

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

ROYAL BANK OF CANADA

and

BACK 40 PICTURES INC.

Applicant

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O, 1990, c.c43, AS AMENDED

APPLICATION RECORD

DEVRY SMITH FRANK LLP
Lawyers & Mediators
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

JAMES SATIN – LSO #44025R

Tel: (416) 449-1400
Fax: (416) 449-7071
Email: james.satin@devrylaw.ca

Lawyers for the Applicant

AND TO: **BACK 40 PICTURES INC.**
131 Bloor Street West, Suite 818
Toronto, Ontario M5S 1S3

AND TO: **MEDIA FINANCE CAPITAL LIMITED**
22 Manchester Square
London, United Kingdom
W1U 3PT

AND TO: **AMCOMRI LIMITED PARTNERSHIP**
AMCOMRI GP BVI LIM
c/o 21A Brook's Mews
London, United Kingdom
W1K 4DZ

AND TO: **FILM FINANCE CANADA LTD.**
250 The Esplanade, Suite 204
Toronto, Ontario M5A 1J2

AND TO: **ACTRA PERFORMERS' RIGHTS SOCIETY**
625 Church Street, Suite 300
Toronto, Ontario M4Y 2G1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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| C | Exhibit "C" | General Security Agreement |
| D | Exhibit "D" | Demand Letters |
| E | Exhibit "E" | Appointment document |
| F | Exhibit "F" | Consent to act as Receiver |

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

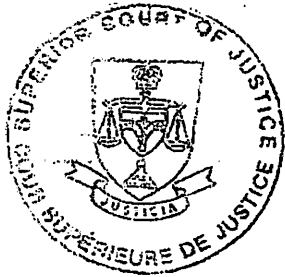
ROYAL BANK OF CANADA

Applicant

and

BACK 40 PICTURES INC.

Respondent



APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O, 1990, c.c43, AS AMENDED

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the applicant appears on the following page.

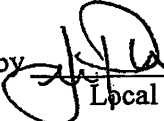
THIS APPLICATION will come on for a hearing before a Judge at a date to be set by the Registrar at Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: June 19, 2020

Issued by  Jan Plonka
Registrar, Superior Court of Justice
Local registrar

Address of court office:
Bankruptcy / Commercial Courts
330 University Avenue, 9th Floor
Toronto, Ontario M5G 1R7

AND TO: **BACK 40 PICTURES INC.**
131 Bloor Street West, Suite 818
Toronto, Ontario M5S 1S3

AND TO: **MEDIA FINANCE CAPITAL LIMITED**
22 Manchester Square
London, United Kingdom
W1U 3PT

AND TO: **AMCOMRI LIMITED PARTNERSHIP**
AMCOMRI GP BVI LIM
c/o 21A Brook's Mews
London, United Kingdom
W1K 4DZ

AND TO: **FILM FINANCE CANADA LTD.**
250 The Esplanade, Suite 204
Toronto, Ontario M5A 1J2

AND TO: **ACTRA PERFORMERS' RIGHTS SOCIETY**
625 Church Street, Suite 300
Toronto, Ontario M4Y 2G1

APPLICATION

THE APPLICANT MAKES AN APPLICATION FOR:

- (a) an Order abridging the time for service and/or filing of its Application materials herein;
- (b) if necessary, an Order validating service of the Notice of Application and related materials herein;
- (c) an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Deloitte Restructuring Inc. ("Deloitte") as Receiver for the limited purposes of (1) taking possession of Back 40's books and records and to complete a review of the realizable value of various Government tax credits owing to Back 40; (2) borrowing funds pursuant to a charge in order to retain and pay third party consultants / accountants; (3) engaging Back 40's accountant(s) or another consultant to finalize Back 40's tax credit applications if not already completed; and (4) preparing or engaging an accounting firm to prepare an audited report, in substantially the form of the Commercial Court's standard form Order;
- (d) if necessary, an Order pursuant to s. 243(1) of the BIA dispensing with the requirement for the Applicant to deliver a Notice pursuant to s. 244(1) of the BIA prior to bringing the Application herein and this Honourable Court's appointment of the Receiver;
- (e) costs of this application, including disbursements and applicable H.S.T.; and
- (f) such further and/or other relief that this Honourable Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

- (a) Back 40 is indebted to the Applicant pursuant a Confirmation of Credit Facilities Letter. Back 40 is in default of its obligations under the credit facilities. On April 7, 2020, the Applicant issued a Notice pursuant to s. 244 of the BIA with respect to the unpaid indebtedness and also made demand requiring that Back 40 pay the full amount outstanding which, as of April 7, 2020 was \$2,041,693.47;

- (b) Back 40 granted the Applicant a security interest, the terms of which are set out in a General Security Agreement dated July 6, 2018. The General Security Agreement provides that upon default the Applicant may appoint a receiver;
- (c) Back 40 was to repay its debt to the Applicant by January 2020 from the proceeds of various Government tax credits. The Applicant has not been paid;
- (d) The shareholders of Back 40 are involved in a shareholder's dispute with respect to payment to its accountants (and perhaps other matters), making it challenging to obtain financial information;
- (e) Deloitte was previously (and is currently) appointed privately by the Applicant, with Back 40's consent, as a consultant pursuant to an engagement letter signed by Back 40. Deloitte has had difficulty obtaining Back 40's financial records. It would be helpful and just for the Court to appoint Deloitte as Receiver.
- (f) The receivership being sought is for a limited purpose as noted above and it is not anticipated that it be disruptive to Back 40's ongoing business operations.
- (g) Section 101 of the *Courts of Justice Act* and s. 243 of the *Bankruptcy and Insolvency Act*;
- (h) Rule 41.02 of the *Rules of Civil Procedure*; and
- (i) Such further and other relief as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF
THE APPLICATION:

- (a) the sworn affidavit of Ivan Bogdanovich including its exhibits;
- (b) such further and other evidence as counsel may advise and this Honourable Court may permit.

Date of issue: June 19, 2020

DEVRY SMITH FRANK LLP
Lawyers & Mediators
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

James Satin – LSO #: 44025R

Tel : (416) 449-1400
Fax: (416) 449-7071
Email: james.satin@devrylaw.ca

Lawyers for the Applicant

ROYAL BANK OF CANADA

Applicant

and

BACK 40 PICTURES INC.

Respondent

Court File No. CV-20-00642755-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,
c.C43, AS AMENDED

Proceeding commenced at

TORONTO

NOTICE OF APPLICATION

DEVRY SMITH FRANK LLP
Lawyers & Mediators
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

JAMES M. SATIN
LSUC #: 44025R

Tel : (416) 449-1400
Fax: (416) 449-7071

Lawyers for the Plaintiff

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL COURT

BETWEEN

ROYAL BANK OF CANADA

Applicant

and

BACK 40 PICTURES INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O, 1990, c.c43, AS AMENDED

AFFIDAVIT OF IVAN BOGDANOVICH

I, IVAN BOGDANOVICH, of the City of Toronto in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Account Manager in Special Loans and Advisory Services for the Applicant, Royal Bank of Canada. I have carriage of the file involving Back 40 Pictures Inc. ("Back 40"), and as such have direct knowledge of the facts below. Where my knowledge is obtained from other, I have indicated the same. I swear this affidavit in support of the Applicant's Application for have Deloitte Restructuring Inc. ("Deloitte") appointed by the Court as Receiver over Back 40 for the limited purposes of (1) taking possession of Back 40's books and records and to complete a review of the realizable value of various Government tax credits owing to Back 40; (2) borrowing funds pursuant to a charge in order to retain and pay third party consultants / accountants; (3) engaging Back 40's accountant(s) or another consultant to finalize Back 40's tax credit applications

if not already completed; and (4) preparing or engaging an accounting firm to prepare an audited report. This is all to provide for the Applicant being repaid over \$2,000,000 owing by Back 40 to the Applicant.

2. Back 40 is film production corporation incorporated pursuant to the laws of the Province of Ontario. Attached hereto and marked as **Exhibit "A"** is a true copy of the Corporate Profile Report. Back 40 carries on business in, among other places, the City of Toronto
3. By way of a Confirmation of Credit Facilities Letter dated March 13, 2018 and amended August 10, 2018 (the "CCF"), the Applicant made credit available to Back 40. Attached hereto and marked as **Exhibit "B"** is a true copy of both the March 13, 2018 CCF and the August 10, 2018 CCF.
4. Back 40 was to repay its indebtedness to the Applicant by January 2020 from the proceeds of various Government tax credits related to film production. The Applicant has not been paid.
5. Back 40 executed a General Security Agreement ("GSA") in favour of the Applicant on July 6, 2018. A true copy of the GSA is attached to this affidavit and marked as **Exhibit "C"**. Paragraph 11 of the GSA defines the events of default. One of the events of default under the GSA is non-payment of an amount under the loan. Paragraph 13 of the GSA sets out the remedies available to the Applicant. Those remedies include the right of the Applicant to appoint a receiver and manager.
6. On or about April 7, 2020, the Applicant issued a Notice under s. 244 of the *Bankruptcy and Insolvency Act* and also made demand on the Respondent for repayment of its indebtedness. Attached collectively to this affidavit and marked as **Exhibit "D"** is a true copy of the demand letter and of the s. 244 Notice.
7. Back 40 is also indebted to the Applicant for unpaid accrued interest and legal and other costs.

8. As of April 7, 2020, the amount owing was as follows:

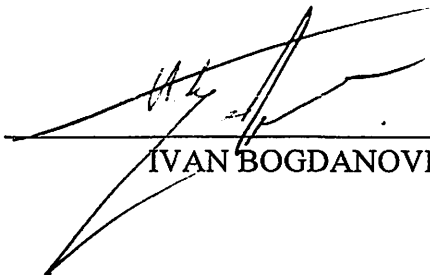
| <u>Description</u> | <u>Principal</u> | <u>Interest</u> |
|---|------------------|-----------------|
| Demand Loan #1 (Bank prime plus 1.25% per annum) | \$1,900,000.00 | \$35,740.82 |
| Demand Loan #2 (Bank prime plus 1.25% per annum) | #104,000.00 | \$1,952.65 |

9. Deloitte was previously (and is currently) appointed privately by the Applicant, with Back 40's consent, as a consultant pursuant to an engagement letter signed by Back 40. Attached hereto and marked as **Exhibit "E"** is a true copy of the appointment document.
10. I am advised by Richard Williams at Deloitte, and I believe, that he has been trying to obtain the financial records of Back 40, but has not been successful in doing so. Most if not all of the records are with a company operating as "Behind the Scenes". The shareholders of Back 40 are involved in a shareholders' dispute with respect to payment of amounts owing to Behind the Scenes. Back 40 has not paid Behind the Scenes for some of its work to date. Behind the Scenes has been hesitant to provide its cooperation with respect to producing the records.
11. In addition, Back 40's payroll was processed by a company operating as "Entertainment Partners".
12. To complicate matters, I am advised by John Vidette, a Director and the majority shareholder of Back 40, that a particular accounting software called "Vista" must be used to access the data and that only an accountant familiar with the software will be able to program Vista to produce the types of reports being sought. These reports are not readily available but must be generated by an accountant who understands and knows how to use the software and the data in order to "tell the system what to do".
13. The receivership being sought is for a limited purpose as noted above and it is not anticipated that it will impact Back 40's ongoing operations.

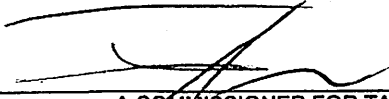
14. The Applicant requests that this Court appoint Deloitte as Receiver of Back 40 (in such capacities "Receiver") for the limited purposes of obtaining and reviewing the books and records and other financial documents of Back 40 for the limited purposes of (1) taking possession of Back 40's books and records and to complete a review of the realizable value of various Government tax credits owing to Back 40; (2) borrowing funds pursuant to a charge in order to retain and pay third party consultants / accountants; (3) engaging Back 40's accountant(s) or another consultant to finalize Back 40's tax credit applications if not already completed; and (4) preparing or engaging an accounting firm to prepare an audited report. The financial records are required to address any Government tax credit applications and secure repayment to the Applicant. Such receivership appointment will assist Deloitte in carrying out its duties. Deloitte has consented to being appointed by the Court as Receiver. Its consent in this regard is attached to this affidavit and marked as Exhibit "F".

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 28 day of May, 2020


A Commissioner for taking affidavits.


IVAN BOGDANOVICH

This is Exhibit "A" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this 28th
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS

Request ID: 024402686
Transaction ID: 75124693
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/04/03
Time Report Produced: 10:53:47
Page: 1

CORPORATION PROFILE REPORT

| | | |
|----------------------------------|----------------------------|-----------------------------|
| Ontario Corp Number | Corporation Name | Incorporation Date |
| 2505721 | BACK 40 PICTURES INC. | 2016/02/22 |
| | | Jurisdiction |
| | | ONTARIO |
| Corporation Type | Corporation Status | Former Jurisdiction |
| ONTARIO BUSINESS CORP. | ACTIVE | NOT APPLICABLE |
| Registered Office Address | | Date Amalgamated |
| | | NOT APPLICABLE |
| 131 BLOOR ST WEST | | Amalgamation Ind. |
| | | NOT APPLICABLE |
| Suite # 818 | | New Amal. Number |
| TORONTO | | NOT APPLICABLE |
| ONTARIO | | Notice Date |
| CANADA M5S 1S3 | | NOT APPLICABLE |
| | | Letter Date |
| Mailing Address | | NOT APPLICABLE |
| | | Revival Date |
| 131 BLOOR STREET WEST | | NOT APPLICABLE |
| | | Continuation Date |
| Suite # 818 | | NOT APPLICABLE |
| TORONTO | | Transferred Out Date |
| ONTARIO | | NOT APPLICABLE |
| CANADA M5S 1S3 | | Cancel/inactive Date |
| | | NOT APPLICABLE |
| | | EP Licence Eff.Date |
| | | NOT APPLICABLE |
| | | EP Licence Term.Date |
| | | NOT APPLICABLE |
| | Number of Directors | Date Commenced |
| | Minimum | in Ontario |
| | Maximum | Date Ceased |
| | | in Ontario |
| Activity Classification | 00001 | 00007 |
| NOT AVAILABLE | | NOT APPLICABLE |
| | | NOT APPLICABLE |

Request ID: 024402686
Transaction ID: 75124693
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/04/03
Time Report Produced: 10:53:47
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2505721

BACK 40 PICTURES INC.

Corporate Name History

Effective Date

BACK 40 PICTURES INC.

2016/02/22

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

Address

PAUL
ALLAN
LALONDE

257 CANBORO RD.

RIDGEVILLE
ONTARIO
CANADA L0S 1M0

Date Began

First Director

2016/02/22

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2505721

BACK 40 PICTURES INC.

**Administrator:
Name (Individual / Corporation)**

Address

PAUL
ALLAN
LALONDE

257 CANBORO RD.

RIDGEVILLE
ONTARIO
CANADA L0S 1M0

Date Began

First Director

2016/03/04

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

**Administrator:
Name (Individual / Corporation)**

Address

MARY
ELLEN
NICHOLSON

701 GENEVA STREET

Suite # 1304
ST. CATHARINES
ONTARIO
CANADA L2N 7H9

Date Began

First Director

2016/03/04

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2505721

BACK 40 PICTURES INC.

Administrator:

Name (Individual / Corporation)

Address

MARY
ELLEN
NICHOLSON

701 GENEVA STREET

Suite # 1304
ST. CATHARINES
ONTARIO
CANADA L2N 7H9

Date Began

First Director

2018/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Administrator:

Name (Individual / Corporation)

Address

JOHN
VIDETTE

131 BLOOR ST. W.

Suite # 818
TORONTO
ONTARIO
CANADA M5S 1S3

Date Began

First Director

2016/02/22

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2505721

BACK 40 PICTURES INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN

131 BLOOR ST. W.

VIDETTE

Suite # 818
TORONTO
ONTARIO
CANADA M5S 1S3

Date Began

First Director

2016/03/04

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Administrator:

Name (Individual / Corporation)

Address

MICHAEL

4220 SARAZEN DR.

WALKER

Suite # 21
BURLINGTON
ONTARIO
CANADA L7M 5C6

Date Began

First Director

2016/02/22

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 024402686
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Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/04/03
Time Report Produced: 10:53:47
Page: 6

CORPORATION PROFILE REPORT

Ontario Corp Number

2505721

Corporation Name

BACK 40 PICTURES INC.

Administrator:

Name (Individual / Corporation)

MICHAEL
WALKER

Address

4220 SARAZEN DR.
Suite # 21
BURLINGTON
ONTARIO
CANADA L7M 5C6

Date Began

2016/03/04

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 024402686
Transaction ID: 75124693
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Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/04/03
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CORPORATION PROFILE REPORT

Ontario Corp Number

2505721

Corporation Name

BACK 40 PICTURES INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA ANNUAL RETURN 2018

1C

2019/05/12 (ELECTRONIC FILING)

**THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.**

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

This is Exhibit "B" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this 28th
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS



Royal Bank of Canada
Commercial Financial Services
1 Place Ville Marie, 8th Floor
West Wing
Montreal, Quebec H3B 1Z8

Private and Confidential

March 13, 2018

Back 40 Pictures Inc.
210 Martindale Road, Suite C
St. Catharines, Ontario
L2S 0B2

RE: The production of *Rabid* (the "Production").

We are pleased to offer the credit facilities described below (the "Credit Facilities"), subject to the terms and conditions set forth herein and in the attached Schedules (collectively the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

DEFINITIONS AND SCHEDULES

The attached schedules are incorporated into this Agreement by reference. Schedule "A" contains definitions of capitalized terms used and not otherwise defined in this Agreement. Unless otherwise provided, all dollar amounts are in Canadian currency and accounting terms are to be interpreted in accordance with GAAP.

BORROWER

Back 40 Pictures Inc. (the "Borrower").

GUARANTOR

Somerville House Films 2018 Ltd. and Rabid Road Productions Inc. (each a "Guarantor" and collectively the "Guarantors").

LENDER

Royal Bank of Canada (the "Bank").

CREDIT FACILITIES

Facility (1): \$2,450,000.00 reducing demand Production facility by way of RBP based loans ("RBP Loans").

Facility (2): \$100,000.00 demand reducing interest reserve facility related to Facility (1) by way of RBP Loans.

Each use of the Credit Facilities is a "Borrowing" and all such usages outstanding at any time are "Borrowings".

SRF # 187 067 194

TERMS OF OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "Other Facilities"):

- a) VISA Business to a maximum amount of \$15,000.00 until August 31, 2018.

The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of conflict between this Agreement and any separate agreement delivered in connection with any such other facilities, the terms of such separate agreement shall govern.

PURPOSEFacility (1)

Interim financing of the Production.

Facility (2)

Interest reserve to pay up to that amount of interest due under Facility (1).

AVAILABILITYFacilities (1) and (2)

Facilities (1) and (2) are made available at the sole discretion of the Bank who may cancel any undrawn portion of these facilities at any time and from time to time without notice or demand.

The Borrower may borrow and repay provided the aggregate Borrowings outstanding must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

- (i) up to seventy-five percent (75%) of the Borrower's estimate of the federal tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the Canadian Audio-Visual Certification Office ("CAVCO") Part A certificate upon receipt by the Bank of a copy of such Part A certificate;
- (ii) up to seventy-five percent (75%) of the Borrower's estimate of the provincial tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the Ontario Media Development Corporation ("OMDC") interim estimate letter upon receipt by the Bank of a copy of such interim estimate letter;
- (iii) up to seventy-five percent (75%) of the Borrower's estimate of the Ontario Computer Animation & Special Effects ("OCASE") tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the OMDC interim estimate letter upon receipt by the Bank of a copy of such interim estimate letter; and
- (iv) up to one hundred percent (100%) of the accounts receivable due by counterparties indefeasibly assigned (or hypothecated in Quebec) and directed to the Bank, free and clear of any right of set off, counterclaim or other claim for reduction or compensation by counterparties;

provided that, at all times, the total of all Borrowings outstanding under Facilities (1) and (2), the unpaid costs (accounts payable) and the costs necessary to complete the Production (less deferrals) cannot exceed the total of outstanding balances on accounts receivable set out in the Borrowing Limit Report provided to the Bank from time to time in accordance with the Ongoing Conditions section.

Facility (2)

Borrowings will be advanced monthly on the account of the Borrower at such time as interest is due and payable to the Bank. In the event that Facility (2) is insufficient to satisfy the Borrower's interest payment obligations hereunder, or has otherwise been depleted, the Bank may draw such amounts of interest coming due and payable from any accounts held by the Borrower with the Bank so as to enable the Borrower to meet its interest and other obligations hereunder. The Borrower's obligation to pay interest and other fees as and when due hereunder shall continue regardless of the amount of Facility (2). If there are any changes to the Production cashflow provided to the Bank by the Borrower, the Bank may adjust the amount of the facility accordingly.

REPAYMENT

Facilities (1) and (2)

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, and regardless of the maturities of any outstanding instruments or contracts, Borrowings are repayable on demand.

INTEREST RATES AND FEES

Facilities (1) and (2)

RBP Loans: RBP plus 1.25% per annum.

Arrangement Fee

An arrangement fee of \$25,650.00 is payable by the Borrower at the time of the first Borrowing. This fee is non-refundable and is deemed to be earned by the Bank upon acceptance of this Agreement to compensate for time, effort and expense incurred by the Bank in approving these facilities.

Management Fee

A management fee of \$75.00 is payable by the Borrower monthly in arrears on such date as the Bank may determine.

CALCULATION AND PAYMENT OF INTEREST AND FEES

RBP Loans

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 21st day of each month, or when Borrowings become due and payable in full or are repaid or such other date as may be agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

Limit on Interest

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by law.

Overdue Payments

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum.

Equivalent Yearly Rates

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

Time and Place of Payment:

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

CONDITIONS PRECEDENT

The availability of any Borrowing is conditional upon the receipt of:

- a) a duly executed copy of this Agreement;
- b) a written confirmation from external legal counsel stating the Security provided for herein, are in form and substance satisfactory to the Bank, registered as required to perfect and maintain the Security created thereby;
- c) such certificates, authorizations, resolutions and satisfactory legal opinions (from Borrower's counsels as to the corporate status and capacity of the Borrower and as to the enforceability of this Agreement and the Security documents, on the chain of title of the Production and from Bank's counsels confirming all conditions precedent have been met) as the Bank may reasonably require;
- d) such financial and other information or documents relating to the Borrower or Guarantors as the Bank may reasonably require;
- e) delivery to the Bank of a consent to communicate with third parties substantially in the form attached hereto as Schedule "E";
- f) a satisfactory completion guarantee (the "Completion Guarantee") issued by Film Finance (the "Completion Guarantor");
- g) a confirmation of Pacific Mercantile Bank's loan being advanced at closing;
- h) a confirmation that the Borrower has opened a collection account with the Bank for the Production in which all funds received from all related sources for the Production shall be deposited;

- i) a Production composite insurance policy for the Production in an amount considered reasonable by the industry for the activities of the Borrower, including abandonment and essential element insurance, if applicable, naming the Bank as additional insured;
- j) evidence of errors and omissions insurance for the Production in an amount considered reasonable by the industry for similar productions naming the Bank as additional insured;
- k) evidence to the Bank that the Budget for the Production is financed by sources acceptable to the Bank;
- l) copies of all financing agreements, distribution agreements, Production documents, underlying agreements, rights agreements and Budget for Production, all in form and substance satisfactory to the Bank;
- m) such subordinations and postponements of security interests from secured creditors of the Borrower or any Guarantor, as required, and to the satisfaction of the Bank, to more fully give effect to the security set forth in the Security section herein;
- n) a CAVCO Part A certificate or an external accountant's opinion confirming the estimate of the federal tax credit amount;
- o) an OMDC tax credit interim estimate letter or an external accountant's opinion confirming the estimate of the provincial tax credit amount;
- p) an OMDC tax credit interim estimate letter or an external accountant's opinion confirming the estimate of the OCASE tax credit amount.

ONGOING CONDITIONS

The availability of any Borrowing under Facility (1) is conditional upon receipt of the following prior to each and every Borrowing:

- a) a drawdown request certificate, substantially in the form of Schedule "B", signed by the Borrower and any Completion Guarantor;
- b) a Borrowing Limit Report, substantially in the form of Schedule "C";
- c) a copy of all cost reports, including production cost statements, trial balances, status reports and such other information with respect to the Production, unless already provided by the Borrower within the immediately preceding 30 days pursuant to this section or the Reporting Requirements section of this Agreement.

All drawdown requests shall be made on not less than three (3) Business Days' notice to the Bank.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively the "Security") shall include:

- a) General Security Agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower (including Copyright Mortgage, Assignment and Direction Agreements from counterparties and Powers of Attorney) pertaining to the Production;

- b) Guarantee and Postponement of Claim on the Bank's form 812 in the amount of \$2,565,000.00 signed by Somerville House Films 2018 Ltd. and Rabid Road Productions Inc., supported by:
 - i. a General Security Agreement on the Bank's form 924 signed by Somerville House Films 2018 Ltd. constituting a first ranking security interest in all personal property of Somerville House Films 2018 Ltd.;
 - ii. a General Security Agreement on the Bank's form 924 signed by Rabid Road Productions Inc. constituting a first ranking security interest in all personal property of Rabid Road Productions Inc.;
- c) Opinion from a third party acceptable to the Bank on the admissibility of anticipated amounts of tax credits related to the Production;
- d) Laboratory access letters and pledge holder agreements from all laboratories holding negatives and/or essential materials including sound owned and/or controlled by the Borrower and others;
- e) Operation of Account Agreement signed by the Bank, bondor and the Borrower;
- f) Interbank agreement between the Bank and Pacific Mercantile Bank;
- g) such producer deferral agreements and postponements in an aggregate amount not less than \$186,662.00 as the Bank requires to satisfy it as to first priority security and financing of the Budget for the Production;
- h) such other documentation as the Bank may require.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement and the Security provided for herein have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security given in connection therewith;
- d) all information, financial or otherwise, supplied to the Bank is true and correct in all material respects and since the date of the last financial statements, no material adverse change in connection with such information has occurred;
- e) there is no matter, litigation, tax claim, proceeding or dispute, pending or threatened, against or affecting the Production, the Borrower, the Guarantors or any of their respective assets which might materially and adversely affect its financial conditions or impair its operations;
- f) it owns the property, rights and assets to be charged pursuant to the Security contemplated hereby, free and clear of any mortgages, liens, encumbrances, charges and claims;
- g) the Borrower has complied with all requirements for the Tax Credits and the applications therefore are true and correct in all respects;

- h) the Borrower owns or controls all of the rights necessary to produce and where applicable, to exploit the Production pursuant to the financing agreements and upon delivery of the Production;
- i) the description of the accounts receivable set out in the Borrowing Limit Report provided to the Bank from time to time in accordance with the Ongoing Conditions section is true and accurate and the Bank shall receive all such amounts as set out in such report;
- j) it has filed all federal, provincial, municipal or other governmental tax returns required to be filed under all Applicable Laws and has paid all taxes due on such returns;
- k) it has complied with all terms of all agreements pertaining to the Production and is not in default of any of their terms;
- l) all amounts considered as Potential Prior-Ranking Claims have been paid or remitted as required.

Representations and warranties are deemed to be repeated as at the time of each Borrowing.

REPORTING COVENANTS

The Borrower covenants and agrees with the Bank, while this Agreement is in effect, to provide the Bank with:

- a) production cost statements, trial balances, status reports and such other information with respect to the Production, as the Bank requires from time to time, on a monthly basis until delivery of the Production, within 30 days of each month end;
- b) a description of accounts receivable, on a monthly basis, substantially in the form of Schedule "C", within 15 days of each month end;
- c) annual audited cost report, within 90 days of each fiscal year end;
- d) annual final cost report, within 90 days of each fiscal year end;
- e) annual copy of the notice of assessment for the Borrower, within 90 days of its fiscal year end;
- f) annual notice to reader financial statements for the Borrower, within 210 days of its fiscal year end;
- g) annual notice to reader financial statements for Rabid Road Productions Inc., within 90 days of its fiscal year end;
- h) annual notice to reader financial statements for Somerville House Films 2018 Ltd., within 90 days of its fiscal year end;
- i) the date upon which principal photography for the Production is completed, the date upon which post-production is commenced and completed and the date upon which the Production is delivered to each of the counterparties and the date of receipt of each payment due from counterparties;
- j) such other financial and operating statements and reports as and when the Bank may reasonably require.

GENERAL COVENANTS

The Borrower covenants and agrees with the Bank while this Agreement is in effect:

- a) to maintain its corporate existence and comply with all Applicable Laws in any jurisdiction in which it carries on business or owns tangible or intangible property;
- b) to pay all sums of money when due by it under this Agreement;
- c) to provide the Bank with prompt written notice of any event which constitutes, or which, with the giving of notice, lapse of time, or both would constitute a breach of any covenant or any other term or condition of this Agreement or any Security given in connection herewith;
- d) to give the Bank 30 days' prior notice in writing of any intended change in its ownership structure and if it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) to insure and to keep fully insured all its property and assets against such perils and in such manner as would be customarily insured by companies carrying on a similar business or owning similar assets, on an "all risks" basis;
- f) to file all material tax returns which are to be filed by it from time to time no later than 90 days within its financial year end to pay or make provision for payment of all taxes (including interest and penalties) and Potential Prior-Ranking Claims which are or will become due and payable by it, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- g) to do, observe and perform all of its respective obligations and do all matters and things necessary or expedient to be done, preserved or performed under or by virtue of any agreement pertaining to the Production including the agreements assigned hereunder and with respect to the Tax Credits;
- h) to comply in all material respects with all Applicable Laws, including without limitation, all Environmental and Health and Safety Laws;
- i) except for Permitted Encumbrances, not to grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- j) not to, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any part of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- k) not to, without the prior written consent of the Bank, merge, amalgamate, consolidate or otherwise enter into any other form of business combination with any other Person;
- l) to immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environmental laws related liabilities existent now or in the future with respect to the Borrower;

- m) to permit the Bank or its representatives from time to time, i) to visit and inspect its premises, properties and assets and examine and obtain copies of its records or other information, ii) to collect information from any entity regarding any Potential Prior Ranking Claims and iii) to discuss its affairs with its auditors, counsels and other professional advisers. It hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank;
- n) not to use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower;
- o) to advise the Bank in writing of any proceedings or litigation any adverse change in its financial position or operations, any breach of any agreement pertaining to the Production or any event which would affect the Production or the Bank's ability to be repaid;
- p) not to amend or permit the amendment of any of the agreements pertaining to the Production or exploitation of the Production without the prior written consent of the Bank;
- q) to produce the Production strictly in accordance with the provisions of the agreements provided to the Bank including the financing agreements and the Tax Credits;
- r) to include on every invoice issued by the Borrower to any debtor, licensor, broadcaster and/or distributor of the Borrower, instructions to pay all sums owed to the Borrower pursuant to such invoice directly to the Bank;
- s) to immediately fund from resources outside of the Production any cost overruns, margin deficiencies or debt servicing shortfalls in respect of the Production as they may occur or be identified by the Bank;
- t) to establish, maintain and operate a separate account with the Bank for the Production and all funds received relating to the Production shall be deposited to and all disbursement for accounts payable and otherwise shall be paid from such account;
- u) to ensure that no amounts are paid to any producer of the Production, where such amounts have been deferred, until all amounts outstanding under Facility (1) and Facility (2) are paid in full, to the satisfaction of the Bank, or at the Bank's option, until alternate security, in form and substance satisfactory to the Bank, registered as required, is pledged to the Bank by any such producer, together with such authorizations, resolutions, opinions and other documentation as the Bank may reasonably require.

INDEMNITY

The Borrower and each Guarantor jointly and severally indemnify and hold the Bank harmless from and against all losses, damages, expenses and liabilities of any nature whatsoever (including legal fees) sustained or incurred by the Bank as a consequence of (1) any breach by the Borrower or any Guarantor under this Agreement or the Bank's Security, (2) any environmental activity relating to the Borrower or any Guarantor or its business or assets or non-compliance by the Borrower or any Guarantor with any Applicable Laws, or (3) the Bank acting upon instructions given or agreements made over the telephone or by electronic transmission of any type with Persons reasonably believed by the Bank to have been acting on the Borrower's or any Guarantor's behalf.

SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

The Bank may assign all or part of its rights and obligations under this Agreement to any Person. The rights and obligations of the Borrower or any Guarantor under this Agreement may not be assigned without the prior written consent of the Bank.

The Bank may disclose to potential or actual assignees confidential information (including any such information provided to the Bank) and shall not be liable for any such disclosure.

GENERAL

Expenses

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security.

Review

The Bank may conduct periodic reviews of the affairs of the Borrower, as and when determined by the Bank, for the purpose of evaluating the financial condition of the Borrower. The Borrower shall make available to the Bank such financial statements and other information and documentation as the Bank may reasonably require and shall do all things reasonably necessary to facilitate such review by the Bank.

Potential Prior-Ranking Claims

The Borrower hereby grants its consent (such grant to remain in force as long as this Agreement is in effect or any Borrowings are outstanding) to any Person having information relating to any Potential Prior-Ranking Claim arising by any law, statute, regulation or otherwise and including, without limitation, claims by or in behalf of governments to release such information to the Bank at any time upon its written request for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

Electronic Mail and Fax Transmission

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

Electronic Imaging

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

Set Off

The Bank is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Bank in or towards satisfaction of the obligations of the Borrower due to the Bank under this Agreement. The Bank is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

Non-Merger

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

Amendments and Waivers

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder under any Security document shall operate as a waiver thereof. Each Guarantor agrees that the amendment or waiver of any provision of this agreement (other than agreements, covenants or representations expressly made by a Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, the Guarantors.

Severability

If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining provisions of this Agreement.

Business Loan Insurance Plan

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

Judgement Currency

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and of Canada applicable therein.

Submission to jurisdiction

The Borrower and any Guarantor, if applicable, irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and acknowledge the competence of such courts and irrevocably agree to be bound by a judgement of any such court.

Whole Agreement

This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this agreement constitute the whole and entire agreement between the parties. There are no verbal agreements, undertakings or representations in connection with the Credit Facilities.

March 13, 2018

Joint and Several

Where more than one Person is liable as Borrower or Guarantor, if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is solidary joint and several (in Quebec, solidarily) with each other such Person.

Notices

Any notice or demand to be given to or made upon any party hereunder shall be given or made in writing by telecopier or letter addressed to such party at such address as such party shall advise in writing from time to time or, if no such advice is given, at the last known address for such party. A telecopier communication shall be deemed received on the date of transmission, provided such transmission is received prior to 3:00 p.m. on a Business Day, and otherwise on the next Business Day. A letter shall be deemed received when hand-delivered to the receiving party, or, if sent by prepaid registered mail, on the fifth Business Day following the date of mailing.

Further Assurances

The Borrower shall, from time to time, promptly upon the request of the Bank, take such action and execute and deliver such further documents as shall be reasonably required in order to fully perform the terms of and give effect to this Agreement.

Gross-Up

All payments to be made by the Borrower or any Guarantor hereunder shall be made without set-off or counterclaim and without any deduction or withholding whatsoever. If the Borrower or any Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Borrower or any Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives a net amount equal to the amount the Bank would have received had no such deduction or withholding been required to be made.

Time

Time is of the essence in all provisions of this Agreement.

Acceptance

This offer is open for acceptance until April 13, 2018, after which date it will be null and void, unless extended in writing by the Bank.

Please confirm your acceptance of this Agreement by signing the attached copy of this letter in the space provided below and returning it to the Bank at the address provided above.

Yours truly,



Title: Vice President

Contact RBC – Luigi Porco

/cc

We acknowledge and accept the foregoing terms and conditions as of March 10, 2018.

BACK 40 PICTURES INC.

By: [Signature]
Name: Michael Walker
Title: Co. President
We have authority to bind the Borrower

By: _____
Name: _____
Title: _____

We acknowledge and accept the foregoing terms and conditions, as Guarantor as of March 20, 2018.

RABID ROAD PRODUCTIONS INC.

By: [Signature]
Name: Michael Walker
Title: Co. President
We have authority to bind the Guarantor

By: [Signature]
Name: PAUL LALONDE
Title: CO-PRESIDENT

We acknowledge and accept the foregoing terms and conditions, as Guarantor as of March 20, 2018.

SOMERVILLE HOUSE FILMS 2018 LTD.

By: [Signature]
Name: _____
Title: President
We have authority to bind the Guarantor

By: _____
Name: _____
Title: _____

MARCH 20, 2018

Attachments:

Schedules:

- Definitions
- Drawdown Request
- Borrowing Limit Report
- Consent
- RBC Covarity Dashboard Terms and Conditions

BORROWING LIMIT REPORT

TO: Royal Bank of Canada (the "Bank")
 FROM: Back 40 Pictures Inc. (the "Borrower")
 PRODUCTION: Rabid (the "Production")

RE: The Credit Facility contemplated by the Loan Agreement dated as of March 13, 2018, as may be amended from time to time between the Borrower and the Bank (the "Agreement")

1. The following information (including the information set forth in the cost report attached hereto) is true, complete and accurate as at [DATE]:

| Source of payment (Financed or Not) | Total amount to be received | % Financed by the Bank | Amount (\$) financed by the Bank | Expected Rate for receipt of payment | Total amount received | Date of receipt of payment | Amount received NOT financed | Amount received financed | Balance of financed amount to be received |
|-------------------------------------|-----------------------------|------------------------|----------------------------------|--------------------------------------|-----------------------|----------------------------|------------------------------|--------------------------|---|
| | | | A | | | | | B | C = (A-B) (Borrowing Limit Total (D)) |
| Federal Tax Credit | | | \$ - | | | | | | |
| Provincial Tax Credit | | | \$ - | | | | | | |
| OCASE | | | \$ - | | | | | | |
| OMDC | | | \$ - | | | | | | |
| Telefilm Canada | | | \$ - | | | | | | |
| TOTAL | | | \$ - | | | | | | |

2. The available surplus is:

| | |
|--|------|
| Authorized Facility (Facility (1)) - (E) | |
| Authorized Interest Reserve (Facility (2)) - (F) | |
| Authorized Credit Card (G) | |
| Total Authorized Facilities (E+F+G=H) | \$ - |
| Less Borrowing Limit (D) | \$ - |
| Surplus (H - I) | \$ - |

3. As of this date, Potential Prior-Ranking Claims are:
 Up to date
 Not up to date

4. As of this date, the product is:
 On/Off budget
 On/Off schedule

5. The production is currently in: [pre/post production]

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future Applicable Laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Budget" shall mean the Production budget submitted by the Borrower to the Bank in the context of the Borrower's application for credit;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto in accordance with normal banking procedures;

"GAAP" means Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank;

"Guarantor" means any Person who has executed this Agreement as Guarantor;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity;

"Policy" means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and "Royal Bank Prime" each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

"Tax Credits" means collectively, federal tax credits and the provincial tax credits.

Schedule "B"

DRAWDOWN REQUEST CERTIFICATE

TO: Royal Bank of Canada (the "Bank")
FROM: Back 40 Pictures Inc. (the "Borrower")
AND FROM: Film Finance - (the "Completion Guarantor")
PRODUCTION: Rabid (the "Production")
RE: The Credit Facilities contemplated by the loan agreement dated as of March 13, 2018, as may be amended from time to time between the Borrower and the Bank (the "Agreement")
AMOUNT REQUESTED: \$ _____, to be disbursed to the Borrower's current account number _____

The Borrower hereby confirms to the Bank that:

1. the terms and conditions as set out in all of the agreements referred to, either directly or indirectly, in the Agreement and which were entered into by the Borrower or in respect of which the Borrower has knowledge, have been complied with, are in full force and effect, are unamended and no party to any such agreement is in default thereunder;
2. the representations and warranties set out in the Agreement or in any of the agreements referred to, either directly or indirectly therein, or entered into in connection therewith or otherwise made by the Borrower are, as of the date hereof, true and correct in all material respects; there have been no amendments to the constating documents or by-laws of the Borrower to which the Bank did not grant its prior consent subsequent to those constating documents and by-laws delivered to the Bank pursuant to the Agreement;
3. the resolutions of the Borrower delivered to the Bank pursuant to the Agreement remain in full force and effect;
4. the reports attached hereto (including the information set forth in the cost report) is true, complete and accurate;
5. the Borrower hereby requests the Bank to advance the amounts set forth herein, and to pay such amounts out of the Credit Facilities referred to in the Agreement; and
6. the amounts requested above, are to be disbursed in accordance hereto for the sole purpose of financing the Production's costs in accordance with the Agreement and related documents delivered to the Bank.

SIGNED at _____, this _____ day of _____, 20____.

BACK 40 PICTURES INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

The Completion Guarantor hereby confirms that:

1. The terms and conditions of the Completion Guarantee (as defined in the Credit Facility) in respect of the Production have been complied with by the Completion Guarantor. Said Completion Guarantee is unamended, and insofar as the Completion Guarantor is aware, the Borrower is not in default under the Completion agreement and no event has occurred which would cause the Completion Guarantor to take over production of the Production or take control of the Production account pursuant to the Completion Guarantee or the completion agreement between the Borrower and the Completion Guarantor.
2. To the best of its knowledge, information and belief, after due consideration and investigation, the production of the Production is on schedule and on budget, no amendment has been made to the Production budget dated _____, 20__ or to the Production schedule dated _____, 20__, and the information set forth in the cost report attached hereto as Annex "___" is true, complete and accurate.
3. \$ _____ will have been made available to the Borrower as part of the Strike Price (as defined in the Completion Guarantee) is \$ _____ and after the amount requested in this drawdown certificate is advanced to the Borrower, the sum of \$ _____ in accordance with the Completion Guarantee, leaving \$ _____ to be made available to the Borrower or the Completion Guarantor to satisfy the Strike Price.
4. The Completion Guarantor authorizes the Bank to advance the amount requested in this drawdown certificate to the Borrower and to comply with any payment directions attached hereto.

SIGNED at _____, this _____ day of _____, 20__.

W
FILM FINANCES CANADA

Per: _____

Name:

Title:

Schedule "E"
Consent

TO: The Canadian Audio-Visual Certification Office (CAVCO)
Canada Revenue Agency
Ontario Media Development Corporation
The Ministry of Finance of Ontario
Telefilm Canada

and each affiliate of any of the foregoing
(each of the foregoing is a "Counterparty")

AND TO: Royal Bank of Canada (the "Bank")

FROM: Back 40 Pictures Inc. (the "Borrower")

RE: A credit agreement (the "Agreement") dated as of March 13, 2018 between the Bank and the Borrower in connection with the production of *Rabid* (the "Production").

Please note that, in connection with the Agreement, the Borrower hereby irrevocably authorizes the Bank to communicate with any Counterparty directly regarding the development, production, exploitation and financing of the Production. The Borrower hereby authorizes each of the Counterparties to provide the Bank with any information, including, without limitation, any personal and/or confidential information, relating to the Borrower, its principals, affiliates and subsidiaries, and the Production, that the Bank may request from time to time.

SIGNED at _____, this _____ day of _____, 20____.

BACK 40 PICTURES INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

Schedule "F"

RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

"Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"Security Device" means a combination of a User ID and Password.

"Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

"User ID" means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

"Virus" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

2. Access to the Service. The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

3. Security Devices. The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

4. Security. Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

5. Unsecure Electronic Channels. The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

6. **Notice of Security Breach.** The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

7. **Binding Effect.** Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

8. **Representations and Warranties.** The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

9. **Evidence.** Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

10. **Limitation of Liability.** The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. **Termination.** The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or

termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.

BORROWING LIMIT REPORT

TO: Royal Bank of Canada (the "Bank")
FROM: Back 40 Pictures Inc. (the "Borrower")
PRODUCTION: Rabid (the "Production")

RE: The Credit Facility contemplated by the Loan Agreement dated as of March 13 2018, as may be amended from time to time between the Borrower and the Bank (the "Agreement")

1. The following information (including the information set forth in the cost report attached hereto) is true, complete and accurate as at _____ 2018:

| Source of payment (Financed or Not) | Total amount to be received | % Finance d by the Bank | Amount (\$) financed by the Bank | Expected date for receipt of payment | Total amount received | Date of receipt of payment | Amount received NOT financed. | Amount received financed | Balance of financed amount to be received |
|--|--------------------------------|----------------------------------|--|---|-----------------------------|----------------------------------|--|--------------------------------|---|
| | | | A | | | | | B | C = (A-B) (Borrowing Limit Total (D)) |
| Federal Tax Credit | \$ 586,079.00 | 90% | \$ 527,471.10 | September 17 2019 | \$ | | \$ | \$ | \$ 527,471.10 |
| Provincial Tax Credit | \$ 1,276,249.00 | 90% | \$ 1,148,624.10 | September 17 2019 | | | | | \$ 1,148,624.10 |
| Telefilm Canada | \$ 1,080,000.00 | 100% | \$ 1,080,000.00 | March 1 2018 | \$ | | \$ | \$ | \$ 1,080,000.00 |
| | \$ 540,000.00 | 100% | \$ 540,000.00 | July 26 2018 | | | | | \$ 540,000.00 |
| | \$ 180,000.00 | 100% | \$ 180,000.00 | August 9 2018 | | | | \$ - | |
| Ocase | \$ 25,054.00 | 90% | \$ 22,548.60 | September 17 2019 | | | | \$ - | |
| OMDC - Film Fund | \$ 162,500.00 | 100% | \$ 162,500.00 | March 1 2018 | | | | \$ - | \$ 150,000.00 |
| | \$ 162,500.00 | 100% | \$ 162,500.00 | August 9 2018 | | | | \$ - | \$ 50,000.00 |
| TOTAL | \$ 4,012,382.00 | | \$ 3,823,643.80 | | \$ - | | \$ - | \$ - | \$ 3,496,095.20 |

2. The available surplus is:

3. As of this date, Potential Prior-Ranking Claims are:

- Up to date
- Not up to date

4. As of this date, the production is:

- [On] budget
- [On] schedule

5. The production is currently in: post production

| | |
|---|-----------------|
| Authorized Facility (Facility (1)) - (E) | \$ 2,450,000.00 |
| Authorized Interest Reserve (Facility (2)) - | \$ 100,000.00 |
| Authorized Credit Card (G) | \$ 15,000.00 |
| Total Authorized Facilities (E+F+G=H) | \$ 2,565,000.00 |
| Less Borrowing Limit (D) | \$ 3,496,095.20 |
| Surplus (H - D) | \$ 931,095.20 |

surplus



Royal Bank of Canada
Commercial Financial Services
1 Place Ville Marie, 8th Floor
West Wing
Montreal, Quebec H3B 1Z8

Private and Confidential

August 10, 2018

Back 40 Pictures Inc.
131 Bloor Street, Suite 818
Toronto, Ontario
M5S 1S3

RE: The production of *Rabid* (the "Production").

We are pleased to confirm the credit facilities described below (the "Credit Facilities"), subject to the terms and conditions set forth herein and in the attached Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated March 13, 2018. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

DEFINITIONS AND SCHEDULES

The attached schedules are incorporated into this Agreement by reference. Schedule "A" contains definitions of capitalized terms used and not otherwise defined in this Agreement. Unless otherwise provided, all dollar amounts are in Canadian currency and accounting terms are to be interpreted in accordance with GAAP.

BORROWER

Back 40 Pictures Inc. (the "Borrower").

GUARANTOR

Somerville House Films 2018 Ltd. and Rabid Road Productions Inc. (each a "Guarantor" and collectively the "Guarantors").

LENDER

Royal Bank of Canada (the "Bank").

CREDIT FACILITIES

- Facility (1): \$1,900,000.00 reducing demand Production facility by way of RBP based loans ("RBP Loans");
- Facility (2): \$104,000.00 demand reducing interest reserve facility related to Facility (1) by way of RBP based loans ("RBP Loans");

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Each use of the Credit Facilities is a "Borrowing" and all such usages outstanding at any time are "Borrowings".

TERMS OF OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "Other Facilities"):

- a) VISA Business to a maximum amount of \$10,000.00.

The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of conflict between this Agreement and any separate agreement delivered in connection with any such other facilities, the terms of such separate agreement shall govern.

PURPOSE

Facility (1)

Interim financing of the Production.

Facility (2)

Interest reserve to pay up to that amount of interest due under Facility (1).

AVAILABILITY

Facilities (1) and (2)

Facilities (1) and (2) are made available at the sole discretion of the Bank who may cancel any undrawn portion of these facilities at any time and from time to time without notice or demand.

The Borrower may borrow and repay provided the aggregate Borrowings outstanding must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

- (i) up to seventy-five percent (75%) of the Borrower's estimate of the federal tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the Canadian Audio-Visual Certification Office ("CAVCO") Part A certificate upon receipt by the Bank of a copy of such Part A certificate;
- (ii) up to seventy-five percent (75%) of the Borrower's estimate of the provincial tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the Ontario Media Development Corporation ("OMDC") interim estimate letter upon receipt by the Bank of a copy of such interim estimate letter;
- (iii) up to seventy-five percent (75%) of the Borrower's estimate of the Ontario Computer Animation & Special Effects ("OCASE") tax credit amount upon receipt by the Bank of a satisfactory opinion from accountants acceptable to the Bank, confirming such estimate and up to ninety percent (90%) of the amount stated in the OMDC interim estimate letter upon receipt by the Bank of a copy of such interim estimate letter; and
- (iv) up to one hundred percent (100%) of the accounts receivable due by counterparties indefeasibly assigned (or hypothecated in Quebec) and directed to the Bank, free and clear of any right of set off, counterclaim or other claim for reduction or compensation by counterparties;

provided that, at all times, the total of all Borrowings outstanding under Facilities (1) and (2), the unpaid costs (accounts payable) and the costs necessary to complete the Production (less deferrals) cannot exceed the total of outstanding balances on accounts receivable set out in the Borrowing Limit Report provided to the Bank from time to time in accordance with the Ongoing Conditions section.

Facility (2)

Borrowings will be advanced monthly on the account of the Borrower at such time as interest is due and payable to the Bank. In the event that Facility (2) is insufficient to satisfy the Borrower's interest payment obligations hereunder, or has otherwise been depleted, the Bank may draw such amounts of interest coming due and payable from any accounts held by the Borrower with the Bank so as to enable the Borrower to meet its interest and other obligations hereunder. The Borrower's obligation to pay interest and other fees as and when due hereunder shall continue regardless of the amount of Facility (2). If there are any changes to the Production cashflow provided to the Bank by the Borrower, the Bank may adjust the amount of the facility accordingly.

REPAYMENT

Facilities (1) and (2)

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, and regardless of the maturities of any outstanding instruments or contracts, Borrowings are repayable on demand.

INTEREST RATES AND FEES

Facilities (1) and (2)

RBP Loans: RBP plus 1.25% per annum.

Management Fee

A management fee of \$75.00 is payable by the Borrower monthly in arrears on such date as the Bank may determine.

CALCULATION AND PAYMENT OF INTEREST AND FEES

RBP Loans

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 21st day of each month, or when Borrowings become due and payable in full or are repaid or such other date as may be agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

Limit on Interest

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by law.

Overdue Payments

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum.

Equivalent Yearly Rates

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

Time and Place of Payment:

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

CONDITIONS PRECEDENT

The availability of any Borrowing is conditional upon the receipt of:

- a) a duly executed copy of this agreement;
- b) the Security provided for herein, in form and substance satisfactory to the Bank, registered as required to perfect and maintain the Security created thereby;
- c) delivery to the Bank of a consent to communicate with third parties substantially in the form attached hereto as Schedule "E";
- d) such certificates, authorizations, resolutions and satisfactory legal opinions (from Borrower's counsels as to the corporate status and capacity of the Borrower and as to the enforceability of this Agreement and the Security documents, on the chain of title of the Production and from Bank's counsels confirming all conditions precedent have been met) as the Bank may reasonably require;
- e) such financial and other information or documents relating to the Borrower or Guarantors as the Bank may reasonably require;
- f) a satisfactory completion guarantee (the "Completion Guarantee") issued by Film Finance (the "Completion Guarantor");
- g) a confirmation that the Borrower has opened a collection account with the Bank for the Production in which all funds received from A71 Sale for \$200,000.00, 101 Films Sales for \$195,000.00 and 101 MG US sales for \$650,000.00 for the Production shall be deposited;
- h) a confirmation of Media Finance Capital's loan being advanced at closing and/or fully escrowed;

- i) a Production composite insurance policy for the Production in an amount considered reasonable by the industry for the activities of the Borrower, including abandonment and essential element insurance, if applicable, naming the Bank as additional insured;
- j) evidence of errors and omissions insurance for the Production in an amount considered reasonable by the industry for similar productions naming the Bank as additional insured;
- k) evidence to the Bank that the Budget for the Production is financed by sources acceptable to the Bank;
- l) copies of all financing agreements, distribution agreements, Production documents, underlying agreements, rights agreements and Budget for Production, all in form and substance satisfactory to the Bank;
- m) such subordinations and postponements of security interests from secured creditors of the Borrower or any Guarantor, as required, and to the satisfaction of the Bank, to more fully give effect to the security set forth in the Security section herein;
- n) a CAVCO Part A certificate or an external accountant's opinion confirming the estimate of the federal tax credit amount;
- o) an OMDC tax credit interim estimate letter or an external accountant's opinion confirming the estimate of the provincial tax credit amount;
- p) an OMDC tax credit interim estimate letter or an external accountant's opinion confirming the estimate of the OCASE tax credit amount.

ONGOING CONDITIONS

The availability of any Borrowing under Facility (1) is conditional upon receipt of the following prior to each and every Borrowing:

- a) a drawdown request certificate, substantially in the form of Schedule "B", signed by the Borrower and any Completion Guarantor;
- b) a Borrowing Limit Report, substantially in the form of Schedule "C";
- c) a copy of all cost reports, including production cost statements, trial balances, status reports and such other information with respect to the Production, unless already provided by the Borrower within the immediately preceding 30 days pursuant to this section or the Reporting Requirements section of this Agreement.

All drawdown requests shall be made on not less than three (3) Business Days' notice to the Bank.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively the "Security") shall include:

- a) General Security Agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower (including Copyright Mortgage, Assignment and Direction Agreements from counterparties and Powers of Attorney) pertaining to the Production;

- b) Guarantee and Postponement of Claim on the Bank's form 812 in the amount of \$2,565,000.00 signed by Somerville House Films 2018 Ltd. and Rabid Road Productions Inc., supported by:
 - i. a General Security Agreement on the Bank's form 924 signed by Somerville House Films 2018 Ltd. constituting a first ranking security interest in all personal property of Somerville House Films 2018 Ltd.;
 - ii. a General Security Agreement on the Bank's form 924 signed by Rabid Road Productions Inc. constituting a first ranking security interest in all personal property of Rabid Road Productions Inc.;
- c) Completion guarantee signed by Film Finance;
- d) Opinion from a third party acceptable to the Bank on the admissibility of anticipated amounts of tax credits related to the Production;
- e) Opinion issued by Bank external counsel, confirming that the security is in place and valid and that the conditions of the Bank's offer to finance have been met;
- f) Laboratory access letters and pledge holder agreements from all laboratories holding negatives and/or essential materials including sound owned and/or controlled by the Borrower and others;
- g) Interbank agreement between the Bank and Pacific Mercantile Bank;
- h) Operation of Account Agreement signed by the Bank, lender and the Borrower;
- i) Such producer deferral agreements and postponements in an aggregate amount not less than \$186,912.00 (representing 10% of the tax credits not financed by the Bank including the OCASE tax credits and (ii) \$468,653.00 deferrals (requested Telefilm) as the Bank requires to satisfy it as to first priority security and financing of the Budget for the Production;
- j) Such other documentation as the Bank may require.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement and the Security provided for herein have been duly authorized by all necessary actions and do not violate its constituting documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security given in connection therewith;
- d) all information, financial or otherwise, supplied to the Bank is true and correct in all material respects and since the date of the last financial statements, no material adverse change in connection with such information has occurred;
- e) there is no matter, litigation, tax claim, proceeding or dispute, pending or threatened, against or affecting the Production, the Borrower, the Guarantors or any of their respective assets which might materially and adversely affect its financial conditions or impair its operations;

- f) it owns the property, rights and assets to be charged pursuant to the Security contemplated hereby, free and clear of any mortgages, liens, encumbrances, charges and claims, other than those which have been, or will be prior to the initial advance, subordinated and postponed in favour of the Bank;
- g) the Borrower has complied with all requirements for the Tax Credits and the applications therefore are true and correct in all respects;
- h) the Borrower owns or controls all of the rights necessary to produce and where applicable, to exploit the Production pursuant to the financing agreements and upon delivery of the Production;
- i) the description of the accounts receivable set out in the Borrowing Limit Report provided to the Bank from time to time in accordance with the Ongoing Conditions section is true and accurate and the Bank shall receive all such amounts as set out in such report;
- j) It has filed all federal, provincial, municipal or other governmental tax returns required to be filed under all Applicable Laws and has paid all taxes due on such returns;
- k) it has complied with all terms of all agreements pertaining to the Production and is not in default of any of their terms;
- l) all amounts considered as Potential Prior-Ranking Claims have been paid or remitted as required.

Representations and warranties are deemed to be repeated as at the time of each Borrowing.

REPORTING COVENANTS

The Borrower covenants and agrees with the Bank, while this Agreement is in effect, to provide the Bank with:

- a) production cost statements, trial balances, status reports and such other information with respect to the Production, as the Bank requires from time to time, on a monthly basis until delivery of the Production, within 30 days of each month end;
- b) a description of accounts receivable, on a monthly basis, substantially in the form of Schedule "C", within 15 days of each month end;
- c) audited cost reports within 90 days of final delivery of the Production;
- d) annual final cost report, within 90 days of each fiscal year end;
- e) annual copy of the notice of assessment for the Borrower, within 210 days of its fiscal year end;
- f) annual notice to reader financial statements for the Borrower, within 90 days of its fiscal year end;
- g) annual notice to reader financial statements for Rabid Road Productions Inc., within 90 days of its fiscal year end;
- h) annual notice to reader financial statements for Somerville House Films 2018 Ltd., within 90 days of its fiscal year end;
- i) the date upon which principal photography for the Production is completed, the date upon which post-production is commenced and completed and the date upon which the Production is delivered to each of the counterparties and the date of receipt of each payment due from counterparties;
- j) such other financial and operating statements and reports as and when the Bank may reasonably require.

GENERAL COVENANTS

The Borrower covenants and agrees with the Bank while this Agreement is in effect:

- a) to maintain its corporate existence and comply with all Applicable Laws in any Jurisdiction in which it carries on business or owns tangible or intangible property;
- b) to pay all sums of money when due by it under this Agreement;
- c) to provide the Bank with prompt written notice of any event which constitutes, or which, with the giving of notice, lapse of time, or both would constitute a breach of any covenant or any other term or condition of this Agreement or any Security given in connection herewith;
- d) to give the Bank 30 days' prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) to insure and to keep fully insured all its property and assets against such perils and in such manner as would be customarily insured by companies carrying on a similar business or owning similar assets, on an "all risks" basis;
- f) to file all material tax returns which are to be filed by it from time to time no later than 90 days within its financial year end to pay or make provision for payment of all taxes (including interest and penalties) and Potential Prior-Ranking Claims which are or will become due and payable by it, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- g) to do, observe and perform all of its respective obligations and do all matters and things necessary or expedient to be done, preserved or performed under or by virtue of any agreement pertaining to the Production including the agreements assigned hereunder and with respect to the Tax Credits;
- h) to comply in all material respects with all Applicable Laws, including without limitation, all Environmental and Health and Safety Laws;
- i) except for Permitted Encumbrances, not to grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- j) not to, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any part of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- k) not to, without the prior written consent of the Bank, merge, amalgamate, consolidate or otherwise enter into any other form of business combination with any other Person;
- l) to immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environmental laws related liabilities existent now or in the future with respect to the Borrower;
- m) to permit the Bank or its representatives from time to time, i) to visit and inspect its premises, properties and assets and examine and obtain copies of its records or other information, ii) to collect information from any entity regarding any Potential Prior Ranking Claims and iii) to discuss its affairs with its auditors, counsels and other professional advisers. It hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank;
- n) not to use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower;

- o) to advise the Bank in writing of any proceedings or litigation any adverse change in its financial position or operations, any breach of any agreement pertaining to the Production or any event which would affect the Production or the Bank's ability to be repaid;
- p) not to amend or permit the amendment of any of the agreements pertaining to the Production or exploitation of the Production without the prior written consent of the Bank;
- q) to produce the Production strictly in accordance with the provisions of the agreements provided to the Bank including the financing agreements and the Tax Credits;
- r) to include on every invoice issued by the Borrower to any debtor, licensor, broadcaster and/or distributor of the Borrower, instructions to pay all sums owed to the Borrower pursuant to such invoice directly to the Bank;
- s) to immediately fund from resources outside of the Production any cost overruns, margin deficiencies or debt servicing shortfalls in respect of the Production as they may occur or be identified by the Bank;
- t) to establish, maintain and operate a separate account with the Bank for the Production and all funds received relating to the Production shall be deposited to and all disbursement for accounts payable and otherwise shall be paid from such account;
- u) to ensure that no amounts are paid to any producer of the Production, where such amounts have been deferred, until all amounts outstanding under Facility (1) and Facility (2) are paid in full, to the satisfaction of the Bank, or at the Bank's option, until alternate security, in form and substance satisfactory to the Bank, registered as required, is pledged to the Bank by any such producer, together with such authorizations, resolutions, opinions and other documentation as the Bank may reasonably require.

INDEMNITY

The Borrower and each Guarantor jointly and severally indemnify and hold the Bank harmless from and against all losses, damages, expenses and liabilities of any nature whatsoever (including legal fees) sustained or incurred by the Bank as a consequence of (1) any breach by the Borrower or any Guarantor under this Agreement or the Bank's Security, (2) any environmental activity relating to the Borrower or any Guarantor or its business or assets or non-compliance by the Borrower or any Guarantor with any Applicable Laws, or (3) the Bank acting upon instructions given or agreements made over the telephone or by electronic transmission of any type with Persons reasonably believed by the Bank to have been acting on the Borrower's or any Guarantor's behalf.

SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

The Bank may assign all or part of its rights and obligations under this Agreement to any Person. The rights and obligations of the Borrower or any Guarantor under this Agreement may not be assigned without the prior written consent of the Bank.

The Bank may disclose to potential or actual assignees confidential information (including any such information provided to the Bank) and shall not be liable for any such disclosure.

GENERAL**Expenses**

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security.

Review

The Bank may conduct periodic reviews of the affairs of the Borrower, as and when determined by the Bank, for the purpose of evaluating the financial condition of the Borrower. The Borrower shall make available to the Bank such financial statements and other information and documentation as the Bank may reasonably require and shall do all things reasonably necessary to facilitate such review by the Bank.

Potential Prior-Ranking Claims

The Borrower hereby grants its consent (such grant to remain in force as long as this Agreement is in effect or any Borrowings are outstanding) to any Person having information relating to any Potential Prior-Ranking Claim arising by any law, statute, regulation or otherwise and including, without limitation, claims by or in behalf of governments to release such information to the Bank at any time upon its written request for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

Electronic Mail and Fax Transmission

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

Electronic Imaging

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

Set Off

The Bank is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Bank in or towards satisfaction of the obligations of the Borrower due to the Bank under this Agreement. The Bank is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

Non-Merger

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

Amendments and Waivers

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder under any Security document shall operate as a waiver thereof. Each Guarantor agrees that the amendment or waiver of any provision of this agreement (other than agreements, covenants or representations expressly made by a Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, the Guarantors.

Severability

If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining provisions of this Agreement.

Business Loan Insurance Plan

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

Judgement Currency:

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

Governing Law:

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and of Canada applicable therein.

Submission to Jurisdiction:

The Borrower and any Guarantor, if applicable, irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and acknowledge the competence of such courts and irrevocably agree to be bound by a judgement of any such court.

Whole Agreement:

This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this agreement constitute the whole and entire agreement between the parties. There are no verbal agreements, undertakings or representations in connection with the Credit Facilities.

Joint and Several:

Where more than one Person is liable as Borrower or Guarantor, if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is solidary joint and several (in Quebec, solidarily) with each other such Person.

Notices

Any notice or demand to be given to or made upon any party hereunder shall be given or made in writing by telecopier or letter addressed to such party at such address as such party shall advise in writing from time to time or, if no such advice is given, at the last known address for such party. A telecopier communication shall be deemed received on the date of transmission, provided such transmission is received prior to 3:00 p.m. on a Business Day, and otherwise on the next Business Day. A letter shall be deemed received when hand-delivered to the receiving party, or, if sent by prepaid registered mail, on the fifth Business Day following the date of mailing.

Further Assurances

The Borrower shall, from time to time, promptly upon the request of the Bank, take such action and execute and deliver such further documents as shall be reasonably required in order to fully perform the terms of and give effect to this Agreement.

Gross-Up

All payments to be made by the Borrower or any Guarantor hereunder shall be made without set-off or counterclaim and without any deduction or withholding whatsoever. If the Borrower or any Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Borrower or any Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives a net amount equal to the amount the Bank would have received had no such deduction or withholding been required to be made.

Time

Time is of the essence in all provisions of this Agreement.

Acceptance

This offer is open for acceptance until September 10, 2018, after which date it will be null and void, unless extended in writing by the Bank.

Please confirm your acceptance of this Agreement by signing the attached copy of this letter in the space provided below and returning it to the Bank at the address provided above.



Title: Vice President

Contact RBC – Luigi Porco

/md/cc

We acknowledge and accept the foregoing terms and conditions as of August 13, 2018.

BACK 40 PICTURES INC.

By: [Signature]
Name: M. Walker
Title: Co. President
We have authority to bind the Borrower

By: [Signature]
Name: JOHN VIETTE
Title: SECRETARY-PRODUCER

We acknowledge and accept the foregoing terms and conditions, as Guarantor(s), as of August 13, 2018.

RABID ROAD PRODUCTIONS INC.

By: _____
Name: _____
Title: _____
We have authority to bind the Guarantor

By: [Signature]
Name: M. Walker
Title: Secretary

We acknowledge and accept the foregoing terms and conditions, as Guarantor(s), as of August 13, 2018.

SOMERVILLE HOUSE FILMS 2018 LTD.

By: [Signature]
Name: JOHN VIETTE
Title: SECRETARY-PRODUCER BACK40
We have authority to bind the Guarantor

By: _____
Name: _____
Title: _____

- Attachments:
Schedules:
- Definitions
 - Drawdown Request
 - Borrowing Limit Report
 - Consent
 - RBC Covarity Dashboard Terms and Conditions

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future Applicable Laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Budget" shall mean the Production budget submitted by the Borrower to the Bank in the context of the Borrower's application for credit;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto in accordance with normal banking procedures;

"GAAP" means Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank;

"Guarantor" means any Person who has executed this Agreement as Guarantor;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity;

"Policy" means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and **"Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

Schedule "B"

DRAWDOWN REQUEST CERTIFICATE

TO: Royal Bank of Canada (the "Bank")
FROM: Back 40 Pictures Inc. (the "Borrower")
AND FROM: Film Finance (the – "Completion Guarantor")
PRODUCTION: *Rabid* (the "Production")
RE: The Credit Facilities contemplated by the loan agreement dated as of August 10, 2018, as may be amended from time to time between the Borrower and the Bank (the "Agreement")
AMOUNT REQUESTED: \$ _____, to be disbursed to the Borrower's current account number _____.

The Borrower hereby confirms to the Bank that:

1. the terms and conditions as set out in all of the agreements referred to, either directly or indirectly, in the Agreement and which were entered into by the Borrower or in respect of which the Borrower has knowledge, have been complied with, are in full force and effect, are unamended and no party to any such agreement is in default thereunder;
2. the representations and warranties set out in the Agreement or in any of the agreements referred to, either directly or indirectly therein, or entered into in connection therewith or otherwise made by the Borrower are, as of the date hereof, true and correct in all material respects; there have been no amendments to the constating documents or by-laws of the Borrower to which the Bank did not grant its prior consent subsequent to those constating documents and by-laws delivered to the Bank pursuant to the Agreement;
3. the resolutions of the Borrower delivered to the Bank pursuant to the Agreement remain in full force and effect;
4. the reports attached hereto (including the information set forth in the cost report) is true, complete and accurate;
5. the Borrower hereby requests the Bank to advance the amounts set forth herein, and to pay such amounts out of the Credit Facilities referred to in the Agreement; and
6. the amounts requested above, are to be disbursed in accordance hereto for the sole purpose of financing the Production's costs in accordance with the Agreement and related documents delivered to the Bank.

SIGNED at _____, this _____ day of _____, 20____.

BACK 40 PICTURES INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

The Completion Guarantor hereby confirms that:

1. The terms and conditions of the Completion Guarantee (as defined in the Credit Facility) in respect of the Production have been complied with by the Completion Guarantor. Said Completion Guarantee is unamended, and insofar as the Completion Guarantor is aware, the Borrower is not in default under the Completion agreement and no event has occurred which would cause the Completion Guarantor to take over production of the Production or take control of the Production account pursuant to the Completion Guarantee or the completion agreement between the Borrower and the Completion Guarantor.
2. To the best of its knowledge, information and belief, after due consideration and investigation, the production of the Production is on schedule and on budget, no amendment has been made to the Production budget dated _____, 20____ or to the Production schedule dated _____, 20____, and the information set forth in the cost report attached hereto as Annex "___" is true, complete and accurate.
3. \$_____ will have been made available to the Borrower as part of the Strike Price (as defined in the Completion Guarantee) is \$_____ and after the amount requested in this drawdown certificate is advanced to the Borrower, the sum of \$_____ in accordance with the Completion Guarantee, leaving \$_____ to be made available to the Borrower or the Completion Guarantor to satisfy the Strike Price.
4. The Completion Guarantor authorizes the Bank to advance the amount requested in this drawdown certificate to the Borrower and to comply with any payment directions attached hereto.

SIGNED at _____, this _____ day of _____, 20____.

FILM FINANCE

Per: _____

Name:

Title:

Schedule "E"
Consent

TO: The Canadian Audio-Visual Certification Office (CAVCO)
Canada Revenue Agency
Ontario Computer Animation & Special Effects (OCASE)
Ontario Media Development Corporation (OMDC)
The Ministry of Finance of Ontario
Telefilm Canada

and each affiliate of any of the foregoing
(each of the foregoing is a "Counterparty")

AND TO: Royal Bank of Canada (the "Bank")
FROM: Back 40 Pictures Inc. (the "Borrower")
RE: A credit agreement (the "Agreement") dated as of August 10, 2018 between the Bank and the Borrower in connection with the production of *Rabid* (the "Production").

Please note that, in connection with the Agreement, the Borrower hereby irrevocably authorizes the Bank to communicate with any Counterparty directly regarding the development, production, exploitation and financing of the Production. The Borrower hereby authorizes each of the Counterparties to provide the Bank with any information, including, without limitation, any personal and/or confidential information, relating to the Borrower, its principals, affiliates and subsidiaries, and the Production, that the Bank may request from time to time.

SIGNED at Toronto, Ontario, this 13th day of August, 2018.

BACK 40 PICTURES INC.

Per: [Signature]
Name: Michael Walker
Title: Co. President

Per: [Signature]
Name: JOHN VIDETTE
Title: SECRETARY-PRODUCER

Schedule "F"

RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

"Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"Security Device" means a combination of a User ID and Password.

"Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

"User ID" means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

"Virus" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

2. Access to the Service. The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

3. Security Devices. The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

4. Security. Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

5. Unsecure Electronic Channels. The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

6. Notice of Security Breach. The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

7. Binding Effect. Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

8. Representations and Warranties. The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

9. Evidence. Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

10. Limitation of Liability. The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or

termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.

Schedule "C"
BORROWING LIMIT REPORT

TO: Royal Bank of Canada (the "Bank")

FROM: Back 40 Pictures Inc. (the "Borrower")

PRODUCTION: *Rabid* (the "Production")

RE: The Credit Facility contemplated by the Loan Agreement dated as of August 10, 2018, as may be amended from time to time between the Borrower and the Bank (the "Agreement")

1. The following information (including the information set forth in the cost report attached hereto) is true, complete and accurate as at [DATE]:

| Source of payment (Financed or Not) | Total amount to be received | % Financed by the Bank | Amount (\$) financed by the Bank | Expected date for receipt of payment | Total amount received | Date of receipt of payment | Amount received NOT financed | Amount received financed | Balance of financed amount to be received C = (A-B) (Borrowing Limit Total (D)) |
|-------------------------------------|-----------------------------|------------------------|----------------------------------|--------------------------------------|-----------------------|----------------------------|------------------------------|--------------------------|---|
| | | | A | | | | | B | |
| Federal Tax Credit | | | \$ - | | \$ - | | \$ - | \$ - | \$ - |
| Provincial Tax Credit | | | \$ - | | \$ - | | \$ - | \$ - | \$ - |
| Telefilm Canada | | | \$ - | | \$ - | | \$ - | \$ - | \$ - |
| OCASE | | | \$ - | | \$ - | | \$ - | \$ - | \$ - |
| OMDC | | | \$ - | | \$ - | | \$ - | \$ - | \$ - |
| | 0 | | | | | | | | |
| TOTAL | | | \$ - | | \$ - | | \$ - | \$ - | #REF! |

2. The available surplus is:

| | |
|--|-------|
| Authorized Facility (Facility (1)) - (E) | |
| Authorized Interest Reserve (Facility (2)) - (F) | |
| Authorized Credit Card (G) | |
| Total Authorized Facilities (E+F+G=H) | \$ - |
| Less Borrowing Limit (D) | #REF! |
| Surplus (H - I) | #REF! |

3. As of this date, Potential Prior-Ranking Claims are:

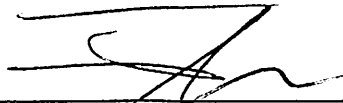
- Up to date
- Not up to date

4. As of this date, the product is:

- [On/Off] budget
- [On/Off] schedule

5. The production is currently in: [pre/post production]

This is Exhibit "C" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this 28th
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS

GENERAL SECURITY AGREEMENT

E-FORM 924 (10/2017)

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessories thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation, environmental technology and biotechnology, confidential information, trade names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of Intellectual and Industrial Property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province referred to in Clause 14(9), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable; and no Account Debtor will have any defence, set-off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property, to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC, provided always that until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and Intellectual Property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing charge statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC or or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral, to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor, the filing against Debtor of a petition in bankruptcy, the making of an assignment for the benefit of creditors by Debtor, the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

b) If any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into (this or any other agreement with Debtor), proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor, or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees, subject to the provisions of the instrument appointing him/her. Any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any instrument or Chattel Paper, whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors' and auditors' costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the security interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is, in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall endure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the indebtedness (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any indebtedness of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

- (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
 (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any Verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces).

16. Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

| | | | |
|--|--------------------|---------------------|------------------------|
| NAME OF BUSINESS DEBTOR BACK 40 PICTURES INC. | | | |
| ADDRESS OF BUSINESS DEBTOR PO Box 106 | CITY Ridgeville | PROVINCE Ontario | POSTAL CODE L0S 1M0 |

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 6th day of July 2018

BACK 40 PICTURES INC.

[Signature]
WITNESS

[Signature]



[Signature]
WITNESS

[Signature]



BRANCH ADDRESS:

| |
|--|
| Royal Bank of Canada Commercial Financial Services 1 Place Ville Marie, 8 th Floor West Wing Montreal, Quebec H3B 1Z8 |
|--|

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

(1) Directors Guild of Canada – Ontario (I, E, A, O)

(2) Media Finance Capital Limited (I, E, A, O)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

P.O. Box 106, Ridgeville, Ontario L0S 1M0

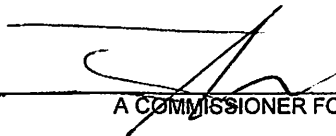
2. Locations of Records relating to Collateral (if different from 1. above)

3. Locations of Collateral (if different from 1. above)

Urban Post Production Inc., 22 Boston Avenue, Toronto, ON M4M 2T9

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

This is Exhibit "D" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this ^{7th}
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS



DEVRY SMITH FRANK LLP
Lawyers & Mediators

james.satin@devrylaw.ca
416.446.5820

April 7, 2020

VIA REGISTERED AND REGULAR MAIL

Back 40 Pictures Inc.
131 Bloor Street West, Suite 818
Toronto, Ontario M5S 1S3

Dear Sirs:

Re: **Royal Bank of Canada loans to Back 40 Pictures Inc.**

We act as lawyers for Royal Bank of Canada (the "Bank"). According to our records, you are indebted to the Bank as of April 7, 2020, in the principal amount of \$1,900,000.00 with accrued interest thereon in the amount of \$35,740.82 with respect to a Royal Bank Demand Loan and in the amount of \$104,000.00 with accrued interest in the amount of \$1,952.65 with respect to a second Royal Bank Demand Loan, the particulars of which are as follows:

| <u>Description</u> | <u>Principal</u> | <u>Interest</u> |
|---|------------------|-----------------|
| Demand Loan #1 (Bank prime plus 1.25% per annum) | \$1,900,000.00 | \$35,740.82 |
| Demand Loan #2 (Bank prime plus 1.25% per annum) | \$104,000.00 | \$1,952.65 |

Interest continues to accrue from April 8, 2020 to the date of payment at the Bank's prime rate of interest in effect from time to time plus 1.25% per annum with respect both Demand Loan #1 and Demand Loan #2. The prime rate is currently 2.45% per annum.

Your indebtedness to the Bank is secured, *inter alia*, by a General Security Agreement, Film Production Security Agreement and Copyright Mortgage.

We hereby demand payment of your indebtedness to our client. Unless payment of the total sum owing as aforesaid together with additional interest accrued and legal costs

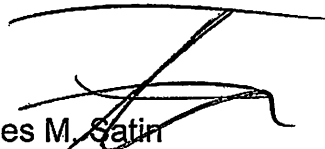
actually incurred to the date of payment or other satisfactory arrangements therefor are made within 10 days from the date thereof, the Bank shall take such steps as it deems necessary or desirable to recover payment of your indebtedness in full without further demand upon or notice to you. Such proceedings may include enforcement of the Bank's security.

Enclosed please find our client's Notice of Intention to Enforce Security which is served upon you pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, as well as notice being provided to you pursuant to Section 63(4) of the *Personal Property Security Act*, R.S.O. 1990, as amended.

Govern yourself accordingly.

Yours very truly,

DEVRY SMITH FRANK LLP



James M. Satin
JMS:cb
Encl.

**NOTICE PURSUANT TO SECTION 63(4) OF THE
PERSONAL PROPERTY SECURITY ACT**

TO: Those persons set forth in Schedule "A" annexed hereto

TAKE NOTICE that default has been made in the payment of monies secured under the following security agreement (the "Security") granted by Back 40 Pictures Inc. to Royal Bank of Canada (the "Bank"):

- (a) a General Security Agreement in respect of which a financing statement was registered under the Personal Property Security Act (Ontario) as Registration No. 20180705 1052 1862 7258; and amended as Registration No. 20180807 1600 1862 9771.

The collateral covered by the Security comprises all the undertaking, property and assets of Back 40 Pictures Inc. (the "Collateral").

AND TAKE NOTICE that the Bank intends to dispose of the Collateral unless redeemed.

1. The amount required to satisfy the obligations secured by the Security as at April 7, 2020 is \$2,041,693.47 as more particularly set forth in Schedule "B" hereto.
2. The estimated expenses of the Bank in taking, holding, preparing for disposition and disposing of the Collateral is \$5,000.00.
3. Upon receipt of payment, the payer will be credited with any rebates or allowances to which Back 40 Pictures Inc. may be entitled.
4. The Bank hereby gives you notice that upon payment of the amounts due as above-described together with additional interest accrued and expenses actually incurred to the date of payment you may redeem the Collateral.
5. Unless payment of the amounts due as above-described is received by the earlier of 15 days from the date you actually receive this notice or 25 days after this notice is served upon you by registered mail, the Bank will dispose of the Collateral by


private sale, public tender, public auction or otherwise and Back 40 Pictures Inc. as well as any other person liable for payment of the obligations secured will be liable for any deficiency.

This notice is given to you because you may have an interest in the Collateral and you may be entitled to redeem the same.

DATED at Toronto, Ontario, this 7th day of April, 2020.

ROYAL BANK OF CANADA
by its lawyers,
Devry Smith Frank LLP
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

Per:



JAMES M. SATIN

SCHEDULE "A"

Back 40 Pictures Inc.
131 Bloor Street West, Suite 818
Toronto, Ontario M5S 1S3

Media Finance Capital Limited
22 Manchester Square
London, United Kingdom
W1U 3PT

Amcomri Limited Partnership
Amcomri GP BVI LIM
c/o 21A Brook's Mews
London, United Kingdom W1K 4DZ

Film Finance Canada Ltd.
250 The Esplanade, Suite 204
Toronto, Ontario M5A 1J2

ACTRA Performers' Rights Society
625 Church Street, Suite 300
Toronto, Ontario M4Y 2G1

SCHEDULE "B"

1. Demand Loan #1

| | |
|-----------|----------------|
| Principal | \$1,900,000.00 |
|-----------|----------------|

| | |
|---|-------------|
| Interest at Bank prime plus 1.25% per annum to April 7, 2020 | \$35,740.82 |
|---|-------------|

\$1,935,740.82

Per Diem: \$192.60

2. Demand Loan #2

| | |
|-----------|--------------|
| Principal | \$104,000.00 |
|-----------|--------------|

| | |
|---|------------|
| Interest at Bank prime plus 1.25% per annum to April 7, 2020 | \$1,952.65 |
|---|------------|

\$105,952.65

Per Diem: \$10.51

NOTICE OF INTENTION TO ENFORCE SECURITY
Bankruptcy and Insolvency Act (Canada)
(Subsection 244(1))

TO: Back 40 Pictures Inc., an insolvent person

Take Notice That:

1. ROYAL BANK OF CANADA, a secured creditor, intends to enforce its security on the property of the above-mentioned insolvent person. The property is described as all property, assets and undertaking of the insolvent person.
2. The security that is to be enforced is in the form of the following (the "Security"):
 - (a) a General Security Agreement in respect of which a financing statement was registered under the Personal Property Security Act (Ontario) as Registration No. 20180705 1052 1862 7258; and amended as Registration No. 20180807 1600 1862.9771
3. The total amount of indebtedness secured by the Security is \$2,041,693.47 inclusive of principal and interest to April 7, 2020, plus costs and further interest accruing to the date of payment.
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, Ontario, this 7th day of April, 2020.

ROYAL BANK OF CANADA
by its lawyers
DEVRY SMITH FRANK LLP
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

Per:


James M. Satin

This is Exhibit "E" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this ^{28th}
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS



Deloitte Restructuring Inc.
Bay Adelaide East Tower
8 Adelaide Street West
Suite 200
Toronto ON, M5H 0A9
Canada

Tel: 416-601-6150
www.deloitte.ca

April 17, 2020

Royal Bank of Canada
Special Loans and Advisory Services
20 King Street West, 2nd Floor
Toronto ON M5H 1C4

Attention: Ivan Bogdanovich, Special Loans and Advisory Services

Dear Mr. Bogdanovich:

Subject: Borrowings of Back 40 Productions Inc. ("Back40"), Somerville House Films 2018 Ltd. ("Somerville") and Rabid Road Productions Inc. ("Rabid" and, together with Back40 and Somerville, the "Companies")

Deloitte Restructuring Inc. (the "Firm") is pleased to confirm the terms of our engagement with Royal Bank of Canada ("RBC"). This Engagement Letter is entered into pursuant to the master services agreement between RBC and the Firm, an Ontario registered limited liability partnership, effective as of June 1, 2016 (the "MSA"). This Engagement Letter incorporates the terms and conditions of the MSA, to the extent it applies. For the purposes of this engagement, Section 8 of the MSA shall not apply to this Engagement Letter and the terms and conditions of Section 9 of this Engagement Letter shall instead apply. Notwithstanding the foregoing, all other terms and conditions of the MSA shall apply to this Engagement Letter unless otherwise expressly stated herein. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the MSA.

1. OUR UNDERSTANDING OF YOUR OBJECTIVES

The Companies are engaged in the production of television and / or motion picture productions (the "Productions") financed in part by certain federal and provincial tax credits (the "Credits"). RBC wishes to engage the Firm to act as its consultant to assess status of the Companies' application(s) for the Credits, as well as the Companies' eligibility for the Credits.

2. SCOPE OF SERVICES

The Firm will provide the following financial consulting services:

1. Review and assess the status of the Companies' application(s) for the Credits;
2. Review and assess the eligibility of the Companies and the Productions for the Credits;
3. Estimate the realizable value of the Credits;
4. Review the Companies' sales agreements and reports from worldwide distribution companies;
5. Review the status of priority payables;
6. Review the ownership of copyright(s) in respect of the Productions; and
7. Upon the specific written request of RBC and as agreed to by the parties, any other matters which appear to RBC to be relevant.

We will provide such other services as may be mutually agreed to by the Firm and RBC as the engagement progresses and additional information is obtained. If the Firm is requested to perform services in addition to

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those described above, the terms and conditions relating to such services will be outlined in a separate letter of agreement and the fees for such services will be negotiated separately and in good faith.

The scope of Services does not include any consideration of the likely impact of Coronavirus (COVID-19) on sales, production, supply chain or any other aspect of the business, which may have an adverse impact on the performance of the Companies. RBC should consider the increasingly broad effects on the financial condition of the Companies as a result of the negative impact on the Canadian and global economy and major financial markets from COVID-19.

The parties acknowledge the risk posed by the spread of COVID-19 and the associated impact this might have on the delivery of the services. The parties' personnel will comply with any restrictions or conditions imposed by their respective organizations on working practices as the threat of COVID-19 continues. While the parties will seek to continue to comply with their respective obligations in accordance with the timeframes and approach set out herein, the parties accept that they may be required to adopt alternative working practices and put in place safeguards during this period, including working remotely, restrictions on travel to and from particular locations and the quarantining of individuals. These working practices and safeguards may impact or prevent the delivery of various activities, for example, workshops or other face to face meetings. The parties will work collaboratively and in good faith to agree to any changes that may be necessary to mitigate the adverse impact resulting from the effects of COVID-19 on the services, including the timetable for delivery of the services, the approach, methods and working practices for delivering the services, and any additional associated costs. In any event, Deloitte shall have no liability for any failure or delay to perform its obligations to the extent caused and/or contributed to by the spread of COVID-19 and its associated impacts.

3. REPORTING

The Firm will communicate the status of its work to RBC throughout the engagement and provide to RBC reports of our findings on a monthly basis. The Firm will not release any information or provide copies of any reports to the Companies or any of its management or any other person without the prior written consent of RBC.

4. REQUIREMENTS FROM RBC

The RBC point-of-contact for this engagement will be Ivan Bogdanovich.

5. TIMING

The timing of the completion of the engagement will be dependent on the cooperation that the Firm receives from the Companies and the availability of their senior management and staff. The Firm will be relying on the Companies' financial and management information systems as well as operational and management reports being current, accurate, and reliable.

The Firm will use commercially reasonable efforts to carry out its work on a timely basis and will inform RBC of any difficulties it encounters. The production and timing of the Firm's reports (verbal and/or written) assume that the information it requires to carry out its work will be made available promptly by the Companies and will be correct and accurate. Notwithstanding the above, the Firm will inform RBC as soon as possible of any matters of a material nature that come to our attention during the course of our work and note such issues in our reports. Such matters may affect the estimate of professional fees.

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6. FEE ARRANGEMENTS

Fees will be billed based on time spent at the RBC preferred hourly rates for each resource as indicated below.

| Resource Level | Hourly Rate |
|-------------------|-------------|
| Partner | \$625 |
| Senior Manager | \$500 |
| Manager | \$420 |
| Senior Consultant | \$290 |
| Consultant | \$250 |
| Analyst | \$175 |

The Firm will forward invoices monthly to the addressee or other contact as advised by RBC.

7. EXPENSES

RBC shall reimburse the Firm for reasonable out-of-pocket expenses (travel, meals and accommodation, if applicable). The Firm's invoices will also include our standard charge of 3% of professional fees for technology, support personnel, telecom, printing and other similar administrative charges.

8. RESOURCES

This engagement will be under the direction of Jordan Sleeth, Senior Vice-President, who will maintain overall responsibility for the engagement on behalf of the Firm and will coordinate daily management of the engagement. The engagement team will include Richard Williams, Senior Manager, and other professionals as necessary to complete the engagement on a timely basis.

Other professionals who will be identified during the course of the engagement may also be included to provide technical support.

9. LIMITATION ON LIABILITY

The provisions of this Section 9 shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This Section shall survive termination or expiry of the engagement. The provisions of this Section are not applicable to the extent that mandatory provisions of applicable regulatory bodies prohibit a professional financial advisor from limiting liability.

RBC and the Firm agree to the following with respect to the Firm's liability to RBC:

- The Firm shall not be liable to RBC for any direct or indirect claims, liabilities, or expenses relating to a breach of contract, negligence or otherwise for an aggregate amount in excess of five (5) times the fees paid by RBC to the Firm in connection with this engagement, to a maximum of \$1 million, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of the Firm.
- Notwithstanding the foregoing, the Firm shall not be liable for punitive or exemplary loss, damage, or expense relating to this engagement.

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- In any action, claim, loss or damage arising out of the engagement, RBC agrees that the Firm's liability will be several and not joint and several and RBC may only claim payment from the Firm of the Firm's proportionate share of the total liability based on the degree of fault of the Firm as finally determined by a court of competent jurisdiction.
- No action, regardless of form, relating to this engagement, may be brought by either party more than two years after the cause of action has accrued, except for an action for non-payment of fees.
- Notwithstanding anything contained in the MSA, RBC shall not be responsible, by way of indemnity or otherwise, for any direct or indirect losses or damages incurred by the Firm as a result of proceedings commenced against it by the Companies, or any individual, corporation or other legal entity in connection with this engagement.

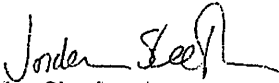
10. CONFIRMATION

Please confirm your acceptance of this agreement by signing this letter in the space provided below and returning one signed copy of the letter to us. We will commence the engagement upon receiving the signed letter.

We appreciate the opportunity to be of assistance to RBC. If you have any questions regarding the matters discussed in this agreement, we would be pleased to discuss them with you.

Should you have any questions, please contact the undersigned by phone, at 416-775-8858, or by email, at jsleeth@deloitte.ca.

Yours sincerely,



Jorden Sleeth, CPA, CA, CTRP, LIT
Senior Vice-President
Deloitte Restructuring Inc.

Agreed to on behalf of Royal Bank of Canada

By:  _____

By: _____

Name: Ivan Bogdanovich

Name: _____

Title: Senior Manager

Title: _____

Date: 04-29-2020

Date: _____



CONSENT AND AGREEMENT

Back 40 Productions Inc., Somerville House Films 2018 Ltd. and Rabid Road Production Inc. (the "Companies") hereby consent and agree to the appointment of Deloitte Restructuring Inc. ("the Firm") as a consultant to Royal Bank of Canada ("RBC") in accordance with the above letter of engagement and acknowledge that they have read and understood the terms and conditions of the letter.

The Companies hereby

1. Agree that the Firm shall have unrestricted access to all information concerning the Companies' undertaking, property and affairs in order to carry out this engagement. The Firm shall have complete and open access to all premises, offices, files and records of every kind and description, including all business, accounting, legal and other records, documents and files, including copies thereof (the "Information") of the Companies. The Companies' officers, directors, partners, employees, agents and consultants shall answer all questions put to them truthfully and to the best of their ability and the Companies shall instruct its officers, directors, employees, agents, consultants, bankers, accountants, solicitors and other advisors to provide any and all Information required by the Firm. The Firm may make copies of any and all documents, including electronically stored data and computer records, which the Firm considers necessary to complete its review.
2. Agree to use reasonable skill, care and attention to ensure that all information provided to the Firm is accurate and complete and will notify the Firm if they subsequently learn that the Information provided is incorrect or inaccurate or otherwise should not be relied on.
3. Authorize RBC to disclose to the Firm any information RBC has concerning the Companies, their business and affairs. In addition, the Companies authorize the Firm to report any financial or other information gathered by the Firm to RBC and its advisors.
4. Agrees that neither RBC nor the Firm shall have any responsibility for any decisions and activities by the Companies during the period of the review by the Firm and that the Firm will have no management responsibilities to the Companies and that nothing herein or done pursuant to this engagement will constitute an arrangement, agreement or relationship between the Companies and the Firm. The Companies will be solely responsible for making all management decisions, performing all management functions and establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities. The Companies shall not hold out to any person that the Firm is acting other than as a consultant to RBC for the purpose of reporting and making recommendations to RBC on the operations and affairs of the Companies.
5. Acknowledge that all of the terms of the security and guarantees given to RBC in relation to the credit facilities and indebtedness and liabilities of the Companies to RBC remain in full force and effect and are in no way waived or restrained, notwithstanding this appointment of the Firm as consultant. The engagement of the Firm shall not prejudice or impair or adversely affect the rights and remedies of RBC against the Companies or any guarantor or pursuant to any security, guarantees or agreements RBC may have or require RBC to delay in enforcing any of these rights and remedies, nor shall it operate as a waiver by RBC of any defaults or events of default which may exist in relation to any of the credit facilities of the Companies with RBC or any security, guarantees or other agreements held by RBC.
6. Agree that the Firm may obtain legal advice from RBC's legal advisers relative to this engagement.

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7. Agree to indemnify RBC with respect to the fees and expenses of the Firm, including legal costs, related to this engagement and authorize RBC to debit the Companies' account to cover these costs, including goods and services tax. Any fees paid by RBC on behalf of the Companies shall be treated as an advance to the Companies, secured by RBC's security documentation.
8. Agree that neither the Firm nor RBC shall have any liability, responsibility or obligation to the Companies, or any persons who have provided guarantees to RBC, whatsoever, whether in contract, negligence, tort or otherwise, arising in respect of any cause, matter or thing existing as of the date hereof or arising in respect of this engagement of the Firm by RBC or any addition to or variation thereof, and the Companies agree to indemnify and save each of the Firm and RBC harmless of and from any and all claims, demands, liabilities, losses and expenses sustained or incurred by either or both of them arising out of the engagement of the Firm as consultant in accordance herewith.
9. Agree that during the course of this engagement, the Firm may collect personal information about identifiable individuals ("Personal Information"), either from the Companies or from third parties. The Companies and the Firm agree that the Firm will collect, use and disclose Personal Information solely for purposes related to its appointment as consultant by RBC.

By signature of the undersigned signing officer, the Companies further acknowledge and confirm that the Companies have received no commitment, representation or warranty from RBC or the Firm in connection with this engagement, and RBC reserves all rights and remedies, including the rights to enforce and realize on the security and guarantees it holds as it in its sole discretion considers appropriate. The Companies also acknowledge having been informed that, depending upon subsequent events, Deloitte Restructuring Inc. may be appointed to act as agent, interim receiver, receiver, receiver and manager, monitor under the *Companies' Creditors Arrangement Act*, trustee in bankruptcy, trustee under a *Bankruptcy and Insolvency Act* proposal of any of the undertaking, property and assets of the Companies and the Companies agree that they will not object to the appointment of Deloitte Restructuring Inc. in any capacity and that such appointment shall not be a conflict of interest by virtue of Deloitte Restructuring Inc. having been appointed as consultant as provided for herein.

Dated at TORONTO ONT, this 24TH day of APRIL, 2020.

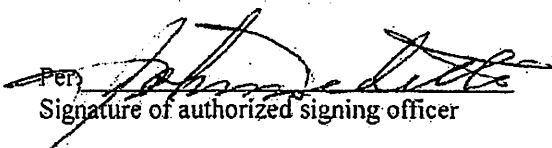
Back 40 Productions Inc.

Per: 
Signature of authorized signing officer

JOHN VELETTE
Print name

SECRETARY-DIRECTOR
Title

Somerville House Films 2018 Ltd.


Per: 
Signature of authorized signing officer

JOHN VELETTE
Print name

PRESIDENT
Title

Deloitte.

Rabid Road Production Inc.



Signature of authorized signing officer

M. Walker

Print name

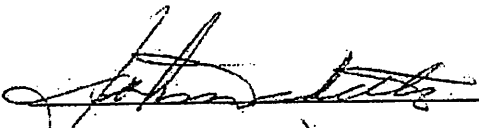
Co. President

Title

We, the guarantors of the Companies' obligations to RBC, acknowledge that we have read, and consent, to this engagement.

[NAME]

Signature of authorized signing officer



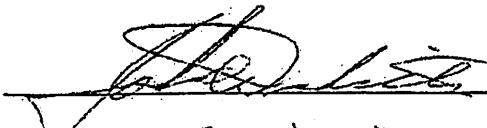
Name JOHN VIDETTE

Title

Date

[NAME]

Signature of authorized signing officer



Name JOHN VIDETTE

Title

Date



General business terms

The following general business terms (the "terms") apply to the engagement agreement between Deloitte Restructuring Inc. and Back 40 Productions Inc., Somerville House Films 2018 Ltd., and Rabid Road Production Inc. and their affiliates and/or subsidiaries (the "Client") except as expressly set forth in the engagement letter to which these Terms are attached (the "engagement letter").

1. Contracting parties

- a) **Definitions:** "Deloitte" or "Deloitte Canada" shall mean Deloitte Restructuring Inc. "Deloitte Entities" shall mean the Ontario limited liability partnership Deloitte LLP and where appropriate its directors, officers, partners, principals, professional corporations, employees, agents, subsidiaries and affiliates and to the extent providing services under the engagement letter, the member firms of Deloitte Touche Tohmatsu Limited, the subsidiaries and affiliates of such member firms, and all of their respective directors, officers, partners, principals, professional corporations, employees, agents; and in all cases any successor or assignee.
- b) This engagement letter is between the Client and Deloitte Canada. The Client agrees that its relationship is solely with Deloitte Canada as the entity contracting with the Client to provide the services covered by this engagement letter. Notwithstanding the fact that certain services covered by this engagement letter may be carried out by personnel provided to Deloitte Canada from other Deloitte Entities through service or other agreements, Deloitte Canada remains solely responsible and liable to the Client for all services covered by the engagement letter. Accordingly, the Client agrees that none of the Deloitte Entities (except Deloitte Canada) will have any liability to the Client, and the Client will not bring any claims or proceedings of any nature (whether in contract, tort, breach of statutory duty, or otherwise and including, but not limited to, a claim or negligence) in any way in respect of or in connection with this engagement against any of the Deloitte Entities (except Deloitte Canada) or against any subcontractors that Deloitte Canada may use to provide the services covered by this engagement letter.
- c) To the extent that Deloitte Entities (other than Deloitte Canada) are providing services to Deloitte Canada in connection with this engagement as subcontractors to Deloitte Canada, then the term "Deloitte" should read as "Deloitte Entities" for purposes of these Terms.

2. Services

- a) It is understood and agreed that the services to be provided under the Engagement Letter (the "Services") may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and be made by, the Client. In connection with Deloitte's Services, Deloitte shall be entitled to rely on all decisions and approvals of the Client.
- b) The Services conducted by Deloitte cannot be relied upon to disclose errors or fraud should they exist. The Services will not constitute an audit conducted in accordance with generally accepted auditing standards, an examination or compilation of, or the performance of agreed upon procedures with respect to prospective financial information, an examination of or any other form of assurance with respect to internal controls, or other attestation or review services in accordance

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with standards or rules established by the Chartered Professional Accountants of Canada ("CPA Canada"), the Canadian Public Accountability Board ("CPAB"), or other regulatory body. Deloitte will not express an opinion or any other form of assurance on any operating or internal controls, financial statements, forecasts, projections or other financial information.

- c) Neither the Services or any advice or reports in connection therewith are intended to be, nor shall be construed to be, "investment advice" within the meaning of the US Investment Advisors Act of 1940. In the performance of the Services, Deloitte will not perform any evaluation of internal controls and procedures for financial reporting upon which the Client's management can base its assertion in connection with the US Sarbanes-Oxley Act of 2002 or related rules or regulations ("Sarbanes-Oxley"). Deloitte will make no representations or warranties and will provide no assurances that the Company's disclosure controls and procedures are compliant with the certification requirements of and internal controls and procedures for financial reporting are effective as required by Sarbanes-Oxley or any other standards or rules, including, without limitation, Sections 302 and 404 of Sarbanes-Oxley.

3. Term

Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of the Services. Either party may terminate this engagement at any time upon giving at least five (5) days written notice to that effect to the other party, provided that in the event of termination for cause, the breaching party shall have the right to cure the breach within the notice period. In the event of termination pursuant to this paragraph, the Client agrees to compensate Deloitte Canada under the terms of the Engagement Letter for Services performed and expenses incurred through the effective date of termination.

4. Timely performance

Deloitte will endeavour to complete within any agreed upon time-frame the performance of the Services. However, Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte's control, including the untimely performance by Client of its obligations as set out in the engagement letter and in these Terms.

5. Fees and payment

- a) Unless otherwise specifically agreed in the engagement letter, Deloitte's fees will be based on standard hourly rates, which vary depending upon the experience level of the professionals involved. In the normal course of business, Deloitte revises its standard hourly rates to reflect changes in responsibilities, increased experience, and increased costs of doing business. Changes in standard hourly rates will be noted on the invoices for the first time period in which the revised rates become effective.
- b) In addition to professional fees, the Client will reimburse Deloitte Canada for Deloitte's reasonable out of pocket expenses incurred in connection with this engagement, including travel, meals, hotels and disbursements for outside legal counsel or any other consultants engaged by Deloitte with the prior consent of Client. Deloitte invoices will also include our standard charge of 7% of professional fees for technology, support personnel, telecom, printing and other similar administrative charges. Expenses will be stated separately on the invoices.

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- c) All fees and other charges do not include any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by the Client without deduction from the fees and charges hereunder.
- d) Invoices will be rendered on a regular basis as the engagement progresses. All invoices shall be due and payable when rendered. Without limiting its rights or remedies, Deloitte shall have the right to halt or terminate its services entirely if payment is not received within thirty (30) days of the invoice date. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice that remains unpaid from thirty (30) days after the invoice date to the date on which the outstanding invoice is paid.
- e) To the extent that as part of the Services to be performed by Deloitte as described in the engagement letter, Deloitte Canada personnel are required to perform the services in the United States of America ("US Business"), the Client and Deloitte Canada agree to assign performance of the US Business to Deloitte Canada LLP, an affiliate of Deloitte. All services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte Canada which shall remain responsible to the Client for such Services. Deloitte Canada LLP shall invoice the Client with respect to the US Business and Deloitte will invoice for services performed in Canada ("Canadian Business"). Payment for US business and/or Canadian Business can be settled with one payment to Deloitte.

6. Independence

- a) Deloitte Canada may terminate this engagement upon written notice to the Client if it determines that (i) a governmental, regulatory or professional entity (including, without limitation, provincial accounting institutes, Canadian and foreign securities commissions, the Canadian Public Accountability Board and the Public Company Accounting Oversight Board) or an entity having the force of law has introduced a new, or modified an existing, law, rule, regulation, interpretation or decision the result of which would render the performance by Deloitte of any part of the engagement illegal or otherwise unlawful or in conflict with independence or professional rules, or (ii) circumstances change (including, without limitation, changes in ownership of the Client or any of its affiliates) such that the performance by Deloitte of any part of the engagement would be illegal or otherwise unlawful or in conflict with independence or professional rules. Upon termination of the engagement, the Client will compensate Deloitte Canada under the terms of the Engagement Letter for the Services performed and expenses incurred through the effective date of termination.
- b) The Client shall provide Deloitte Canada with prompt written notice if the Client or any of its subsidiaries or affiliates engages Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm to provide audit related services. In the event that Deloitte, a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm, provides audit services for Client, parent of Client or affiliate of Client, Client acknowledges that Client has adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte Canada or member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm in accordance with applicable laws, regulations and rules that apply to the Client, including audit committee pre-approval requirements.

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7. Conflict of interest

- a) **Notification and resolution.** Should Deloitte Canada determine that there is a potential conflict of interest in connection with its performance of the Services, Deloitte Canada will advise the Client promptly and endeavour to resolve such potential conflict. Also, the Client agrees to notify Deloitte Canada promptly of any potential conflict affecting this engagement of which it is, or becomes aware. Where a potential conflict is identified by either party and Deloitte Canada believes the Client's interests can be properly safeguarded by the implementation of appropriate procedures, Deloitte Canada will discuss and agree such procedures with the Client.
- b) **Non-exclusivity.** Having engaged Deloitte Canada for the limited purpose set out in the engagement letter, the Client agrees on behalf of itself and its affiliates that no Deloitte Entity is precluded from acting in any capacity for any other party and that the Client's engagement of Deloitte Canada in this matter will not be asserted by the Client as a basis for disqualifying Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates from acting for any other party. The Client agrees to waive any real or potential conflict of interest of Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates in connection with Deloitte's Services for the Client under the terms of the Engagement Letter.

In the event that Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates acts for any other party, (i) Deloitte will not disclose any Confidential Information (defined below) that the Client provides to Deloitte in connection with this engagement and will not use such Confidential Information for another party's benefit, and (ii) Deloitte will establish appropriate ethical walls between the persons involved in advising the Client under this engagement and the persons involved in advising another party.

8. Client responsibilities

- a) **Cooperation.** The Client shall cooperate with Deloitte in the performance by Deloitte of the Services, including, without limitation, providing Deloitte with reasonable facilities and timely access to data, information and personnel of the Client. The Client shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to Deloitte for purposes of the performance by Deloitte of the Services hereunder.
- b) **Management.** The Client shall be solely responsible for, among other things: (i) making all management decisions and performing all management functions; (ii) designating a competent management member to oversee the Services; (iii) evaluating the adequacy and results of the Services; (iv) accepting responsibility for the results of the Services; and (v) establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities.

9. Information

- a) **Access and reliance.** The Client will make available to Deloitte all information (financial or otherwise) reasonably necessary to enable Deloitte to provide the Services. The Client will also provide Deloitte with any information, advice and opinions relevant to the engagement that may be delivered by third parties, such as legal counsel (except where necessary to preserve privilege) and accounting, financial, environmental or other advisors, and will ensure that such third parties co-operate with Deloitte on matters considered by Deloitte to be relevant to the engagement. In carrying out its Services, Deloitte will rely on information that is publicly available, prepared or supplied by the Client

or provided to Deloitte by third parties. Deloitte will be entitled to rely on, and is under no obligation to verify, the accuracy or completeness of such information, and Deloitte has no responsibility for the accuracy or completeness of the information provided by, or on behalf of, Client or other parties, even if Deloitte had reason to know or should have known of such inaccuracy or incompleteness. This engagement cannot be relied upon to disclose errors or fraud should they exist. Further, Deloitte is under no obligation to investigate any changes that may occur in such information subsequent to the date thereof.

- b) **Representation.** The Client represents and warrants that all information provided to Deloitte Canada, directly or indirectly, orally or in writing, by the Client or its agents and advisors in connection with the engagement will be accurate and complete in all material respects and will not be misleading in any material respect. Upon request, the Client will provide Deloitte Canada with a separate written representation confirming the accuracy and completeness of the information provided to Deloitte Canada and the information included, or to be included, in any information documents with respect to the Client.
- c) **Confidentiality.** To the extent that, in connection with this engagement, Deloitte comes into possession of any proprietary or confidential information of the Client ("Confidential Information") including Personal Information as defined in section 12(b) below, Deloitte will not disclose such information to any third party, other than the Deloitte Entities, without the Client's consent, except as may be required or permitted by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining thereto. Also, Confidential Information may be used, processed and stored outside Canada by Deloitte, Deloitte Entities and third party service providers. Deloitte is responsible to the Client for causing Deloitte Entities and third party service providers to comply with the obligations of confidentiality set out in this section. Confidential Information may be subject to disclosure in accordance with laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection under Canadian law. "Confidential Information" shall not include information which:
1. shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by Deloitte in breach hereof;
 2. is disclosed by the Client to a third party without substantially the same restrictions as set forth herein;
 3. becomes available to Deloitte on a non-confidential basis from a source other than the Client which Deloitte believes is not prohibited from disclosing such information to Deloitte by obligation to the Client;
 4. is known by Deloitte prior to its receipt from the Client without any obligation of confidentiality with respect thereto; or
 5. is developed by Deloitte independently of any disclosures made by the Client to Deloitte of such information.
- d) **Prospective financial information.** Unless Deloitte Canada and the Client agree otherwise in the Engagement Letter, Deloitte will not compile, examine or apply other procedures to prospective financial information of the Client or other parties in accordance with Chartered Professional Accountants of Canada Standards and accordingly, will express no opinion or any other form of assurance or representations concerning its accuracy, completeness or presentation format. Any financial forecasts or projections belong to the Client or other parties and are the sole

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responsibility of such management. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected or predicted, and those differences may be material.

- e) Deloitte will not return or provide records or information obtained in the course of the engagement to the Client if it is illegal to do so or if Deloitte is requested to withhold the records or information by law enforcement or other public or regulatory authorities (regardless of whether the engagement has been terminated)

10. Reporting

- a) **Qualifications to advice, opinions, and reports.** Any advice, opinions, or reports provided by Deloitte will be made subject to, and will be based upon, such assumptions, limitations, qualifications and reservations as Deloitte, in its judgment, deems necessary or prudent in the circumstances, including without limitation: (i) the time available to perform the Services, (ii) the information, data, opinions, advice and representations made available to Deloitte, and (iii) access to the Client's management, advisors and agents.
- b) **Amendments to reports.** Deloitte reserves the right to amend its advice, opinions, and reports accordingly, in the event that new information becomes available which may be contrary to or different from that which is set out to the Client in documents or verbal reports. Notwithstanding the foregoing, Deloitte has no responsibility for performing any services or procedures beyond those agreed to by Client and Deloitte Canada or for updating the Services performed.
- c) **Limitation on use and distribution.** Except as otherwise agreed in writing, all services in connection with this engagement shall be solely for the Client's internal purposes and use, and this engagement does not create privity between Deloitte and any person or party other than the Client ("third party"). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or Services of Deloitte. The Client further agrees that the advice, opinions, reports or other materials prepared or provided by Deloitte are to be used only for the purpose contemplated by the Engagement Letter and shall not be distributed to any third party without the prior written consent of Deloitte Canada.
- d) **Ownership.** Deloitte shall retain all right, title and interest in the reports, opinions and other documents provided by Deloitte to the Client and the Client shall be entitled to use such material in accordance with section 10(c).

11. Indemnification and limitation on liability

- a) **Application.** The provisions of this Section 11 shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This Section shall survive termination or expiry of the engagement. The provisions of this Section are not applicable to the extent that mandatory provisions of applicable regulatory bodies prohibit a professional financial advisor from limiting liability.
- b) **Limitation on liability.** The Client and Deloitte Canada agree to the following with respect to Deloitte's liability to the Client:
 - i) Deloitte shall not be liable to the Client for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by the Client to Deloitte Canada

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pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of Deloitte.

- ii) In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement or any loss of revenue or profit or any other commercial or economic loss or failure to realize expected savings.
 - iii) In any action, claim, loss or damage arising out of the engagement, the Client agrees that Deloitte's liability will be several and not joint and several and the Client may only claim payment from Deloitte of Deloitte's proportionate share of the total liability based on the degree of fault of Deloitte as finally determined by a court of competent jurisdiction.
- c) **Indemnification.** The Client agrees to indemnify and hold harmless Deloitte from and against any and all claims, damages, costs, charges, liabilities and expenses, including all legal fees, claimed by any third party relating to the Services provided by Deloitte except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct by Deloitte.
- d) **Limitation on actions.** No action, regardless of form, relating to this engagement, may be brought by either party more than one year after the cause of action has accrued, except for an action for non-payment of fees.

12. Other

- a) **Regulatory or legal action.** The Client will notify Deloitte Canada promptly of any request received by the Client from any third party, including a regulatory authority, for any material information or for a meeting or hearing; the issuance of any restraining order; or the initiation of a proceeding or litigation relating to this engagement.

Subject to any professional issues including audit independence, if requested and if the parties agree, Deloitte will testify (as a non expert witness) or provide reasonable support services to the Client before any governmental commission, regulatory authority or court. Any such testimony or support services will be confined to the services performed under this engagement. Deloitte shall have the right to employ counsel in connection with such testimony or support services.

Deloitte shall be paid for any time spent by its personnel in connection with such support at their standard hourly rates, which shall be separate and apart from any other professional fees payable hereunder. The Client shall also reimburse Deloitte for its reasonable out-of-pocket costs, charges and expenses, including legal counsel, incurred in connection therewith. These fees and expenses shall be separate and in addition to any other fees or amounts payable under the provisions for payment of fees in the engagement letter.

- b) **Privacy.** Deloitte and the Client acknowledge and agree that, during the course of this engagement, Deloitte may collect personal information about identifiable individuals ("Personal Information"), either from the Client or from third parties. The Client and Deloitte Canada agree that Deloitte will collect, use and disclose Personal Information on behalf of the Client solely for purposes related to completing this engagement, providing services to the Client and in a manner consistent with subsection 9(c) above. Deloitte shall not collect, use and disclose such Personal Information for Deloitte's own behalf or for its own purposes.
- c) **Survival and Interpretation.** The agreements and undertakings of the Client contained in the Engagement Letter, to which these terms are attached, together with the following sections of

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these Terms shall survive the expiration or termination of this engagement: 1, 2, 4, 5, 6, 8, 9, 10, 11 and 12.

- d) **Governing law.** These Terms, the Engagement Letter to which these terms are attached and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by, and construed in accordance with, the laws of the Province where Deloitte Canada's principal office performing the engagement is located. Any action or proceeding relating to this engagement shall be brought in the Province where Deloitte Canada's principal office performing the engagement is located, and the parties submit to the jurisdiction of the courts of that Province and waive any defence of inconvenient forum to the maintenance of such action or proceeding.
- e) **Severability.** If any provision of the Terms or the Engagement Letter is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.
- f) **Entire agreement.** These Terms and the Engagement Letter to which these terms are attached is the complete agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, proposals, negotiations, representations or warranties of any kind whether oral or written.
- g) **Assignment.** Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or Claims relating to this engagement) without the prior written consent of the other party. Client hereby consents to Deloitte Canada assigning or subcontracting any portion of the Services to any affiliate or related entity, whether located within or outside of Canada, provided that, any such assignment or subcontracting shall not relieve Deloitte Canada of its obligations hereunder. Services performed hereunder by Deloitte Canada's subcontractors shall be invoiced as professional fees on the same basis as Services performed by Deloitte Canada's personnel, unless otherwise agreed. Deloitte Canada may, without the consent of the Client, assign or subcontract its rights and obligations hereunder to (i) any affiliate or related entity or (ii) any entity which acquires all or a substantial part of the assets or business of Deloitte Canada.
- h) **Currency.** All financial references herein are to Canadian dollars unless specifically indicated otherwise. If it is necessary to convert any amounts into Canadian dollars, a prevailing commercial bank exchange rate at closing or the time of the invoice shall be used.
- i) **Notices.** Any notice or other communication required or permitted to be given under this engagement shall be in writing and shall be sufficiently given or made by delivery or by post or by telecopy or similar facsimile transmission (with confirmation of accurate and complete transmission obtained by the sender) to the respective parties. Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or posted or so telecopied or transmitted, except that any notice delivered after 5:00 p.m. on the day prior to a non-business day shall be deemed to have been received at 9:00 a.m. on the first business day following delivery. Any party may change its address, telephone number or facsimile number by notice to the others in the manner set out above.

- j) **Communication.** Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, email (including email exchanged via Internet media) and voicemail communication of both sensitive and non-sensitive documents and other communications concerning this engagement, as well as other means of communication used or accepted by the other.
- k) **Non-solicitation of personnel.** Each party acknowledges that the other party's personnel who participate in the engagement are critical to the servicing of its customers. Deloitte and the Client agree not to solicit, hire or otherwise retain the other party's engagement team members for a period of six (6) months following any such engagement team member's involvement in the performance of this engagement. This provision may be waived upon written agreement between the parties. This provision shall not restrict the right of either party to solicit or recruit generally in the media or as part of general recruiting efforts by third party recruiters, and shall not prohibit either party from hiring an employee of the other who answers any advertisement, responds to such general recruiting efforts, or who otherwise voluntarily applies for hire without having been initially personally solicited or recruited by Deloitte or the Client respectively.
- l) **Language.** The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.
- m) **Quality of Service.** If, at any time, you believe our service to you could be improved or if you are dissatisfied with any aspect of our services you should raise the matter with the engagement partner. Alternatively, if you wish to discuss the matter with someone other than the engagement partner, or make a complaint, please email nlethics@deloitte.ca or call 1 (888) 683-2020 and ask for the National Ethics Leader. We will acknowledge the complaint upon receipt and every effort will be made to investigate expeditiously.

This is Exhibit "F" referred to in the affidavit of
IVAN BOGDANOVICH sworn before me, this 28th
day of May, 2020.



A COMMISSIONER FOR TAKING AFFIDAVITS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

BACK 40 PICTURES INC.

Respondent

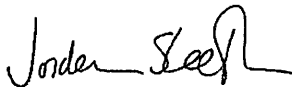
**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

CONSENT

The undersigned, Deloitte Restructuring Inc. (“Deloitte”), hereby consents to the appointment of Deloitte as receiver, without security, of all of the assets, undertakings and properties of Back 40 Pictures Inc. pursuant to the provisions of subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and the terms of orders substantially in the forms filed in the above proceeding.

DATED at Toronto, this 26th day of May, 2020.

DELOITTE RESTRUCTURING INC.

Per: 
Name: Jordan Sleeth
Title: Senior Vice President

ROYAL BANK OF CANADA
Applicant and

BACK 40 PICTURES INC.
Respondent

Court File No. CV-20-00642755-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, c.C43, AS AMENDED

Proceeding commenced at
TORONTO

**AFFIDAVIT OF
IVAN BOGDANOVICH**

DEVRY SMITH FRANK LLP
Lawyers & Mediators
95 Barber Greene Road, Suite 100
Toronto, Ontario M3C 3E9

JAMES SATIN
LSO #: 44025R

Tel : (416) 449-1400
Fax: (416) 449-7071
james.satin@devrylaw.ca

Lawyers for the Applicant

ROYAL BANK OF CANADA
Applicant and

BACK 40 PICTURES INC.
Respondent

Court File No. CV-20-00642755-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, c.C43, AS AMENDED

Proceeding commenced at
TORONTO

APPLICATION RECORD

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