SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

JUL 18 2023

No. S-235084

Vancouver Registry

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

PETITION TO THE COURT

ON NOTICE TO: WITHOUT NOTICE.

This proceeding has been started by the Petitioners for the relief set out in Part 1 below.

If you intend to respond to this Petition, you or your lawyer must:

(a) file a Response to Petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the Petitioner:

(i) 2 copies of the filed Response to Petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the Response to Petition within the time for response.

Time for Response to Petition

A Response to Petition must be filed and served on the Petitioner(s):

(a) if you were served with the Petition anywhere in Canada, within 21 days after that service;

(b) if you were served with the Petition anywhere in the United States of America, within 35 days after that service;

(c) if you were served with the Petition anywhere else, within 49 days after that service; or

(d) if the time for response has been set by order of the court, within that time.

1.	The address of the registry is:	Law Courts 800 Smithe Street Vancouver, BC V6Z 2E1
2.	The ADDRESS FOR SERVICE of the Petitioners is: E-mail address for service (if any) of the Petitioner:	Miller Thomson LLP 700 West Georgia Street – Suite 2200 Vancouver, BC V7Y 1K8 Attention: Asim Iqbal/Bryan Hicks/Monica Faheim aiqbal@millerthomson.com; bjhicks@millerthomson.com; mfaheim@millerthomson.com
3.	The name and office address of the Petitioners' lawyer is:	Miller Thomson LLP 700 West Georgia Street – Suite 2200 Vancouver, BC V7Y 1K8 Attention: Asim Iqbal/Bryan Hicks/Monica Faheim

CLAIM OF THE PETITIONERS

PART 1: ORDER SOUGHT

1. The Petitioners seek an order under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**") substantially in the form of the draft order attached hereto as **Schedule "B"** to this Petition, (the "**Initial Order**"), granting certain relief, including, *inter alia*:

(a) declaring that the Petitioners are companies to which the CCAA applies;

(b) appointing Grant Thornton Limited ("**GTL**") as an officer of this Court (in its capacity as proposed monitor, the "**Proposed Monitor**", and, if appointed, the "**Monitor**") to monitor the assets, business and affairs of the Petitioners;

(c) granting a stay of proceedings (the "**Stay of Proceedings**") in favour of the Petitioners and their directors and officers for an initial period of 10 days, up to and including July 29, 2023;

(d) expanding the Stay of Proceedings in respect of the Non-Petitioner Entities;

(e) authorizing BRON Media Corp., or any of the Petitioners, to act as the foreign representative (the "**Foreign Representative**") in respect of these CCAA proceedings, for the purpose of having these proceedings recognized in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. § 101-1532 (the "**US Bankruptcy Code**") and any other foreign legislation, as may be necessary or advisable;

(f) authorizing the Petitioners to continue to utilize their cash management system (the "**Cash Management System**");

(g) approving a debtor-in-possession financing facility ("**DIP Loan**") made pursuant to an agreement dated July 18, 2023 (the "**DIP Term Sheet**") between the Petitioners, as borrowers, and Creative Wealth Media Lending LP 2016, as lender (the "**DIP Lender**");

(h) granting the following charges over the Petitioners' respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceedings thereof (the "**Property**"), listed in order of proposed priority:

   (i) first, a charge in favour of counsel to the Petitioners, the Monitor and counsel to the Monitor, to an aggregate maximum amount of $250,000 (the "**Administration Charge**");

   (ii) second, a charge in favour of the DIP Lender up to a maximum amount of $1,751,409.00 (the "**DIP Lender's Charge**"); and

   (iii) third, a charge in favour of the directors and officers of the Petitioners, up to a maximum amount of $250,000 (the "**Directors' Charge**");

(i) authorizing the Petitioners to (i) pay certain pre-filing expenses to essential suppliers and vendors and (ii) wages owing to employees, each with the prior written consent of the DIP Lender and Monitor; and

(j) such further and other relief as the Petitioners may request and this Honourable Court may grant.

PART 2: FACTUAL BASIS

A. Overview

2. The full facts in support of this Petition to the Court (the "**Petition**") are set out in the first Affidavit of Aaron Gilbert, sworn July 18, 2023 (the "**First Gilbert Affidavit**"). All capitalized terms not otherwise defined herein shall have the same meanings prescribed to them in the First Gilbert Affidavit.

3. All references to monetary amounts in this Petition to the Court are in U.S. dollars unless otherwise stated.

4. The Petitioners in this proceeding are listed within Schedule "A" to this Petition and comprise of the "**Canadian Petitioners**" and the "**U.S. Petitioners**".

5. The Canadian Petitioners and the U.S. Petitioners are collectively referred to herein as the "**Petitioners**", the "**Company**", or the "**BRON Group of Companies**".

B. Background

6. The BRON Group of Companies develop, produce and sell motion pictures, series television, and digital media content.

7. The Company began in 2010 in Burnaby, British Columbia as a producer of small, independent live action and animation films.

8. By 2016, the Company opened an office in Los Angeles, California, and had become a full-service film production company. The Company hired teams for various functions including development, business affairs, production, post-production, marketing and delivery of films.

9. During this time, in parallel with its film production business, the Company entered into the business of executive producing film slates with Hollywood studios. This involved contracting with some of Hollywood's major studios to help packaging for their motion pictures. In doing so, the Company would earn fees for the services it provided.

10. Over the years the Company earned a reputation as a high quality content producer. The Company has worked with and/or licensed content to the majority of the top film and television outlets in North America, including Apple, Netflix, Amazon, A24, Neon, Universal, MGM, Sony, and Warner Bros.

11. To date, the Company has produced or executive produced more than 125 productions. It has received hundreds of honors, and through various entities, produced or executive produced films that have combined to receive 38 Academy Award nominations and 6 Academy Awards.

C. Challenges, Liquidity Issues and Strategic Initiatives

12. The Company suffered significant losses due to the Covid-19 pandemic. Like many other companies, the Company was unprepared to manage the impacts of the pandemic, which was felt in all jurisdictions in which the Company operates.

13. Due to mandatory stay-at-home orders and facility closures, including movie theatre closures, production activities halted for many months. Films which were set for release (which had all been both produced and debt financed) were "paused" for an extended period. The pandemic caused widespread uncertainty for all industry players, many of whom were forced to cease operations.

14. Since production operations were delayed, the Company had great difficulty sustaining its business financially. And without production operations, the Company was unable to earn revenue from producer fees, overhead fees, or sales fees. At the same time, interest on its financing facilities continued to accrue. Over time, the business became increasingly unsustainable financially. For a significant period of time, the Company's employees worked on reduced salaries and perks.

15. Even when movie theatres gradually re-opened and the completed delayed productions were finally released, pandemic-related precautionary measures added significant costs to production budgets. None of the Company's films achieved their projected revenues. In total, the Company was a producer or executive producer on over 20 films that were scheduled for release in 2020 and 2021. While the projected revenues for these releases was approximately $4 billion in global box office revenue, they ended up generating less than 25% of that amount.

16. Many films and television programs have been impacted by the writers' strike that began in May, 2023. A number of the Company's productions have been completely shut down. Even a number of productions that were unaffected directly by the strike (*i.e.* unscripted productions or projects written prior to the start of the strike) have seen unexpected delays due to, among other things, the union's use of picket lines to disrupt productions.

17. For the last two years, the Company has been actively engaging potential lenders for the purpose of securing additional capital investment to fund its operations.

18. Discussions took place between the Company and a number of New York-based investment firms and other parties that had shown an interest in either financing or investing in the Company. However, these attempts did not result in a successful financing or investment transaction. The Company has thus been burdened with debt while unable to generate revenue.

D. The Petitioners' Need for Protection under the CCAA

19. The Company is in need of urgent protection under the CCAA. While the Company's operations have significant value, its ability to conduct its business and generate revenue and liquidity has been impacted by continuing and evolving factors, including the pandemic, the writers' strike, ongoing litigation and outstanding judgements, and unsuccessful attempts to obtain third party financing and investment.

20. Given its liquidity challenges and dire need for stability, the Company, in consultation with its advisors, has determined that it is in the best interests of the Company and its stakeholders to seek creditor protection under the CCAA. The Company has been unable to generate revenue due to the challenges discussed above, and is currently in default on, and cannot satisfy, its obligations to its various secured creditors. The Company is therefore insolvent and is in urgent need of creditor protection.

21. With the benefit of the initial 10-day Stay of Proceedings, the Company intends to stabilize its operations, communicate with its employees, strategic partners and other stakeholders, consider its restructuring options and develop a sale and investment solicitation process in respect of some or all of the Petitioners' assets.

E. Corporate Structure

22. The Company is a private, closely-held corporate group. Three British Columbia corporations, BRON Media Holdings USA Inc., BRON Media Corp. and BRON Media Holdings Intl. Corp (together, the "**BRON Parents**", and each, a "**BRON Parent**") are the ultimate parent companies of the BRON Group of Companies.

23. The Company's corporate structure is complex and includes over 100 entities. The corporate structure is a function of the Company's global production business, and

because the Company manages and operates each film or television production it undertakes through special-purpose entities.

24. The Company's executive management team is located in British Columbia, and all corporate decision making (including operational, strategic and legal decisions, cash management, human resources, and oversight of local payroll and accounting functions) occurs from the head office located in Burnaby, British Columbia.

25. The Canadian Petitioners comprise of the BRON Parents, and thirteen (13) additional entities, including the Company's various operating entities and holding companies.

26. All of the U.S. Petitioners have assets in Canada by way of retainers held by Canadian counsel to the Petitioners.

27. The U.S. Petitioners are all directly or indirectly wholly owned subsidiaries of the Canadian BRON Parent, BRON Media Holdings USA Inc., with the exception of BRON Studios USA, Inc.

28. The Company's corporate structure includes many U.S. entities that were established for specific projects, the majority of which are largely inactive. These entities have no employees. They typically have future revenue from exploitation of their production(s) and in many cases, they have outstanding production loans to be repaid.

29. The Non-Petitioner Entities, which include the UK Debtors, are entities in the Company's corporate structure which own or manage various production projects. The Non-Petitioner Entities' operations are intertwined with the Company's complex business structure. Certain of the Non-Petitioner Entities, in particular the UK Debtors, have ongoing film production operations.

F. Chief Place of Business

30. All of the members of the Company's executive management team are located in Canada. The Company's headquarters are located in Canada and all of the Company's parent entities (being the Canadian BRON Parents) are Canadian entities registered in British Columbia.

31. The Company is centrally managed from British Columbia – the centre of the Company's corporate, management and strategic functions. The Company's primary bank accounts

are located in Canada, where the Company's cash management and accounting functions are overseen. The Company's largest creditors, Creative Wealth Media Finance Corp., Creative Wealth Media Lending LP 2016, and Creative Wealth Media Lending Inc., are based in Canada.

G. The Business and Operations

32. The Company is currently divided into two primary operating divisions: BRON Studios and BRON Digital.

33. "**BRON Studios**" is the brand name for the production segment of the business responsible for producing scripted and non-scripted motion pictures and series television. As indicated, BRON Studios has produced or executive produced over 125 productions and has gained industry-wide acclaim.

34. "**BRON Digital**" is the brand name for the production segment of the business responsible for creating animation and interactive gaming content.

35. Historically the production of films has comprised the majority of the Company's business operations. The Company has worked to complete many productions and has engaged in all stages of the film-making process, which includes development and project financing, pre-production, production, post-production, and distribution.

36. The Company typically generates revenue throughout the entire film-making process through, among other things:

    (a) producer fees for the services it provides in the development and packaging of a film;

    (b) overhead (*i.e.* fees for use of office space and necessary equipment);

    (c) film sales; and

    (d) profit-sharing arrangements through ownership rights once a film is sold.

37. The Company has also earned revenue as an executive producer on a number of productions, including by introduction to key suppliers and advisory services.

38. With respect to BRON Digital, the Company earns producer fees in connection with service work undertaken in the production process of animation projects. In addition, the Company also retains ancillary rights in its projects.

H. Leased Premises

39. The Company does not own any real property. It operates out of two (2) leased premises: 5542 Short St., Burnaby, British Columbia, V5J 1L9, Canada (the "**Burnaby Office**") and 345 N Maple Dr #294, Beverly Hills, CA 90210, United States (the "**Beverly Hills Office**").

40. The Company has not paid rent for July, 2023 under its lease for the Burnaby Office.

41. The Company is not current on its obligations under its lease for the Beverly Hills Office. It has not consistently made rent payments since December, 2021. To date, there is approximately $1,260,733.81 outstanding under the lease. The Company intends to disclaim the Beverly Hills Office lease as part of these proceedings.

I. Employees

42. As of July 5, 2023, the BRON Group of Companies employed approximately 115 people across Canada and the United States (including approximately 76 who are furloughed). The vast majority of employees work from home with a small group working from the Burnaby Office on a regular basis.

43. The Company provides a 401K retirement plan to its employees in the United States.

44. The Company does not administer any defined benefit or defined contribution pension plans.

J. Cash Management

45. In the ordinary course, project funding is advanced to the applicable production HoldCo, and then advanced to the associated ProdCo as required. Each HoldCo that receives project funding typically creates one or more bank accounts, depending on the currencies required for the project (*e.g.*, U.S. dollars, Canadian dollars, Euros, or pound sterling) to receive and disburse such funding.

46. The Company's corporate cash and treasury functions are managed by corporate and production finance staff, all of whom are based in British Columbia.

47. The Company's main corporate operating bank accounts are in British Columbia and in California.

48. The Company has over 150 corporate and production bank accounts in Canada, the United States and Europe.

K. Financial Circumstances and Cash Flow

49. As at March 31, 2023, the Company, on a consolidated basis, had assets totalling approximately $148 million. The Company's assets consist primarily of investment in content, intellectual property, and dues from related parties.

50. As at July 6, 2023, the Company, on a consolidated basis, had liabilities exceeding $419 million.

51. As made clear by the Financial Statements, the Company's liabilities far exceed its assets on a consolidated basis.

L. Creditors of the BRON Group of Companies

52. The Company has outstanding source deduction obligations owing to Canada Revenue Agency of approximately CAD $823,000.

53. The Company does not owe any amounts in respect of provincial sales taxes.

54. The following parties have registrations against the Petitioners under the personal property security legislation in British Columbia and Ontario, as applicable:

    (a) Comerica Bank;

    (b) Creative Wealth Media Lending LP 2016;

    (c) Access Road Capital, LLC;

    (d) Royal Bank of Canada;

    (e) Receivables Management Office – Hailey Anderson;

    (f) TPC Lending & Services, LLC;

    (g) Robin Hood Media Lender, LLC; and

    (h) The Union of BC Performers.

55. The Company's secured debt obligations are further particularized in the First Gilbert Affidavit.[1] Below is a summary of the primary secured debt obligations of the Company:

(a) Comerica Bank:

(i) BRON Studios Inc., BRON Studios USA Inc. and BRON Studios UK Ltd., collectively as borrowers (in such capacity, the "**Comerica Borrowers**"), and Comerica Bank ("**Comerica Bank**"), as lender and as administrative agent, are party to an Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated November 19, 2019 (the "**Comerica Loan Agreement**").

(ii) Pursuant to the Comerica Loan Agreement, Comerica Bank made available to the Comerica Borrowers a secured revolving credit facility in the principal amount of $80,000,000, which could have been increased by $70,000,000 for a total of up to $150,000,000 in accordance with the terms of the Comerica Loan Agreement.

(iii) The obligations under the Comerica Loan Agreement are secured by the Comerica Security, as particularized in the First Gilbert Affidavit.

(iv) On April 29, 2022 the Comerica Borrowers delivered to Comerica Bank a notice confirming that the Comerica Borrowers permanently reduced the Total Commitments (as defined under the Comerica Loan Agreement) to $45,000,000.

(v) In addition, the Comerica Borrowers have made repayments to Comerica Bank to reduce the total amount outstanding under the Comerica Loan Agreement from revenue generated from the sale and delivery of productions that have been pledged to Comerica Bank.

(vi) The Company has made further repayments under the Comerica Loan Agreement such that as of June 30, 2023, the Comerica Borrowers owed Comerica Bank approximately $4,071,102 under the Comerica Loan Agreement.

[1] As noted in the First Gilbert Affidavit, the quantum of the Company's secured debt obligations are based solely on the Company's books and records and remain subject to further review and confirmation.

(b) Access Road Capital LLC

(i) BRON Ventures 1 LLC and BRON Ventures 1 (Canada) Corp., as borrowers, BRON Media Holdings USA Corp., as guarantor, and Access Road Capital LLC ("**Access Road**"), as lender, are party to a loan agreement dated as of May 29, 2020 (the "**Access Road Loan Agreement**").

(ii) Pursuant to the Access Road Loan Agreement, Access Road made available to the Company a loan in the principal amount of $20 million (the "**Access Road Loan**").

(iii) The obligations under the Access Road Loan Agreement are secured by the Access Road Security, as particularized in the First Gilbert Affidavit.

(iv) The Company defaulted on its obligations under the Access Road Loan Agreement on or about May 2021, at which time there was approximately $17 million outstanding under the Access Road Loan. A balance of approximately $12.5 million, which includes over $2 million in interest and fees, remains owing to date.

(v) The Company and Access Road are party to three forbearance agreements. The Company and Access Road are also party to various litigation in the United States and in Canada in respect of the Access Road Loan, including the unresolved Receivership Application described in the First Gilbert Affidavit.

(c) Creative Wealth Media Finance Corp.

(i) Creative Wealth Media Finance Corp. ("**CWM Finance**") and BRON Releasing Inc. are party to a Revolving Loan Agreement dated September 8, 2017 (the "**CWM Finance Loan Agreement**").

(ii) Pursuant to the CWM Finance Loan Agreement, CWM Finance made a loan available to the Company in the principal amount of $2,300,000 (the "**CWM Finance Loan**").

(iii) As security for its obligations under the CWM Finance Loan Agreement, BRON Releasing Inc. granted a security interest in favour of CWM Finance pursuant to a general security agreement dated September 8, 2017.

(iv) As of July 6, 2023, there is approximately $2,709,862, inclusive of interest outstanding under the CWM Finance Loan Agreement.

(d) Creative Wealth Media Lending LP 2016

(i) Creative Wealth Media Lending LP 2016 ("**CWM Lending**") and BRON Media Corp. are party to a Revolving Loan Agreement dated August 8, 2017 (the "**CWM Lending Loan Agreement**"). Pursuant to the CWM Lending Loan Agreement, as amended pursuant to various amending agreements, CWM Lending made a loan available to the Company in the principal amount of $25,000,000 (the "**CWM Lending Loan**").

(ii) As security for its obligations under the CWM Lending Loan Agreement, BRON Media Corp granted a security interest in favour of CWM Lending pursuant to a general security agreement dated August 8, 2017, as amended pursuant to an amendment dated November 19, 2019 ("**BRON CWM Lending GSA**"). The security interest granted under the BRON CWM Lending GSA includes, among other things, all of BRON Media Corp.'s present and after acquired goods, personal property, investment property, and securities and all proceeds thereof.

(iii) As of July 10, 2023, CWM Lending is owed the aggregate of approximately $47,360,782 under the CWM Lending Loan Agreement.

(e) Project Loans with Creative Wealth Media

(i) In addition to the CWM Lending Loan and the CWM Finance Loan, the Company has obtained project-specific financing (collectively, the "**Project Loans**") from CWM Lending, CWM Finance and certain of their affiliates (collectively, "**Creative Wealth**") for the purpose of funding specific production projects.

(ii) Typically, Creative Wealth will enter into separate loan and security documentation with the special purpose holding and production companies that the Company incorporates for a specific project. The security granted in connection with each Project Loan is generally specific to the project.

(f) Royal Bank of Canada

(i) The Company utilizes a number of corporate credit cards issued by Royal Bank of Canada ("**RBC**") as part of its business operations. RBC has registered a financing statement under the PPSA in respect of all present and after-acquired personal property of BRON Animation Inc. and BRON Studios Inc. The total amount outstanding to RBC under these credit card facilities is CAD $50,000.

(g) Other Secured Lenders

(i) As further particularized in the First Gilbert Affidavit, various entities within the BRON Group of Companies are indebted to certain individuals for which such entities have granted security.

56. The Company also has material unsecured debt obligations, trade debt, and judgement creditors in respect of litigation in Canada and in the United States.

M. CCAA Relief and Insolvency of the Petitioners

57. The Company is facing financial distress and is currently in a liquidity crisis, which has made it necessary for the Petitioners to seek urgent relief under the CCAA. The Company's challenges have been exacerbated by the aftermath of the Covid-19 pandemic, the ongoing writers' strike in Hollywood, failed attempted financings, and various significant litigation and enforcement activity in both Canada and in the United States.

58. Due to the aforementioned challenges, the Company is in default of its obligations to creditors and is in dire need of creditor protection and additional liquidity. The Petitioners have made every effort to resolve their financial challenges without success.

59. The Company is seeking the following relief under the CCAA in order to design and implement a restructuring plan that will allow the Petitioners to continue to operate while

a sale and investment solicitation process is implemented with a view to identifying one or more value-maximizing transactions. The proposed Initial Order sought by the Petitioners will allow the Company to preserve its operations, prevent enforcement steps in respect of the Petitioners' secured debt facilities, and provide the opportunity to complete a successful restructuring.

60. As part of their restructuring, the Petitioners intend in short order to reduce their overhead expenses. In particular, the Petitioners intend to disclaim some or all of their lease obligations and take other steps to optimize their cash flow situation, with the assistance of the Monitor.

61. If the proposed Initial Order is granted, following the initial 10-day Stay of Proceedings, the Petitioners anticipate seeking an extension of the Stay of Proceedings, and an increase to the various court-ordered priority charges. As referenced above, the Petitioners also intend to develop and seek approval of a broad and efficient sale and investment solicitation process.

PART 3: LEGAL BASIS

62. The Applicants rely on:

(a) the *CCAA*;

(b) the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**");

(c) the *Business Corporations Act,* SBC 2002, c 57;

(d) the *Supreme Court Civil Rules,* BC Red 241/2010;

(e) the inherent and equitable jurisdiction of this Honourable Court; and

(d) such further and other legal basis as counsel may advise and this Honourable Court may allow.

The Petitioners Meet the Criteria for CCAA Protection

63. The CCAA applies in respect of a "debtor company" or "affiliated debtor companies" where the total amount of claims against the debtor or its affiliates exceeds CAD $5 million.[2]

64. The CCAA defines "company" as a "company, corporation, or legal person incorporated by or under any Act of Parliament or of the legislature of a province, any incorporated company having assets or doing business in Canada, wherever incorporated, [...]."[3]

65. The test for "having assets or doing business in Canada" is disjunctive, such that either "having assets" in Canada or "doing business in Canada" is sufficient to qualify a company as a "company" within the meaning of the CCAA.[4] In order to meet the threshold statutory requirements of the CCAA, an applicant only need be in technical compliance with the plain words of the CCAA.[5]

66. In this context, the Courts do not engage in a "quantitative or qualitative analysis of the assets or the circumstances in which the assets were created." The use of "instant" transactions immediately preceding a CCAA application, such as the creation of "instant debts" or "instant assets" for the purposes of bringing an entity within the scope of the CCAA, has received judicial approval as a legitimate device to bring a debtor within the technical requirements of the CCAA.[6]

67. The term "debtor company" is any company that is "insolvent".[7]

68. The insolvency of a debtor company is determined as of the time the debtor files its application under the CCAA.[8]

69. Although the term "insolvent" is not defined in the CCAA, Canadian courts have applied the BIA's definition of "insolvent person" for the purposes of assessing entitlement to apply for relief under the CCAA. The BIA provides as follows:[9]

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[2] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), ss. 2, 3.

[3] *CCAA*, s. 2(1).

[4] *Cinram International Inc., Re*, 2012 ONSC 3767at para 46.

[5] *Cinram International Inc., Re*, 2012 ONSC 3767at para 47.

[6] *Cinram International Inc., Re*, 2012 ONSC 3767at para 48. See also *Global Light Telecommunications Inc., Re,* 2004 BCSC 745 at paras 17-18.

[7] *CCAA*, s. 2(1).

[8] *Re Stelco Inc.* (2004), 48 CBR (4th) 299 (Ont Sup Ct J [Commercial List]) at para 4.

> … "insolvent person" means a person who is not bankrupt and who resides, carries on business or has property in Canada, and whose liability to creditors provable as claims under this Act amount to one thousand dollars, and
>
> (a) who is for any reason unable to meet his obligations as they generally become due,
>
> (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
>
> (c) the aggregate of whose property is not, at a fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

70. In the context of the CCAA, this test has been interpreted expansively. If a company is "reasonably expected to run out of liquidity within a reasonable proximity of time as compared with the time reasonably required to implement a restructuring", it is considered insolvent.[10]

71. Each of the Petitioners is a "debtor company" within the meaning of the CCAA because they meet each of the above statutory requirements. In particular:

(a) each of the Canadian Petitioners are incorporated pursuant to either federal or provincial legislation in Canada;

(b) each of the U.S. Petitioners has assets in Canada, including by way of retainers held by Canadian counsel;

(c) the Petitioners are subject to claims well in excess of $5 million; and

(d) the Petitioners are insolvent because they are unable to pay their obligations as they become due, and their liabilities exceed their assets.

Stay of Proceedings

72. The Petitioners request the Stay of Proceedings for an initial period of 10 days, up to and including July 29, 2023.

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[9] *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 at s. 2 ("**BIA**")

[10] *Re Stelco Inc.* (2004), 48 CBR (4th) 299 (Ont Sup Ct J [Commercial List]) at para 26. See also *Lemare Holdings Ltd., Re*, 2014 BCSC 893 at para 18.

73. Section 11 of the CCAA provides this Court with broad discretion to "make any order that it considers appropriate in the circumstances", subject only to restrictions provided in the CCAA. Section 11.001 of the CCAA requires that any relief sought under section 11 during the initial stay must be "reasonably necessary for the continued operation of the debtor company in the ordinary course of business" during the initial 10-day stay period.[11]

74. Pursuant to section 11.02 of the CCAA, the Court may make an order staying proceedings for not more than 10 days.

75. Section 11.02(3) of the CCAA provides that the Court may *not* make an order staying proceedings unless the petitioner satisfies the Court that circumstances exist which make the order appropriate.[12]

76. Courts will grant a stay of proceedings where doing so preserves the *status quo* and allows for operations to be stabilized and negotiations to occur, followed by requests for expanded relief on proper notice to affected parties at the full comeback hearing.[13]

77. The Petitioners require the Stay of Proceedings to maintain the status quo and to give them the breathing room they require to develop a restructuring plan, including a broad sale and investment solicitation process.

78. The Company faces unprecedented challenges due to, among other things, the aftermath of the Covid-19 pandemic, the writers' strike and various other external factors. The Company is in default of its obligations to creditors and faces multiple judgements and ongoing litigation proceedings involving the Company in Canada and abroad.

79. Without CCAA protection, the Company will be forced to immediately cease its business operations. If the proposed Initial Order is not granted and the Company is forced into liquidation, significant value and jobs will be permanently lost to the detriment of all stakeholders.

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[11] CCAA, ss. 11 and 11.001.

[12] *CCAA* at s. 11.02(3).

[13] *Lydian International Limited (Re)*, 2019 ONSC 7473 at paras 26, 30; *Soccer Express Trading Corp. (Re)*, 2020 BCSC 2109 at para 7.

80. The Company's urgent need for CCAA protection falls squarely within the underlying policy intent of the CCAA, which is to permit a debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating its assets. In *Century Services Inc. v Canada (Attorney General)*, the Supreme Court of Canada found:[14]

> the purpose of the CCAA — Canada's first reorganization statute — is to permit the debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating its assets. Proposals to creditors under the BIA serve the same remedial purpose, though this is achieved through a rules-based mechanism that offers less flexibility.

81. The Petitioners have complied with section 11.001 of the CCAA by limiting the relief sought on this application to only that which is "reasonably necessary" for their continued operations during the initial 10-day stay period.[15]

82. The Stay of Proceedings will facilitate an orderly restructuring of the business, including by way of one or more value-maximizing sale transactions, and assist in protecting the interest of the Company's stakeholders, including employees, suppliers, customers, and lenders.

Expanding the Stay of Proceedings to the Non-Petitioner Entities

83. The Petitioners seek an order expanding the Stay of Proceedings for the benefit of the Non-Petitioner Entities.

84. The Court has broad jurisdiction under section 11.02(1) of the CCAA to impose stays of proceedings where it is just and reasonable to do so, including with respect to non-applicants.[16]

85. Courts have found it just and reasonable to grant a stay of proceedings against third-party non-applicants in a number of circumstances, including:[17]

(a) where it is important to the reorganization process;

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[14] *Century Services Inc. v Canada (Attorney General),* 2010 SCC 60 at para 15.
[15] *CCAA*, s. 11.001.
[16] *Miniso International Hong Kong Limited v Migu Investments Inc.*, 2019 BCSC 1234 at para 58.
[17] *Cinram International Inc., Re*, 2012 ONSC 3767at para 64.

(b) where the business operations of the Applicants and the third party non-applicants are intertwined and the third parties are not subject to the jurisdiction of the CCAA, such as partnerships that do not qualify as "companies" within the meaning of the CCAA;

(c) against non-applicant subsidiaries of a debtor company where such subsidiaries were guarantors under the note indentures issued by the debtor company; and

(d) against non-applicant subsidiaries relating to any guarantee, contribution or indemnity obligation, liability or claim in respect of obligations and claims against the debtor companies.

86. The Non-Petitioner Entities are entities in the Company's corporate structure which own or manage various production projects and whose operations are intertwined with the Company's complex business structure. Expansion of the Stay of Proceedings is necessary for the meaningful operation of the Stay of Proceedings, to ensure that all enforcement activity is stayed for the pendency of these proceedings to permit the Company to restructure its affairs.

87. Expansion of the scope of the Stay of Proceedings will further the purpose of the CCAA by enabling the Company to maintain the status quo and preserve value for stakeholders.

Appointment of the Monitor

88. The Petitioners seek the appointment of GTL as an officer of the court to monitor the assets, business and affairs of the Petitioners in these CCAA proceedings.

89. Under section 11.7 of the CCAA, the Court must appoint a person to monitor the business and financial affairs of a debtor company at the time that an initial order is made.[18]

90. Section 11.7(2) of the CCAA also sets out certain requirements for, and restrictions on, who may act as a monitor, including that the monitor be a trustee within the meaning of subsection 2 of the BIA.[19]

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[18] *CCAA*, s. 11.7(1).

[19] *BIA*, s. 2.

91. GTL is a trustee within the meaning of section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

92. GTL has acted in a pre-filing financial advisor role to the Petitioners and understands the business and its challenges. GTL has consented to its appointment as the Monitor.

The Administration Charge Should Be Approved

93. The Petitioners seek approval of the Administration Charge as a first-ranking priority charge over the Property, to the maximum amount of $250,000 in favour of the Monitor, counsel for the Monitor, and counsel for the Petitioners (collectively, the "**Professionals Group**"), to secure payment of their respective professional fees and disbursements, whether incurred before or after the date of the Initial Order.

94. The Professionals Group will be essential to the Company's restructuring efforts. and is prepared to provide or continue to provide professional services to the Company if they are protected by the proposed Administration Charge.

95. The Court may grant an administration charge pursuant to section 11.52 of the CCAA.[20] In deciding whether to grant an administration charge, courts may consider a number of factors, including: (a) the size and complexity of the businesses being restructured; (b) the proposed role of the beneficiaries of the charge; (c) whether there is an unwarranted duplication of roles; (d) whether the quantum of the proposed charge appears to be fair and reasonable; (e) the position of the secured creditors likely to be affected by the charge; and (f) the position of the Monitor. [21]

96. The Petitioners submit that the Administration Charge is appropriate for the following reasons:

(a) the Company has a complex, multi-jurisdictional corporate structure, and hundreds of millions of dollars in liabilities owing to multiple secured and unsecured creditors. Accordingly, the within restructuring is complex and requires the assistance of the Professionals Group;

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[20] s. 11.52, CCAA.

[21] *Canwest Publishing Inc, Re,* 2010 ONSC 222 at para. 54.

(b) the quantum of the proposed Administration Charge is fair and reasonable. It is in line with the nature and size of the Petitioners' business and the involvement required by the Professional Group, and is limited to what is reasonably necessary during the initial 10-day Stay of Proceedings;

(c) it is contemplated that the Professionals Group will have extensive involvement during these CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Petitioners' restructuring efforts and there is no duplication of roles; and

(d) the Proposed Monitor supports the granting of the proposed Administration Charge.

97. If the proposed Initial Order is granted, the Company intends to seek an increase of the Administration Charge to $500,000 at the comeback hearing.

<u>The Director's Charge is Appropriate and Should Be Approved</u>

98. The Company is seeking approval from this Court for the Directors' Charge over the Property in the amount of $250,000 to secure the indemnification of the directors and officers of the Company for liabilities they may incur during the within CCAA proceedings in their capacities as directors and officers.

99. Section 11.51 of the CCAA provides the Court with the jurisdiction to grant the Directors' Charge in an amount the Court considers appropriate, provided notice is given to the secured creditors who are likely to be affected by it.[22]

100. The Company submits that the Directors' Charge is warranted and necessary, and that it is appropriate in the present circumstances for this Court to exercise its jurisdiction to grant the Directors' Charge in favor of the Company's directors and officers as:

(a) the directors and officers of the Company may be subject to potential liabilities in connection with these CCAA proceedings and have expressed their desire for certainty with respect to potential personal liability if they continue in their current capacities;

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[22] s. 11.51, *CCAA*.

(b) the proposed Directors' Charge will only secure liabilities that arise in excess of existing available directors' and officers' insurance;

(c) the proposed Directors' Charge will only secure obligations and liabilities that the Company's directors and officers may incur after the commencement of these CCAA proceedings and will not cover wilful misconduct or gross negligence;

(d) the Company's directors and officers have been actively involved in the Company's efforts to address its challenging circumstances, including through overseeing the Company's restructuring efforts, the Company's review and exploration of strategic options, communications with key secured creditors and preparation for and commencement of these CCAA proceedings;

(e) the Company will require the active and committed involvement of its directors and officers in these CCAA proceedings;

(f) the Proposed Monitor supports the Directors' Charge; and

(g) the quantum of the Directors' Charge was determined based on the estimated potential exposure of the Company's directors and officers during the initial 10-day Stay of Proceedings and has been reviewed with the Proposed Monitor.

The DIP Loan and the DIP Lender's Charge Should Be Approved

101. The Petitioners are seeking approval of the DIP Loan and the second-ranking DIP Lender's Charge over the Property in favour of the DIP Lender in the amount of $1,751,409.00 to secure amounts borrowed by the Petitioners pursuant to the DIP Term Sheet.

102. Section 11.2 of the CCAA allows this Court to grant the DIP Loan and the DIP Lender's Charge in an amount that the Court considers appropriate having regard to the Petitioners' Cash Flow Forecast.[23]

103. Section 11.2(5) provides that a court shall not grant an order for interim financing at the same time as granting an initial order under section 11.2 unless it is satisfied that the terms of the loan are limited to those terms that are reasonably necessary for the

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[23] *CCAA*, s. 11.2(1).

Petitioners' continued operations in the ordinary course of business during the initial stay of proceedings.[24] What is considered "reasonably necessary" depends on the facts of each case.[25]

104. In determining whether the DIP Lender's Charge is appropriate, a Court considers the following factors under section 11.2(4) of the CCAA: [26]

(a) the period during which the company is expected to be subject to proceedings under the CCAA;

(b) how the company's business and financial affairs are to be managed during the proceedings;

(c) whether the company's management has the confidence of its major creditors;

(d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

(e) the nature and value of the company's property;

(f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the Monitor's report, if any.

105. The Petitioners submit that it is appropriate for this Court to exercise its discretion to approve the DIP Loan and grant the DIP Lender's Charge because, among other things:

(a) the availability of the DIP Loan is contingent on an order of this Court approving the DIP Term Sheet and the DIP Lender's Charge being granted to secure any advances made thereunder;

(b) the DIP Loan is critical to the Company's ability to maximize stakeholder value in these CCAA proceedings, including by developing and implementing a sale and investment solicitation process;

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[24] *CCAA*, s. 11.2(5).

[25] *8440522 Canada Inc., Re*, 2013 ONSC 6167 at para. 30; *Miniso International Hong Kong Limited v Migu Investments Inc.*, 2019 BCSC 1234 at paras 73-90.

[26] *CCAA*, s. 11.2(4).

(c) pursuant to the Cash Flow Forecast appended to the Proposed Monitor's Pre-Filing Report, to be filed, the Company will not have sufficient funds to get through the initial 10-day stay period without approval of the DIP Term Sheet and the DIP Lender's Charge;

(d) the Company's material assets are intellectual property, rights in film and television productions, and investments in private companies, meaning that the Company's reasonable alternative – a bankruptcy – would significantly erode stakeholder value;

(e) the Company only intends to remain under CCAA protection as long as reasonably necessary;

(f) if the proposed Initial Order is granted, the Company's business will be managed in consultation with the Monitor;

(g) the secured creditors who are likely to be affected by the DIP Lender's Charge have been given notice of these CCAA proceedings; and

(h) the Proposed Monitor is supportive of the DIP Loan, the DIP Term Sheet, and the DIP Lender's Charge.

106. The Company is in dire need of interim financing. Absent interim financing, the Company will be forced to immediately cease operations and terminate all of its employees. A bankruptcy would destroy value for and be highly detrimental to the Company and its stakeholders, including employees and creditors.

107. The terms of the DIP Term Sheet and the amount of the DIP Charge are required and reasonable in the circumstances.

Payment of Pre-Filing Expenses

108. The Petitioners seek authorization, with the prior written consent of the DIP Lender and the Monitor, to make certain payments, including payments for pre-filing amounts owing in arrears to certain third parties, including the Canada Revenue Agency for outstanding source deductions and to employees for accrued but unpaid wages.

109. This is a measure designed to protect the Company's essential business relationships during the post-filing period and safeguard services that are integral to the Company's ability to operate.

110. The Company will only make payment of pre-filing expenses with the prior written consent of the Monitor and the DIP Lender.

Foreign Representative Appointment

111. The Petitioners seek an order authorizing the Petitioners or any one of them, to act as the Foreign Representative in respect of the within CCAA proceedings, and to apply for foreign recognition of these CCAA proceedings in the United States pursuant to Chapter 15 of the US Bankruptcy Code, as well as any other foreign jurisdiction as deemed necessary or advisable, including the United Kingdom.

Cash Management System

112. The Petitioners seek an order authorizing them to continue utilizing the Cash Management System. The continued operation of the Cash Management System will minimize disruption caused by these CCAA proceedings and avoid the need to negotiate and implement alternative banking protocols. The Cash Management System includes necessary accounting controls and will continue to be implemented in with the oversight of the Monitor.

Notice

113. The Initial Order is being sought with minimal notice to the Petitioners' stakeholders. The short notice with respect to this petition is necessitated by the urgency of the Petitioners' need for relief and protection under the CCAA.

114. Section 11 of the CCAA provides that:[27]

> "... if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, <u>on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances</u>.

115. Rule 8-5(6) of the *Supreme Court Civil Rules* provides that "[t]he court may make an order without notice in the case of urgency".[28]

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[27] *CCAA*, s. 11.

116. In this case, the Petitioners require urgent relief due to their liquidity challenges and inability to pay liabilities as they become due. The Petitioners have sought to have this application heard to preserve and stabilize their operations, to prevent enforcement steps from being taken or continued in respect of their secured debt facilities, and to preserve the opportunity to restructure their business.

117. Therefore, the Petitioners submit that granting the proposed Initial Order sought herein is appropriate and in the best interests of the Petitioners' stakeholders.

The Form of the Initial Order is Appropriate in the Circumstances

118. In accordance with this Court's Practice Direction-47, the form of proposed Initial Order is based upon this Court's form of Model CCAA Initial Order and seeks only such relief as is necessary in the circumstances, pursuant to section 11.001 of the CCAA.

119. The relief sought in the Initial Order is appropriate in the circumstances and within this Court's jurisdiction to grant.

PART 4: MATERIAL TO BE RELIED ON

120. Petition of the Applicants, dated July 18, 2023;

121. Affidavit #1 of Aaron Gilbert dated July 18, 2023;

122. The Pre-Filing Report of the Proposed Monitor to the Court, to be filed; and

123. Such further and other materials as counsel may advise and this Honourable Court may allow.

The Applicants estimate that the application will take 1 hour.

Date: July 18, 2023

for Signature of Asim Iqbal
Lawyers for the Petitioners

[28] *Supreme Court Civil Rules*, B.C. Reg. 168/2009, R. 8-5(6).

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs ________________ of Part 1 of this Notice of Application.

[ ] with the following variations and additional terms:

....

....

....

Date: ....

....

Signature of [ ] Judge [ ] Master

Schedule "A"

List of Petitioners

Canadian Petitioners & US Petitioners – BRON Group of Companies

	Debtor Company	Jurisdiction
1.	BRON Animation Inc.	British Columbia
2.	BRON Creative Corp.	Ontario
3.	BRON Developments Inc.	British Columbia
4.	BRON Media Corp.	British Columbia
5.	BRON Media Holdings Intl. Corp.	British Columbia
6.	BRON Media Holdings USA Inc.	British Columbia
7.	BRON Releasing Inc.	British Columbia
8.	BRON Studios Inc.	British Columbia
9.	BRON Ventures 1 (Canada) Corp	British Columbia
10.	BRON Everest Productions Inc.	Ontario
11.	Fables Productions BC Inc.	British Columbia
12.	Gossamer Productions BC Inc.	British Columbia
13.	Hench 2 BC Productions Inc.	British Columbia
14.	Henchmen Productions Inc.	British Columbia
15.	Robin Hood Digital PC BC Inc.	British Columbia
16.	Windor Productions BC Inc.	British Columbia
17.	BRON Creative USA, Corp.	Nevada
18.	BRON Digital USA, LLC	Delaware
19.	BRON Life USA Inc. (BRON Legacy USA Inc.)	Delaware
20.	BRON Media Holdings USA Corp.	Delaware
21.	BRON Releasing USA Inc.	Delaware
22.	BRON Studios USA Inc.	Nevada
23.	BRON Ventures 1, LLC	Delaware
24.	BRON Studios USA Developments Inc.	Nevada
25.	Bakhorma, LLC	Washington

26.	Drunk Parents, LLC	New York
27.	Fables Holdings USA, LLC	Delaware
28.	Fables Productions USA Inc	Delaware
29.	Gossamer Holdings USA, LLC	Delaware
30.	Gossamer Productions USA Inc.	Delaware
31.	Harry Haft Productions, Inc.	New York
32.	Heavyweight Holdings, LLC (previously Harry Haft Films, LLC)	Delaware
33.	I Am Pink Productions, LLC	Delaware
34.	Lucite Desk, LLC	Delaware
35.	National Anthem Holdings, LLC (f. k. a. BCDC Holdings, LLC)	Delaware
36.	National Anthem ProdCo Inc.	New Mexico
37.	Oakland Pictures Holdings, LLC	Delaware
38.	Pathway Productions, LLC	Delaware
39.	Robin Hood Digital PC USA Inc.	Delaware
40.	Robin Hood Digital USA, LLC	Delaware
41.	Solitary Holdings USA, LLC	Delaware
42.	Surrounded Holdings USA LLC	Delaware
43.	Welcome to Me, LLC	California

Schedule "B"

Form of Initial Order

No. ____________
Vancouver Registry

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

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE	)	
	)	19/07/2023
JUSTICE GOMERY	)	

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 19th day of July, 2023 (the "**Order Date**"); AND ON HEARING Asim Iqbal and Bryan Hicks, counsel for the Petitioners and those other counsel listed on Schedule "C" hereto; AND UPON READING the material filed, including the First Affidavit of Aaron Gilbert sworn July 18, 2023 (the "**Gilbert Affidavit**") and the consent of Grant Thornton Limited to act as Monitor (in such capacity, the "**Monitor**");

AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

JURISDICTION

1. The Petitioners are companies to which the CCAA applies.

SUBSEQUENT HEARING DATE

2. The hearing of the Petitioners' application for an extension of the Stay Period (as defined in paragraph 15 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9:00 a.m. on Thursday, the 27th day of July, 2023 for one hour and continuing at 9:00 a.m. on Friday, the 28th day of July, 2023 for one hour, or such other date as this Court may order.

PLAN OF ARRANGEMENT

3. The Petitioners shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to this Order and any further Order of this Court, the Petitioners shall remain in possession and control of their current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on their business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

CASH MANAGEMENT SYSTEM

5. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the Gilbert Affidavit or, with the prior written consent of the Interim Lender (as hereinafter defined) and the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by any of the Petitioners of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioners, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan (if any) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. Subject to the terms of the DIP Term Sheet and Definitive Documents (each, as hereinafter defined), the Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

(a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**");

(b) the fees and disbursements of any Assistants retained or employed by any of the Petitioners which are related to the Restructuring (as hereinafter defined), at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of:

(i) these proceedings or any other similar proceedings in other jurisdictions in which any of the Petitioners or any subsidiaries or affiliated companies of the Petitioners are domiciled;

(ii) any litigation in which any of the Petitioners are named as a party or are otherwise involved, whether commenced before or after the Order Date; and

(iii) any related corporate matters; and

(c) with the prior written consent of the Monitor and the Interim Lender, amounts owing for goods and services actually supplied to the Petitioners in the ordinary course of business and consistent with existing policies and procedures (including, without limitation, outstanding source deductions owing to governmental authorities).

7. Except as otherwise provided herein and subject to the terms of the DIP Term Sheet and Definitive Documents, the Petitioners shall be entitled to pay all expenses reasonably incurred by the Petitioners in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services;

(b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioners' obligations incurred prior to the Order Date); and

(c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.

8. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioners in connection with the sale of goods and services by the Petitioners, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Petitioners or the making of this Order) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioners and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein and subject to the DIP Term Sheet and the Definitive Documents, the Petitioners are hereby directed, until further Order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Petitioners to any of their respective creditors as of the Order Date except as authorized by this Order;

(b) to make no payments in respect of any financing leases which create security interests;

(c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of their Property, nor become a guarantor or surety (other than in the ordinary course of the Business and with the prior written consent of the Interim Lender, where a completion guarantee or other bond is required to be posted by one or more of the Petitioners in connection with the production of an animated or live-action film, series television or other production), nor otherwise become liable in any manner with respect to any other Person or entity except as authorized by this Order;

(d) to not grant credit except in the ordinary course of the Business only to their customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioners to such customers as of the Order Date; and

(e) to not incur liabilities except in the ordinary course of Business.

RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Term Sheet or Definitive Documents, the Petitioners shall have the right to:

(a) permanently or temporarily cease, downsize or shut down all or any part of their Business or operations and commence marketing efforts in respect of any of their redundant or non-material assets and to dispose of redundant or non-material assets not exceeding $ 500,000 in any one transaction or $ 1,000,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

(c) pursue all avenues of refinancing for their Business or Property, in whole or part;

all of the foregoing to permit the Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. The Petitioners shall provide each of the relevant landlords with notice of the Petitioners' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioners' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioners, or by further Order of this Court upon application by the Petitioners, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioners disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioners' claim to the fixtures in dispute.

13. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioners and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without

waiver of or prejudice to any claims the landlord may have against the Petitioners, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioners of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioners, in the course of these proceedings, are permitted to, and hereby shall, disclose personal information of identifiable individuals in their possession or control to stakeholders, their advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

15. Until and including July 29, 2023, or such later date as this 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 or the Property, shall be commenced or continued except with the prior written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioners or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Petitioners or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Petitioners and the Monitor or leave of this Court.

17. Nothing in this Order, including paragraphs 15 and 16, shall: (i) empower the Petitioners to carry on any business which the Petitioners are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

STAY IN RESPECT OF THE NON-PETITIONER ENTITIES

18. During the Stay Period, no Person shall (a) commence any Proceeding or enforcement process, (b) terminate, repudiate, make any demand, accelerate, alter, amend, declare in default,

exercise any options, rights or remedies, or (c) 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 (as defined in the Gilbert Affidavit) listed at **Schedule "B"** hereto are a party, borrower, principal obligor or guarantor, by reason of:

(a) any of the Petitioners being insolvent, having become subject to insolvency proceedings, or having made an petition to this Court under the CCAA or the granting of this Order;

(b) any of the Petitioners being party to these proceedings or taking any steps related thereto;

(c) the stay of proceedings granted pursuant to this paragraph 18;

(d) any default or cross-default arising from the matters set out in the foregoing subparagraphs (a) to (c),

except with the prior written consent of the Petitioners and the Monitor, or with leave of this Court.

NO INTERFERENCE WITH RIGHTS

19. During the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Petitioners, except with the prior written consent of the Petitioners and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

20. During the Stay Period, all Persons having oral or written agreements with any of the Petitioners or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefit services, accounting services, insurance, transportation, services, utility, or other services, to the Business or any of the Petitioners, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the Petitioners, and that the Petitioners shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the applicable Petitioners and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioners on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of any of the Petitioners with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the

payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of any of the Petitioners that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

23. The Petitioners shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioners after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. The directors and officers of the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of USD $250,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 herein.

25. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioners' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. Grant Thornton Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Petitioners' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the DIP Term Sheet, the Definitive Documents and such other matters as may be relevant to the proceedings herein;

(c) assist the Petitioners, to the extent required by the Petitioners, in their dissemination, to the Interim Lender and its counsel, as and when required or permitted under the DIP Term Sheet or the Definitive Documents or as otherwise reasonably required by the Interim Lender, of financial and other information as agreed to between the Petitioners and the Interim Lender which may be used in these proceedings including reporting on a basis to be agreed with the Interim Lender;

(d) advise the Petitioners in their preparation of the Petitioners' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel as and when required under the DIP Term Sheet and the Definitive Documents or as otherwise agreed to by the Interim Lender;

(e) advise the Petitioners in their development of the Plan and any amendments to the Plan;

(f) assist the Petitioners, to the extent required by the Petitioners, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) monitor all payments, obligations and transfers as between any of the Petitioners;

(h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;

(i) be at liberty to engage independent legal counsel or such other Persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

28. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

29. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

30. The Monitor shall provide any creditor of the Petitioners and the Interim Lender with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.

31. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

32. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the

Petitioners as part of the cost of these proceedings. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioners on a periodic basis and, in addition, the Petitioners are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioners, retainers in the amount[s] of $50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

33. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

ADMINISTRATION CHARGE

34. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of USD $250,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners' restructuring. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

INTERIM FINANCING

35. The Petitioners are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from Creative Wealth Media Lending LP 2016 (the "**Interim Lender**") in order to finance the continuation of the Business and preservation of the Property, all in accordance with the DIP Term Sheet and the Definitive Documents, provided that borrowings under the DIP Facility shall not exceed the aggregate principal amount of USD $1,751,409 unless permitted by further Order of this Court.

36. The DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Petitioners and the Interim Lender dated as of July 18, 2023 (the "**DIP Term Sheet**"), filed.

37. The Petitioners are 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 DIP Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioners are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property up to the maximum amount of USD $1,751,409. (plus accrued and unpaid interest, fees and expenses) to secure amounts advanced under the DIP Facility. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 41 and 43 hereof.

39. Notwithstanding any other provision of this Order:

(a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence and during the continuance of an Event of Default (as defined in the DIP Term Sheet), whether or not there is availability under the DIP Facility and notwithstanding any stay imposed under this Order: (i) without any notice to the Petitioners, the Petitioners shall have no right to receive any additional advances thereunder or other accommodation of credit from the Interim Lender except in the sole discretion of the Interim Lender; and (ii) the

Interim Lender may immediately terminate the DIP Facility and demand immediate payment of all obligations owing thereunder by providing such notice and demand to the Petitioners, with a copy to the Monitor;

(c) with leave of this Court, sought on not less than three (3) business days' notice to the Petitioners and the Monitor after the occurrence and during the continuance of an Event of Default, the Interim Lender shall have the right to enforce the Interim Lender's Charge and to exercise all other rights and remedies in respect of the obligations owing under the DIP Facility and the Interim Lender's Charge; and

(d) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioners or the Property.

40. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioners under the CCAA, or any proposal filed by the Petitioners under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. The priorities of the Administration Charge, the Directors' Charge and the Interim Lender's Charge (collectively, the "Charges", as among them, shall be as follows:

First – Administration Charge (to the maximum amount of USD $250,000);

Second – Interim Lender's Charge (to the maximum amount of USD $1,751,406.00 plus accrued and unpaid interest, fees and expenses);

Third – Directors' Charge (to the maximum amount of USD $250,000).

42. Any security documentation evidencing, or the filing, registration or perfection of, the Charges shall not be required, and that the Charges shall be effective as against the Property and

shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

43. Each of the Charges shall constitute a mortgage, hypothec, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

44. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge and the Director's Charge.

45. The Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender 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) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to the BIA or otherwise, or any bankruptcy order or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) 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, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by any of the Petitioners of any Agreement to which any of the Petitioners is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Petitioners entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Petitioners pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

46. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioners' interest in such real property leases.

SERVICE AND NOTICE

47. The Monitor shall: (i) without delay, publish in *The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA; and (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioners of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

48. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the

records of the Petitioners and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

49. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: www.grantthornton.ca/BronMedia.

50. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: www.grantthornton.ca/BronMedia.

51. Notwithstanding paragraphs 48 and 50 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

FOREIGN PROCEEDINGS

52. BRON Media Corp., or any of the Petitioners, are hereby authorized and empowered to act as the foreign representative (as applicable, the "**Foreign Representative**") in respect of these proceedings of the purpose of having these proceedings recognized in a foreign jurisdiction.

53. The Foreign Representative is authorized to apply for foreign recognition of these proceedings, as necessary or advisable, in any jurisdiction outside of Canada including, without limitation, the United States pursuant to Chapter 15 of Title 11 of the United States Code 11 U.S.C., §§ 101 – 1532, the United Kingdom, Ireland and New Zealand.

GENERAL

54. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of their powers and duties hereunder.

55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioners, the Business or the Property.

56. This Court requests the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, the United Kingdom, or any other foreign jurisdiction, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Foreign Representative in any foreign proceeding, or to assist the Foreign Representative, Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

57. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

58. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

59. Any interested party (including the Petitioners, the Interim Lender and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all

parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

60. Eendorsement of this Order by counsel appearing on this application is hereby dispensed with.

61. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of
☐ Party ☑ Lawyer for the Petitioners

Asim Iqbal

BY THE COURT

REGISTRAR

Schedule "A"

List of Petitioners

	Debtor Company	Jurisdiction
1.	BRON Animation Inc.	British Columbia
2.	BRON Creative Corp.	Ontario
3.	BRON Developments Inc.	British Columbia
4.	BRON Media Corp.	British Columbia
5.	BRON Media Holdings Intl. Corp.	British Columbia
6.	BRON Media Holdings USA Inc.	British Columbia
7.	BRON Releasing Inc.	British Columbia
8.	BRON Studios Inc.	British Columbia
9.	BRON Ventures 1 (Canada) Corp	British Columbia
10.	BRON Everest Productions Inc.	Ontario
11.	Fables Productions BC Inc.	British Columbia
12.	Gossamer Productions BC Inc.	British Columbia
13.	Hench 2 BC Productions Inc.	British Columbia
14.	Henchmen Productions Inc.	British Columbia
15.	Robin Hood Digital PC BC Inc.	British Columbia
16.	Windor Productions BC Inc.	British Columbia
17.	BRON Creative USA, Corp.	Nevada
18.	BRON Digital USA, LLC	Delaware
19.	BRON Life USA Inc. (BRON Legacy USA Inc.)	Delaware
20.	BRON Media Holdings USA Corp.	Delaware
21.	BRON Releasing USA Inc.	Delaware
22.	BRON Studios USA Inc.	Nevada

23.	BRON Ventures 1, LLC	Delaware
24.	BRON Studios USA Developments Inc.	Nevada
25.	Bakhorma, LLC	Washington
26.	Drunk Parents, LLC	New York
27.	Fables Holdings USA, LLC	Delaware
28.	Fables Productions USA Inc	Delaware
29.	Gossamer Holdings USA, LLC	Delaware
30.	Gossamer Productions USA Inc.	Delaware
31.	Harry Haft Productions, Inc.	New York
32.	Heavyweight Holdings, LLC (previously Harry Haft Films, LLC)	Delaware
33.	I Am Pink Productions, LLC	Delaware
34.	Lucite Desk, LLC	Delaware
35.	National Anthem Holdings, LLC (f. k. a. BCDC Holdings, LLC)	Delaware
36.	National Anthem ProdCo Inc.	New Mexico
37.	Oakland Pictures Holdings, LLC	Delaware
38.	Pathway Productions, LLC	Delaware
39.	Robin Hood Digital PC USA Inc.	Delaware
40.	Robin Hood Digital USA, LLC	Delaware
41.	Solitary Holdings USA, LLC	Delaware
42.	Surrounded Holdings USA LLC	Delaware
43.	Welcome to Me, LLC	California

Schedule "B"
Non-Petitioner Entities

BRON Studios UK Ltd.
BRON Releasing UK Ltd.
CMA Productions UK Ltd.
In Good Company Holdings Ltd.
Kid Unknown Holdings Ltd (fka Hunaman Holdings Ltd.)
Neon Club Productions, Ltd.
Shadowplay Series Holdings UK Limited
TDBB Holdings UK Ltd.
Townsend Series Holdings UK Ltd.
Townsend Series Holdings UK Ltd.
Townsend Series Productions UK Ltd. (Grey Door Film Productions Ltd)
Front Runner Productions, Inc.
BRON Creative MG1, LLC
BRON Creative WB 1, LLC
BRON Labs LLC
A Single Shot Movie, LLLP
Blackhand Developments Inc.
Blackhand Pictures, LLC
BRON Next Film Production, LLC (BRON Life, LLC)
BRON Pictures Holdings, LLC
BRON Subnation Slate 1, LLC
Rideg Film Holdings, LLC
Brown Amy, LLC
Driftless Area, LLC
Drunk Parents Production Services Inc.
Erostratus LA, LLC
Erostratus, LLC
Fonzo Production Services Inc.
Fonzo, LLC
Front Runner, LLC
Green Moon Inc.

Schedule "C"

List of Counsel