could potentially be resolved. The Monitor's counsel also addressed the likely time requirements to negotiate an Alternate Transaction and seek Court approval of it, including the fact that such approval (if not consensual)

would not be possible before the current expiry of the stay on December 11, 2023. Thus, the Petitioners needed to seek a stay extension.

50. The Monitor also offered to act as a go-between between CWML and Access Road to try to mediate a consensual settlement of all pending disputes or, in the alternative, an agreed-upon process to seek approval of a narrower scope of Alternate Transaction as soon as practicable while deferring the issue of allocation of the Interim Lender's Charge especially as it relates to the MR Units and MR Proceeds.

51. The Monitor understands that between November 30 and December 2, 2023, counsel for the Petitioners spoke to counsel for Access Road on various occasions to try to reconcile their differences and find a way to allow an Alternate Transaction to be approved in a way that would allow the Proceeds Issue to be addressed.

52. The Monitor understands that active discussions between Access Road and CWML are continuing to the present with a view to resolving issues and allowing an Alternate Transaction to be approved.

53. The Monitor and its counsel continue to engage with counsel for each of BRON, CWML, and Access Road about next steps in these CCAA Proceedings as well as various options for a resolution of issues relating to the MR Units and MR Proceeds that will permit an Alternate Transaction to be approved and to close.

CASH FLOW UPDATE

54. On July 18, 2023, BRON and the Interim Lender executed the DIP Term Sheet, a copy of which is attached hereto as Exhibit "T" to the first affidavit of Aaron Gilbert sworn July 18, 2023). Key features of the DIP Term Sheet include the following:

   a) a maximum principal borrowing amount of $6,200,000;

b) interest at the rate of 15% per annum payable monthly in arrears on the last business day of each calendar month; and

c) security consisting of the Interim Lender's Charge over all present and after-acquired property, assets and undertakings of the Petitioners.

55. The Monitor monitored on a weekly basis the actual cash flows of BRON relative to the Initial Cash Flow Forecast. This process included calls with the BRON CFO and controller following the weekly deadline of each Wednesday at 5 pm PT (the "**Weekly Deadline**") to discuss its various queries relating to the actual cash flow each week, in comparison to the Initial Cash Flow Forecast, as well as the future expected cash flows provided to the Monitor.

56. On October 17, 2023, the BRON and the Interim Lender executed an amendment to the DIP loan agreement to, among other things, change the Weekly Deadline from Wednesday at 5 pm PT of each week to Friday at 5 pm PT of each week (the "**Revised Weekly Deadline**").

57. On a weekly basis, the Monitor provided ongoing reporting of actual cash flows to the Interim Lender, pursuant to the DIP Term Sheet, via a standing weekly call.

58. Moreover, pursuant to Section 7 of the DIP Term Sheet, the Monitor reviewed BRON's drawdown certificate requests and provided the Interim Lender with the Monitor's view with respect to supporting each of the requests. In certain instances, the Monitor posed questions to BRON regarding various line items in the weekly cash flows in order to clarify such questions in order to support the drawdown certificate requests of BRON.

59. As stated in the Second Report and the Third Report, BRON, with the assistance of the Monitor, had prepared the Updated Original Cash Flow Forecast and the Updated Cash Flow Forecast.

60. BRON relies on the November 22 Cash Flow Forecast in support of the requested stay extension as referenced in paragraph 7 of the Affidavit #7 of Aaron Gilbert made on December 5, 2023 (the "**Seventh Affidavit**"). The Interim Lender previously approved the November 22 Cash Flow Forecast on November 22, 2023.

61. The purpose of the November 22 Cash Flow Forecast is to incorporate, among other things, the following:

a) adjustments to the time period reflected in the Updated Cash Flow Forecast of October 20, 2023 included in the Third Report including

i. adjustments to operating disbursements including, among other things, changes to the required employee makeup, additional equipment storage costs, and a reduction in software expenses; and

ii. adjustments to professional fees relating to work required to be undertaken within the November 22 Cash Flow Forecast period.

62. The table below summarizes BRON's cumulative actual cash flow for the period from the commencement of these CCAA Proceedings to October 20, 2023 relative to the Initial Cash Flow Forecast:

$000s	Actual	Initial Cash Flow Statement	Variance
Receipts	$0	$0	$0
Disbursements			
Operating Disbursements			
Payroll Expense	(2,945,306)	(3,031,385)	$86,080
Other Operating Disbursements	(493,064)	(623,643)	$130,579
Non-operating Disbursements			
CCAA Professional Fees	(2,674,755)	(2,544,971)	(129,784)
Net Cash Flow	**(6,113,124)**	**(6,200,000)**	**86,875**

63. The table below summarizes cumulative actual cash flow from October 21, 2023 to November 17, 2023, as compared against the forecast cash flows for the period from October 21, 2023 to November 17, 2023 included in the Updated Cash Flow Forecast of October 20, 2023 period:

$000s	Actual	Updated Cash Flow Forecast of October 20, 2023	Variance
Receipts	$2,326,234	$0	$2,326,234
Disbursements			
Operating Disbursements			
Payroll Expense	($144,341)	($146,054)	$1,713
Other Operating Disbursements	($53,310)	($86,715)	$33,405
Non-operating Disbursements			
CCAA Professional Fees	($560,539)	($771,616)	$211,077
Net Cash Flow	**$1,568,043**	**($1,004,385)**	**$2,572,429**

64. The table below summarizes cumulative actual cash flow from November 18, 2023 to December 1, 2023, as compared against the forecast cash flows for the period from November 18, 2023 to December 1, 2023 included in the November 22 Cash Flow Forecast:

$000s	Actual	November 22 Cash Flow Forecast	Variance
Receipts	$154,232	$0	$154,232
Disbursements			
Operating Disbursements			
Payroll Expense	($55,437)	($64,042)	$8,605
Other Operating Disbursements	($39,154)	($95,317)	$56,163
Non-operating Disbursements			
CCAA Professional Fees	($183,005)	($217,014)	$34,009
Net Cash Flow	**($123,364)**	**($376,373)**	**$253,009**

65. The Monitor's understanding of the key variances in the cumulative actual cash receipts and disbursements up to December 1, 2023 as compared to the aggregate of the amounts forecast in the Updated Cash Flow Forecast of October 20, 2023 and the November 22 Cash Flow Forecast are as follows:

a) Receipts: A favourable variance of approximately $2,480,000 due to the following:

   i. the receipt of the received funds (as defined in the Supplement to the Third Report); and

   ii. amounts received on account of revenue from BRON projects as discussed in the Notes to the Cash Flow Forecast included in the Sixth Affidavit.

b) Payroll Expense: A favourable variance of approximately $10,300 was due to the following:

   i. a change in the billing structure for one of the contractor parties; and

   ii. partially offset by an increase in the compensation rate for a contractor within the IT department in order to retain this contractor agreed upon between the company and the Interim lender.

c) Other Operating Disbursements: A favourable variance of approximately $89,600 resulting from the following:

   i. Software: due to the company's ability to accelerate the timing of completing certain tasks and therefore release certain work licenses and the timing relating to payment of certain forecast amounts having not yet been paid

ii. Selling, General & Administration: lower than forecast actual costs as compared to forecasted amounts.

d) <u>CCAA Professional Fees and DIP Financing Fees:</u> A favourable variance of approximately $245,100 due to the following:

i. Budgeted Amounts: BRON's legal counsel fees, the Monitor's, the Monitor's legal counsel fees, and US legal fees and US filing fees have been lower than estimated in the forecasted amounts;

ii. Timing of Billing: invoices for professional fees are typically rendered to BRON at the beginning of the week after work has been performed and therefore payment occurs between seven and 14 days after the professional services were rendered; and

iii. DIP Financing Fees: due to no actual amounts relating to this item being paid within the Updated Cash Flow of October 20, 2023 period and amounts relating to this item subsequently being removed in the November 22 Cash Flow Forecast.

66. As of the date of this Fourth Report, the Interim Lender has advanced the principal amount of $5,370,064 of the DIP Facility of $6,200,000. The November 22 Cash Flow Forecast estimates total advances under the DIP Facility will remain at USD$5,370,064 through to January 26, 2024. Accordingly, BRON's operating expenses will be funded by the cash receipts described above.

67. Notwithstanding the variances as noted above, the Monitor is of the view that BRON continues to be operating within the parameters of the November 22 Cash Flow Forecast.

AMENDMENTS TO THE DIP TERM SHEET

68. The timeline of these proceedings has been prolonged, largely as a result of the extensions to the SISP and the need for the hearing to approve the CWML APA and address the Ad Hoc Group Cross-Application to be dealt with for two full days over three weeks. The maturity date and certain other aspects of the DIP Facility have been tied to milestones in these CCAA Proceedings, such as the stay expiry date. As those milestones have been delayed, the Petitioners and CWML have had to negotiate subsequent amendments to the DIP Term Sheet to, for example, extend the maturity date.

69. The most recent amendment to the DIP Facility is Amendment No. 4 to the DIP Loan Agreement, dated November 28, 2023, a copy of which is attached as Exhibit "B" to the Seventh Affidavit. If the Proposed Stay Extension Order is granted, the Monitor understands that the Petitioners and the Interim Lender intend to enter into a further amendment to the DIP Term Sheet to extend the maturity date thereunder.

CONCLUSION

70. Since the date of the First Report, the Monitor is of the opinion that the Petitioners have acted and continued to act in good faith and with due diligence in respect of exploring various options which would enable them to restructure their business and operations, including by way of an Alternate Transaction.

71. As at the date of this Fourth Report, nothing has come to the attention of the Monitor that would require the Monitor to report that a material adverse change has occurred or that these CCAA Proceedings should be changed to proceedings under the *Bankruptcy and Insolvency Act*, pursuant to sections 23(1)(d)(i) and 23(1)(h) of the CCAA, respectively.

72. The Monitor recommends that the Court grant the Proposed Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 7th day of December 2023.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS MONITOR OF THE PETITIONERS
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per: ______________________________
Mark Wentzell, CPA, CA, CIRP, LIT
Senior Vice-President