

# **INTANGIBLE ASSET ALLOCATION APPRAISAL REPORT**

**certain identified**

## **Entertainment Assets and Intellectual Properties**

**Prepared for:**

**NeuroMama, Ltd.**

1810 E. Sahara Ave., Suite 100  
Las Vegas, Nevada  
U.S.A. 89104

December 30, 2013



**RwE GROWTH PARTNERS, INC.**

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**TERMS USED OR APPLIED IN THE REPORT**

AcSB	Accounting Standards Board
AICPA	American Institute of Certified Public Accountants
FASB	Financial Accounting Standards Board
SFAS	Statement of Financial Accounting Standards
IFRS 3	<p>IFRS 3, Business Combinations was issued in January 2008 as the second phase of a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and is designed to improve financial reporting and international convergence in this area. The objective of the IFRS is to enhance the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. It does that by establishing principles and requirements for how an acquirer:</p> <p>(a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;</p> <p>(b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and</p> <p>(c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.</p> <p>An acquirer of a business recognizes the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition.</p>
IAS 38	<p>IAS 38 <i>Intangible Assets</i> outlines the accounting requirements for intangible assets, which are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortized).</p>
IFRS 13	<p>IFRS 13 <i>Fair Value Measurement</i> applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. IFRS 13 was originally issued in May 2011 and applies to annual periods beginning on or after 1 January 2013.</p>



**NEUROMAMA, LTD.**

**APPRAISAL AND INTANGIBLE ASSET ALLOCATION REPORT**

**1.0 ASSIGNMENT, TRANSACTION & BACKGROUND**

**1.1 Assignment & Transaction**

RwE Growth Partners, Inc. (“RwE” or the “authors of the Report”) was engaged by NeuroMama, Ltd. (“NeuroMama”, “NML” or the “Company”) of Las Vegas, Nevada to prepare an Appraisal and Intangible Asset Allocation Report (the “Report”) with regard to the fair value (refer to section 4.0 for the appropriate definition of fair value) of certain identifiable recently acquired entertainment-based intangible assets and liabilities (i.e., referred to as “the Net Assets” and set out in Exhibit 1.0) of the Company as at October 31, 2013 (“the Valuation Date”).

NML’s auditors are presently completing an audit of the Company’s financial statements. Given this, RwE was requested by the Board of Directors of the Company to undertake the Report in order to reasonably determine the fair value of NML’s identifiable entertainment intangible assets so as to be able to assist the auditors as to the fair value of such assets as at the Valuation Date.

This Report is also intended to provide to NML’s management with independent information, analysis, and an opinion that provides specific evidence as to the fair value of the Company’s recently acquired entertainment-based intangible assets as at the Valuation Date. This Report does not replace NML’s own assessment of the value of the Company or management’s assessment as to the likely fair value of the Company’s Net Assets and Identifiable Intangible Assets.

RwE’s intangible assets identification process involved:

- Disclosures of the Net Assets by NML management;
- Discussions with NML management regarding Exhibit 1.0;
- Review of intangible assets with management that may have material value;
- Review of whether the intangible assets were involved in previous transactions; and
- Review of any liabilities that have been tied to the identifiable assets.

Given the review of the intangible assets, we identified that the intellectual properties and entertainment and media properties noted above should be considered/valued (covered in Schedules 4.0 – 11.0). This work was undertaken.

We also found through discussions with the Company that there was also some intangible assets that did not have any material value related to its customer relationships (due to the distribution and digital media nature of its direct clients and lack of definitive and long-



term agreements); nor to any third-party service agreements; and, nor to any particular acquired workforce. Hence, these were not recognized.

We understand from the Company's management that the acquisition of the Net Assets is based around certain goals and previous facts:

- The acquisition of the Net Assets lets the Company expand its other intellectual properties via access to the content and reach that these new Net Assets provide.
- These Net Assets set out in Exhibit 1.0 provides the Company a series of IPs that can create material short-term revenues and broad opportunities in the U.S.
- The acquisition of these Net Assets creates a high growth area that the Company foresees continued opportunities.

We have been engaged to perform a valuation analysis of certain identifiable intangible assets acquired by NML according to IFRS 3 and IAS 38.

We have not be engaged, nor did we, do any work to allocate the tangible assets, or other non-identified assets or goodwill related to the Company's cash generating units or legal entities or provide assurance as to the remaining useful lives of any such assets determined to have value.

RwE understands, and agrees, that our analysis is being used solely for the purpose of assisting Company management and its auditors with determining the value of these identifiable intangible assets (not identifying or reporting on any other type if Company or other assets).

As RwE relied extensively on information, materials and representations provided to us by the Company's management and associated representatives, the authors of the Report required that the Company's management confirm to RwE in writing that the information provided to RwE and management's representations contained in the Report are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report.

RwE, or its staff and associates, does not assume any responsibility or liability for losses incurred by the Company and/or its shareholders, management or any other parties as a result of the circulation, publication, reproduction, or use of the Report, or any excerpts thereto contrary to the provisions of this section of the Report.

RwE as well as all of its principals, partner, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by RwE, its principals, partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Report. No claim shall be



brought against any of the above parties, in contract or in tort, more than two years after the date of the Report. RWE also reserves the right to review all calculations included or referred to in the Report and, if RWE considers it necessary, to revise the Report in light of any information existing at the Valuation Date which becomes known to RWE after the date of the Report. Unless otherwise indicated, all monetary amounts are stated in Canadian dollars.

## 1.2 Background - Industry

The background and description of the markets to be served by the Company shows a new emerging industry.

*Convergence of media, telephony and technology - driven by increased digitization and technological advancements, the long-predicted convergence phenomenon is now a robust reality. As telecom networks provide close to full coverage, both wireline and wireless companies are looking for ways to better exploit their assets. Thus, they are entering into content aggregation and distribution as well as creation and other areas related to media and entertainment (“M&E”). Similarly, technology companies are launching innovative products and services that are shaping the way content is distributed and consumed. Cable companies, in turn, are pursuing opportunities that have traditionally been served by telecom service providers. This convergence of media, telephony and technology is producing both opportunities and threats for traditional participants. On a positive note, it has led to the creation of new product/service categories and markets, potential and actual new distribution platforms, changes in the structure of existing industries, the emergence of new distribution channels and business models, an explosion of personal and user-generated content, and more effective advertising models. Conversely, convergence is posing some significant threats to traditional media companies, such as competition from typically unrelated industries (e.g., telecom operators and new media players), pricing pressures, content glut, changing consumption habits and the spread of piracy. Historically, the M&E industry has exhibited a reluctance to embrace new technologies, which has resulted in its slow adoption of technology trends and its frequent organizational marginalization of technology resources. Going forward, M&E companies will need to identify, procure and retain the creative and technical talent they require to thrive in a digitized, converging marketplace and to create environments where this important talent can prosper.*  
{Source: Deloitte}

Cygnus Research indicates that the size of the Global M&E industry in 2011 was US\$1.6 trillion, an increase of 4.9% over 2010. The U.S. was the largest M&E market in the world (about 32% of global market), with a value of US\$464 billion in 2011, followed by Japan, China, Germany and UK. The M&E industry globally is fast shifting from the traditional to low-cost digital media, and it is impacting every segment of the business. This change has seen consumers migrate rapidly to new modes of digitally enabled, multi-channel consumption behaviors. Digital accounted for 28% of M&E spending in 2011 (up from 26% in 2010) and this is expected to grow rapidly over the next five years.



## 2.0 FAIR VALUE ALLOCATION

It is the view of RWE given the scope and assumptions of the Report and with reference to its engagement letter with the NML that the fair value allocation of the Company's intangible assets as at October 31, 2013 is as follows:

### NeuroMama, Ltd.

#### Allocation of Fair Value as at the Valuation Date

ASSETS		Notes
Cash and equivalents	\$1,081	
Accounts receivable	\$0	
Prepaid expenses	\$0	
Inventory	\$0	
Equipment, net	\$0	
<b>Total Assets</b>	<b>\$1,081</b>	<b>1</b>
Assumed Debt and Current Liabilities	\$1,691,972	2
<b>Adjusted Fair Value of Net Assets</b>	<b>-\$1,690,891</b>	<b>3</b>
Fair Value of the Jazz Network IP	\$14,400,000	4
Fair Value of the Movies 1 - 4 IP	\$2,300,000	5
Fair Value of the Pilot TV Shows IP	\$370,000	6
<b>Fair Value of Identifiable Intangible Assets</b>	<b>\$17,070,000</b>	

<u>Notes</u>		
<b>1</b>	Current and Capital Tangible Assets RWE has undertaken no analysis of the tangible assets, we have assumed of such assets is that BV=FMV.	\$1,081
<b>2</b>	Assumed Debt and Current Liabilities RWE has undertaken no analysis of the debt and liabilities, we have assumed all liabilities are that BV=FMV.	\$1,691,972
<b>3</b>	Fair Value of Intangible Assets	\$17,070,000
<b>4</b>	Refer to Schedules 4.0 thru 6.0 for the detailed analysis	
<b>5</b>	Refer to Schedules 7.0 thru 9.0 for the detailed analysis	
<b>6</b>	Refer to Schedule 10.0 for the detailed analysis	



This Report is subject to the scope of the work conducted (refer to section 5.0), as well as all of the assumptions made (refer to section 6.0) and to all of the other sections of the Report.

The above conclusion is not based on RWE's independent determination of the fair market value of the Company which was not undertaken as at or near the Valuation Date.

RWE used standard and acceptable valuation techniques in order to realistically determine the fair value of the Identifiable Intangible Assets (which are set out in Exhibit 1.0) as at the Valuation Date.

### **3.0 STATEMENT OF QUALIFICATIONS**

The Report preparation, and related fieldwork and due diligence investigations, were carried out by Richard W. Evans, MBA, CBV, ASA and certain analysts of RWE who were supervised by Mr. Evans.

Since 1994 Richard W. Evans has been involved in the financial services and management consulting fields and has been involved in the preparation of over 1,500 technical and assessment reports, business plans, business valuations, and feasibility studies.

Richard Evans is a Principal of RWE. He has fifteen years of experience working in the areas of valuation, litigation support, mergers & acquisitions and capital formation. He has more than 10 years of management experience in the high tech field where he held various positions in technical support, development, marketing, project manager, channels management and senior management positions.

Prior to building RWE he was focusing on expanding and diversifying a small financial consulting firm in Vancouver, B.C.

Richard has been extensively involved in the high technology sector in Western Canada and the U.S. Pacific Northwest where he served for more than nine years with DEC and for two years as the General Manager of Sidus Systems Inc.

At Sidus he was directly responsible for managing the firm's C\$15 million business operation throughout Western Canada and the Pacific Northwest. Previous to this, he spent almost nine years with Digital Equipment of Canada Limited where he was involved in a technical support, sales, marketing, project management and eventually channels management capacity.

Richard has more than four years of direct software development and Web development experience working on actual coding and application deployment. He understands how to build and deploy software, firmware and hardware systems for clients and developers. He has worked with both traditional and object-oriented development tools to build both traditional and web-enabled applications.





Richard has also been active doing work for a variety of health science and medical device and pharmaceutical companies in Canada and the U.S.

He has recently undertaken work regarding stem cell product, science and technologies that was used by the entity in submission to the TSX Stock Exchange as well as other regulatory bodies.

Richard has been actively involved in the above professional services with hundreds of Company and has served as a Board Member for a select number of public and private firms.

His area of professional expertise is in middle market and micro-cap technology, health sciences and industrial companies, especially firms needing advice and assistance with their business plans, operating plans and valuations.

Richard has conducted more than 1,500 valuations, business assessments and plans for technology & industrial Company.

Richard has undertaken valuation and analysis work for a number of media and entertainment companies during the past few years. These include:

RKO Pictures LLC	Juan TV	Vancouver Film School
Ideation Entertainment	Gener8	Tiny Massive Inc.
US Digital Gaming	Las Vegas from Home	Patron Media
Goodlife Networks	Beezid	Disruptive Technologies

He has also undertaken work used on and relied upon by public Company and regulatory bodies in Canada, the United States, Europe and Asia. He has undertaken valuation work for the Courts in British Columbia, Alberta, Ontario and Australia as well as for the Family Court in B.C.

Richard is extensively involved in sports coaching management and volunteer work throughout BC helping young adults and volunteer associations.

He obtained his Bachelor of Business Administration degree from Simon Fraser University, British Columbia in 1981 as well as completed his Master's degree in Business Administration at the University of Portland, Oregon in 1984 (where he graduated with honors).

Richard holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser.

He is a member in good standing with both the Canadian Institute of Chartered Business and the American Society of Appraisers.



## 4.0 DEFINITION OF FAIR VALUE AND GOODWILL

### 4.1 Definition of Fair Value

In June of 2001, the Financial Accounting Standards Board in the United States issued SFAS No. 141 *Accounting for Business Combinations* and SFAS No. 142 *Accounting for Business Combinations* that were created in order to (1) improve financial reporting by improving the comparability of financial information; (2) better reflect the investment made in an acquired entity; (3) provide more complete financial information; and, (4) promote international harmonization.

SFAS No. 142 deals with the valuation and reporting of goodwill and other intangible assets after their acquisition. The main change in accounting for these assets is that goodwill and other intangible assets with indefinite lives are no longer subject to amortization based on a fixed annual charge. Instead, these assets must be tested annually to determine whether their fair value has been impaired.

The Statement of Financial Accounting Concepts No. 7 as issued by the Financial Accounting Standards Board defines “fair value” as:

*“The amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.”*

With respect to the market for the shares of a company or division viewed “en bloc” there are, in essence, as many “prices” for any business interest as there are purchasers and each purchaser for a particular “pool of assets”, be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it.

In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on), or “synergies” that may result from such an acquisition. Theoretically, each corporate purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser. Based on our experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor.

Guidance provided by the AICPA indicates that in estimating fair value of the assets, valuation specialists should not take into consideration any company specific benefits or cost savings acquired because investment value and buyer specific value do not conform



to the concept of fair value, as that term is defined by generally accepted accounting principles.

Furthermore, if the acquiring company pays any significant consideration for synergistic or strategic benefits in excess of those expected to be realized by market participants, the valuation specialist would identify those excess benefits and remove them from the valuation of the acquired assets. Under this approach, the assumptions to be used in making estimates of fair value would reflect the best estimate of how market participants would benefit from use of the asset being acquired and therefore fair value is to be determined with reference to the market as a whole, rather than reflecting the specific characteristics of a single purchaser.

Accordingly, fair value does not include synergistic benefits or strategic advantages that were only available to a specific acquirer. Instead, the price should reflect the hypothetical market price based on the assumptions market participants would use in their estimates of value. To the extent the hypothetical market includes strategic purchasers, fair value as it applies to reporting units or intangible assets would include synergistic benefits and strategic advantages to some degree but would not necessarily include such benefits and advantages specific to a particular purchaser.

Given the guidance above, the authors of the Report have not reflected any special purchaser or synergistic considerations in the indication of fair value of the identifiable intangible assets.

### IFRS 13

IFRS 13, which is effective from 1 January 2013, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

The fair value measurement project was part of the Memorandum of Understanding between the IASB and the US national standard-setter, the Financial Accounting Standards Board (FASB). The joint work resulted in IFRSs and US generally accepted accounting principles (GAAP) having the same definition and meaning of fair value and the same disclosure requirements about fair value measurements.

Before IFRS 13 was issued, the requirements for measuring fair value and for disclosing information about fair values were dispersed across many standards and in many cases those standards did not articulate a clear measurement or disclosure objective. The Board developed IFRS 13:



- to reduce complexity and improve consistency in the application of fair value measurement principles by having a single set of requirements for all fair value measurements;
- to communicate the measurement objective more clearly by clarifying the definition of fair value;
- to improve transparency by enhancing disclosures about fair value and overall valuation measurements; and
- to increase the convergence of IFRSs and US GAAP.

IFRS 13 is to be applied prospectively and, although its application is only mandatory from 1 January 2013, entities may choose to apply IFRS 13 earlier.

#### 4.2 **Definition of Intangible Assets and Goodwill**

Goodwill and other intangible assets now require separate line item disclosure.

They should not be grouped as “Goodwill and other Intangibles” as has commonly been done in the past. Such intangible assets are now amortized subject to their useful life while goodwill is not amortized but instead is tested annually for impairment.

Intangible asset classes include patents, trademarks, trade secrets, licensing agreements, contractual and non-contractual customer relations, proprietary but non-patented systems, people subject to employment contracts, backlog, and other intellectual property. Intangible value is only recognized separately from goodwill if it arises from a legal right or, if not, it is separable – that is, it is capable of being sold.

SFAS 141 applies the residual method of accounting for goodwill (i.e., total purchase price - liabilities assumed financial assets - tangible assets - recognized intangible assets = goodwill). In other words, SFAS 141 defines goodwill as: “*The excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed.*” By default, goodwill includes the value of an assembled work force of “at will” employees who are not bound by contract and, in large part, synergies because synergies have no value if separated from the business.

IAS 38 *Intangible Assets* outlines the accounting requirements for intangible assets, which are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights).

Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortized).



## 5.0 SCOPE OF WORK CONDUCTED

The authors of the Report have reached the assessments contained here within by relying on / undertaking the following:

- Interviewed certain management of the Company to gain an understanding of the planned 2013 and beyond operations of the Company and the detailed development/plans and information regarding the entertainment assets and library, and all matters related to the identifiable intangible assets.
- Reviewed the Company's management-compiled DRAFT financial statements for the period ending October 31, 2013.
- Reviewed mgt.-prepared projections for the Jazz Network IP and business model. We were advised that such revenues projections were the net amounts collectible by NML after paying any revenues sharing and related costs to distribution partners, etc.
- Did NOT conduct any site visit to NML's facilities. Hence, RWE can provide no comfort as to the Company's facilities and internal systems and information systems.
- Reviewed related documents on disclosure and background on certain comparable companies and firms that conduct similar film and entertainment libraries that can be found on [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov).
- RWE was not able to interview John Sterling regarding this transaction and the Net assets; instead, RWE had to rely on NeuroMama management disclosures and representations regarding the Net Assets. NML management advised that it was able to secure the Net Assets with John Sterling due partially to personal relationships with him. Readers are cautioned that had RWE had access to John Sterling – and collected information and data from him – responses and information and valuation conclusions may have been different.
- Did a limited review of stock market trading data on public companies whose common shares are listed for trading on North American stock exchanges.
- Reviewed online various websites and portals that provided information and data on the business and market issues that a holder of the Net Assets would face.
- Reviewed the various material agreements (e.g., Continuum Motion Pictures, LLC) provided to RWE which we were advised are the key Net Assets agreements.
- Conducted further financial due diligence with: Bloomberg, Reuters, Capital IQ, Bank of Canada, Toronto Dominion Bank, Scotiabank, Moodys, Financial Week, Barrons, The Globe and Mail, mergermarket, Canada Stockwatch, TD Securities,



BMO Capital Markets, CIBC World Markets, National Bank, The Economist, Morningstar Dividend Investor and Standard Bank.

- Reviewed financial and stock market trading data on comparable and competitor companies in the same media, entertainment areas whose shares trade on North American stock exchanges. In addition to reviewing financial information, RWE reviewed the operations of the comparable public companies to determine if any acquisitions of firms or assets had taken place in the last 12 - 18 months.
- Relies extensively on the verbal representations by NML management as being completely true and accurate and did not confirm any such statements/claims.

## **6.0 CONDITIONS OF THE REPORT**

- The final signed and executed Report may be included for use by the Company's auditors for purposes of recording the Company and/or its assets on NML's balance sheet and for use with regulatory bodies.
- The Report cannot be relied upon by the Company or any parties in any legal proceeding and/or court matter.
- RWE, Inc. has relied upon a written statement of representation obtained from the officers and management of NML wherein they confirm that all representations and warranties that they made to the authors of the Report, including a general representation that they have no information or knowledge of any material facts or information not specifically noted in this Report, which, in their view, would reasonably be expected to affect the assessments herein.
- RWE makes no recommendations, either expressed or implied, as to the suitability of NML as described herein, or their securities, as investments.
- RWE has not verified the status of any of the Company's potential legal affairs and/or matters and can, therefore, provide the reader no comfort or make any comments as to whether there are any off-balance sheet items or contingencies, claims, possible claims, substantial commitments, or litigation pending or threatened against the Company, and/or any of the Directors/Officers of the Company.
- The Report, and more specifically the assessments and views contained therein, is meant as independent review of solely the Intangible Assets as at October 31, 2013.
- The authors of the Report make no representations, conclusions, or assessments, expressed or implied, regarding the Company as well as any corporate or other events after this date.



- The information and assessment contained in the Report pertain only to the conditions prevailing at the time this Report was substantially completed in December of 2013 and through to the date of the Report.
- Changes in market conditions could result in current value results and indications substantially different than those presented at the stated Valuation Date within the Report.
- The reader should note that access to additional information – or the preparation of a more comprehensive report - and outside sources may have resulted in a different valuation conclusion, and such conclusions may have been materially different.

## 7.0 ASSUMPTIONS OF THE REPORT

In arriving at its conclusions, RWE has made the following assumptions:

- 1) An audit of NML's balance sheet as at October 31, 2013 would not result in any material changes to the draft balance sheet that was issued by NML to RWE.
- 2) RWE has assumed that the Company and all of its related parties and their principals have no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Report that would affect the evaluations.
- 3) The Company is assumed to be a going concern as at the Valuation Date as management advised RWE that it has access to capital to maintain operations and to fully pay for all short- and medium-term financial obligations (refer to Schedule 3.0).
- 4) The fair value of the Company's assets is assumed to be equal to their book value unless otherwise noted in the Report.
- 5) The authors of the Report have relied upon information from management with respect to the fact that it does own all of the Intangible Assets noted in the Report.
- 6) The License Agreement for Distribution for the Jazz Network between John Sterling and Continuum Motion Pictures, LLC ("CMP") is effectively assumed by NML and is consented to by CMP. NML management confirms this is true and accurate as at the Valuation Date.
- 7) No other liabilities exist with regard to all of the Net Assets (as outlined in Exhibit 1.0) that is not disclosed in the Report.
- 8) In arriving at the fair value of the Company's Intangible Assets RWE has made certain assumptions as detailed in attached Report's Schedules. The reader is advised to review these Schedules in detail.



- 9) The transaction between John Sterling and the Company (or its related firm) is at arms' length, but the consideration received – shares of NML – does not represent the fair value or fair market value of the Net Assets.
- 10) We have been advised by NML management that John Sterling advised them that there have been no other historical transaction entered into by John Sterling that could have been used to determine the fair value or fair market value of the Net Assets.
- 11) Management-prepared projections (Schedules 4.0 and 7.0) are based on the net revenues to be received by NML from its marketing and distribution partners and are the amount of revenue that will be recordable by NML on its P&L statements.
- 12) The representations and warranties provided by John Sterling in the draft Intellectual Property Purchase agreement between NML and John Sterling is assumed to 100% true and accurate.
- 13) The Company has complete, unencumbered, satisfactory title to all of the Net Assets and there are no liens or encumbrances on such assets nor have any assets been pledged in any way (royalty or otherwise) unless otherwise disclosed in the Report or the Company's financial statements.
- 14) The Company has complied with all government, taxation and regulatory practices as well as all aspects of its contractual agreements that would have an effect (tax or otherwise) on the Net Assets, and there are no other material agreements entered into by the Company that are not disclosed in the Report regarding the Net Assets.

No other information was available or provided to RWE that provides any specific independent and reliable evidence as to the fair value of the Net Assets, either previous to the Valuation Data and/or as at the Valuation Date. The reader should note that no other material disclosures were made available to RWE other than what is in the Report.

## **8.0 REVIEW OF FINANCIAL RESULTS**

### **8.1 Historical Financial Results**

RWE reviewed the Company's historical balance sheet and income statements for the period ending October 31, 2013. The reader is advised to refer to Schedule 1.0 - Balance Sheet and Schedule 2.0 - Income Statement.

### **8.2 Financial Plan**

The authors of the Report also reviewed the compiled financial forecasts for the Jazz Network IP for the next five fiscal years. These financial projections are presented in Schedule 4.0.





### 8.3 Leverage Analysis

Redundancies, or Redundant Assets, are defined as those assets, which are not required in the day-to-day operation of a business, and accordingly can be liquidated or put to some alternative use without risk to the business.

The fair market value of a corporation's redundant assets increases the fair market value of its shares otherwise determined under an Income Approach.

Alternatively, a company's capital structure may be over-levered when compared to industry norms. The degree of over-leverage is considered a negative redundancy and must be adjusted for in determining the company's fair market value.

Overall, in determining the fair value of a firm's assets/company we must first see if at October 31, 2013 its financial ratios are in-line with industry norms.

In reviewing NML's financial position with management as at October 31, 2013 RWE was advised that NML has internal equity holders which can provide it any needed working capital as and when needed; nonetheless, there is a need to require a leverage adjustment be made. This work is shown in Schedule 3.0 – Leverage Analysis.

## 9.0 VALUATION METHODOLOGIES

### 9.1 Going Concern versus Liquidation Value

The first stage in determining which approach to utilize in valuing a company or a group of assets is to determine whether the company or group of assets is a going concern or whether it should be valued based on a liquidation assumption.

A business is deemed to be a going concern if it is both conducting operations at a given date and has every reasonable expectation of doing so for the foreseeable future after that date. If a company is deemed to not be a going concern, it is valued based on a liquidation assumption.

### 9.2 Overview

In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are:

- (a) The Income / Cash Flow Approach;
- (b) The Market Approach; and



(c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits.

This approach contemplates the continuation of the operations, as if the business is a “going concern”. With regards to a company involved in exploration and development of a mineral property, or the valuation of a mineral property itself, the Income Approach generally relates to the current value of expected future income or cash flow arising from the potential development of a mineral project.

The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the “Trading Price Method”, (b) the “Guideline Public Company Method”, (c) the “Merger and Acquisition Method”; and (d) analyses of prior transactions of ownership interests in the subject entity.

The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset).

From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value. The Cost Approach typically includes a comprehensive and all-inclusive definition of the cost to recreate an asset. Typically the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset. With regards to film and entertainment assets, the Cost Approach involves a review of the historical pre-production and production expenditures and their contribution to the current value of the intangible assets. In cases a discount or premium to historical development costs may be utilized. The Asset-Based Approach is adopted where either: (a) liquidation is contemplated because the business is not viable as an ongoing operation; (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or (c) there are no indicated earnings/cash flows to be capitalized.

If consideration of all relevant facts establishes that the Asset-Based Approach is applicable, the method to be employed will be either a going-concern scenario (“Adjusted Net Asset Method”) or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.



Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized Company and/or are associated with various forms of intellectual property.

### 9.3 **Valuation Methods Used and Intangible Assets Allocation**

With respect to the Net Assets or the Intangible Assets, RWE believed it was appropriate to value them on a going concern basis at the Valuation Date.

The reason for this is: (1) there are trade secrets related to the Intangible Assets; (2) previous entities and now the Company have been successful before or at the Valuation Date to garner interest in the Net Assets; (3) the management of the Company claims it can obtain needed working capital and service all financial obligations as at the Valuation Date and, (5) the going concern approach yields a higher value than a liquidation approach.

Given the approaches of valuation outlined above, it is the view of the authors of the Report that the most appropriate methods in determining the range of the fair values for the Net assets as at the Valuation Date were Income and Cost Approaches:

- (1) Discounted Cash Flow Method – Jazz Network IP
- (2) Relief from Royalty Method – Movies 1 -4 IP
- (3) Replacement Cost Method – Pilot TV Shows IP

We believed that the appropriate application of each of these techniques were logical as a means to indicate the value of each of the intellectual properties.

We also believed that income and cost approaches gave us certainty as to the value of the Net Assets based on what management themselves believed was realistic as to the revenue that such Intangible Assets would generate in the future and on a go-forward basis.

- 9.3.1 Based on IFRS standards, if impairment indicators exist, the impairment loss (if any) must be calculated. The impairment amount is the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of: (1) fair value less costs to sell, and (2) value in use (the present value of future cash flows in use including disposal value).

#### Fair Value less Costs to Sell

Fair value is the amount obtainable from the sale of an asset (or Cash Generating Unit or “CGU”) in an arm’s-length transaction between knowledgeable, willing parties. IAS 38 provides a hierarchy for determining fair value: (a) the best evidence of fair value is a price in a binding sale agreement in an arm’s-length transaction; (b) The next best



evidence of fair value is the price of an asset that is traded in an active market; (c) In all other cases, fair value is determined using the best information available, which may be using a market approach, income approach or cost approach.

Value in Use

The main concept of value in use is to measure the present value of future cash flows from an asset or CGU in its current state. The concept of Value-In-Use (“VIU”) is unique to IFRS. A company reflects the following elements in its estimate of VIU: (a) cash flows derived from the asset; (b) expectations about variations in the amount or timing of cash flows; (c) time value of money, using the current market risk-free rate of interest and other factors; (d) the price for bearing the uncertainty inherent in the asset; and (e) other factors, such as illiquidity, that market participants reflect in estimating the cash flows that the company expects to derive from the asset. With regard to the Intangible Assets RWE used the Value in Use as it was the only practical means to determine the value of the Intangible Assets.

9.3.2 Schedules 4.0 to 11.0 show the detailed analysis and work that was conducted to arrive at reasonable fair values for each of the specific intellectual properties.

**10.0 VALUATION APPROACHES RELATED TO THE NET ASSETS**

**10.1 Fair Value of Tangible Assets and Liabilities**

As at the Valuation Date, the Company had certain tangible assets and liabilities on its balance sheet. The Company’s tangible assets and liabilities – were not reviewed by RWE - are outlined in the following table, along with the method NML utilized in determining their respective fair values as at the Valuation Date.

Description of Asset or Liability	NML Method Used to Determine Fair Value	Work or Support
Tangible Assets	Book Value	None, RWE not engaged with regard to this.
Accrued Liabilities	Book Value	None, RWE not engaged with regard to this.

**10.2 Fair Value of the Intangible Assets**

In arriving at the fair value of the Intangible Assets, it was first necessary for the authors of the Report to determine, what, intangible assets were capable of separate valuation. It was apparent that the Jazz Network IP, the Movies 1 – 4 IP and Pilot TV Shows IP would have a recovery amount and/or generate revenues separately in the future. Upon reviewing the Company’s planned operations, the Intangible Assets, and in doing RWE’s due diligence, it appeared appropriate to separately value each of the identified Intangible Assets as shown in Schedules 4.0 through 11.0 as at October 31, 2013.



## 11.0 ALLOCATION OF FAIR VALUE CONCLUSIONS

In undertaking the above valuation approaches for the identified Intangible Assets, it was apparent that based on and subject to all of the foregoing, it is reasonable for RWE to conclude the intangible asset allocation is as shown in section 2.0, page 4 of the Report.

Schedules 4.0 to 11.0 show the detailed analysis and work that was conducted to arrive at reasonable fair values for each of the specific intellectual properties.

The reader should also review the Scope of Work conducted and the assumptions made in arriving at the value conclusions

In undertaking this analysis RWE has calculated that the *fair value of the Jazz Network IP was is in the range of \$14.4 million and the Movies 1 – 4 IP was in the range of \$2.3 million and the Pilot TV Shows IP was in the range of \$370,000 as at October 31, 2013.*

Yours very truly,



Richard W. Evans, MBA, CBV, ASA  
Principal

Chartered Business Valuator – Canadian Institute of Chartered Business Valuators  
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**RwE Growth Partners, Inc.**



**RwE GROWTH PARTNERS, INC.**

## **12.0 RESTRICTIONS AND CONDITIONS**

This Report is intended for the purpose stated in section 1.0 hereof and, in particular, is based on the scope of work and assumptions as to results that could reasonably be expected.

The authors of the Report advise the reader to carefully review all sections and the Conditions and Assumptions sections of the Report to understand the critical assumptions that the Report is based on.

It is not to be the basis of any subsequent valuation and is not to be reproduced or used other than for the purpose of this Report without prior written permission in each specific instance.

RwE reserves the right to review all information and calculations included or referred to in this Report and, if it considers necessary, to revise its views in the light of any information which becomes known to it during or after the date of this Report.

The authors of the Report disclaim any responsibility or liability for losses occasioned to any parties including potential investors as a result of the circulation, publication, reproduction or use of this Report contrary to the provisions of this paragraph.

This Report is based upon information made available to the authors of the Report and on the assumptions made.

## **13.0 STATEMENT OF INDEPENDENCE**

RwE is, for the purposes of preparing this Report, an independent chartered business valuation firm.

None of the owners, principals, partners, employees or representatives/associates of RwE has, or anticipates the acquisition of, any interest in the assets, shares or business undertakings of the Company and/or any related parties.

Neither RwE, or its principal or any of RwE's affiliates, is an advisor to NML or any entity related to the Company.

RwE has conducted no valuation or business analysis work in the five years preceding this Report on NML and/or any of its assets and/or anything related to the Net Assets.



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## **EXHIBIT 1.0**

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### **LIBRARY OF ENTERTAINMENT ASSETS – “NET ASSETS”**

#### **FEATURE MOVIES (referred to as the “Movies 1- 4 IP”)**

#1 90 minutes of Cabaret type of variety show "Fantazmus" with Ilya Reznik in the leading role, and 28 Olympic and World Champions rhythmic gymnasts performing. Choreographed by Olga Morozova, music written by Raimonds Pauls. Ilya Reznik is the most famous songwriter in former USSR, and Raimonds Pauls is the most famous composer in former USSR. Olga Morozova is one of the best coaches for Rhythmic Gymnastics in USSR (never released).

#2 Feature film "Under the Gun" with Vanessa Lyne William in the leading role. (Never released)

#3 Music film "Live at Ventura Beach, California" of the live show in Ventura Beach with 5,000 spectators with Eric Burdon from the Animals and Robby Krieger from the Doors performing there. (DVD was already released in Germany).

#4 Feature film "Comeback", with Eric Burdon in the leading role. (Never released)

#5 Feature film "Road Stories: featuring Frankie Avalon and many other famous musicians. With Frankie Avalon in the leading role. (Never released)

#### **THE JAZZ NETWORK 30 MIN. SHOW LIST (referred to as the “Jazz Network IP”)**

Host for these shows: Buster Jones

#1 Rick Zunigar (Stevie Wonder's Guitarist) with trio live in studio and Dave Koz video

#2 Thurman Green (Trombonist) live in studio with Lou Rawls video

#3 Marcus Roberts (Wynton Marsalis Pianist) with footage from "Deep in the Shed"

#4 Sid Jacobs (Guitarist) Quartet live with Andy Narrel video

#5 Ben Clatworthy (Saxophone) Quartet live and Pat Metheny video

#6 Vinnie Golia (Multi-inst) Trio live in studio, Chet Baker video

Host for next shows: Talaya Trigueros

#7 Doug Webb (Saxophone) with Minimum Three live, Miles Davis video

#8 Edwing Sankey (Organ Trio) live in studio with a Branford Marsalis video

#9 Eric Marienthal (Saxophonist with Chick Corea) live, Miles Davis video

Host for next shows: Buster Jones

#10 John Scofield (Miles Guitarist) and footage from "Live Three Ways"

#11 Ricardo Silveira (Brazilian Guitarist) live from S.M.C.C. Pavillion

#12 Billy Childs (Pianist) live from Le Cafe, and artist Rozzell Sykes

no show #13

#14 Blues Special with host Bubba Jackson: Tony Mathews (Guitarist) who performed with Ray Charles is featured, live at St. Marks

Host for next shows: Talaya Trigueros

#15 Carl Saunders (Trumpet) Sextet live in studio featuring Ron Feuer (Piano), and Bob Magnuson (Bass)

#16 Rick Zunigar (Guitarist) Electric Band plays a fusion live

#17 Mile Davis Tribute Show with Bobby Lyle (Piano) and Horace Silver

#18 Long Beach Jazz Festival with Patrice Rushen (Keyboards) and Ndugu (Drums); also appearance of Black Note....Bobby Lyle hosts

#19 Long Beach Jazz Festival part 2 with Billy Cobham (Drums) and Ernie Watts (Sax); music from Strunz and Farah....hosted by Bobby Lyle

#20 Bob Sheppard (Sax) plays live At My Place featuring Larry Koontz (guitarist) and John Beasley (Keyboards), Buster Jones host

#21 John Patitucci (Bassist) hosts an all video show featuring Pat Metheny video and Chick Corea footage

#22 Bobby Lyle (Keyboards) live at the S.M.C.C. Pavilion featuring Everette Harp (Sax) plus Jazz Dance Inc., hosted by Buster Jones

#23 The Penland Polygon Quintet featuring Ralph Penland (Drums), Patrice Rushen (Piano) and Tony Dumas (Bass) live at Grand Ave Bar

#24 The Penland Polygon part 2 featuring Patrice Rushen (Piano), etc.

#25 John Scofield (Guitarist) Quartet featuring Joe Lovano (Sax) live at the Strand; also Dr. John video, with Talaya host



#26 John Beasley (Mile Keyboardist) live at S.M.C.C. Performance Center with host Talaya

#27 Poncho Sanchez (Percussion) Latin Band live at Kimballs East, Talaya hosts

#28 Tony William (Drummer) with footage from "New York Live!" featuring Mulgrew Miller (Piano) and Wallace Roney (Trumpet), Bobby Lyle hosts

#29 Rick Zunigar (Guitarist) Live Recording Session feat, Mulgrew Miller (Piano), Bob Sheppard (Sax), and Ralph Penland (Drums)

#30 Chick Corea (Keyboardist) and footage from "Akoustic Band Alive" and "Electric Band" videos, Talaya hosts

#31 Freddie Hubbard (Trumpet) and "Ride Like the Wind" footage with Joe Williams host

#32 Freddie Hubbard hosts a video show featuring Norman Brown, etc.

#33 Billy Childs (Pianist) live in studio with Wynton Marsalis video, Talaya hosts

#34 Roger Kellaway (Pianist) plays solo, plus a Streisand video, Talaya hosts

#35 Al DiMeola (Guitarist) with "Live at the Palladium" footage featuring Rachel Z (Keyboards), also World Sinfonia at N.A.M.M., Talaya hosts

#36 Al DiMeola hosts an all guitar video show with Robert Cray and Pat Metheny videos

#37 Lyle Mays (Pat Metheny Keyboardist) live at the Strand with Mark Johnson (Bass) and Bob Sheppard (Sax), Talaya hosts

#38 Don Grusin (Keyboards) World Beat live at Schurr 93' Jazzfest , Talaya hosts

#39 Alan Pasqua (Pianist) with John Patitucci (Bass) and Peter Erskine (Drums) live in studio, Zan Stewart hosts

#40 Eric Reed (Wynton's Pianist) plays live in studio with host Zan Stewart

#41 Hiroshima (Contemporary Jazz) plays live at the Schurr 93' Jazzfest, Talaya hosts

#42 Paul Jackson Jr. (Guitar) hosts all video show featuring Ramsey Lewis, etc.

#43 Marcos Ariel (South American Pianist) and Justo Almario (Sax) at Schurr 93' Jazzfest hosted by Talaya

#44 Bennie Maupin (Sax) plays live in studio, talks about Miles and Herbie Hancock experiences, Zan Stewart hosts

#45 Bill Cunliffe (Pianist) Trio featuring Joe LaBarbera (Drums) live in studio Zan Stewart hosts

#46 McCoy Tyner (Coltrane's Pianist) and footage from "One Night With Blue Note" featuring Woody Shaw and Jackie McClean, also Playboy Jazzfest

#47 Everette Harp hosts an all video show with Branford Marsalis and Dave Koz videos and performs his latest single live!

#48 Joe Lovano (Saxophone) Quartet live at the Jazz Bakery featuring Tim Hagans (Trumpet), Zan Stewart hosts

#49 Chick Corea Elektric Band II perform live at the Strand, Talaya hosts

#50 Carl Allen (Drums) Quintet featuring Vincent Herring (Sax) play some tunes from their latest CD live in studio

#51 Kei Akagi (Pianist) Quartet with Rob Lockhart (Sax), and Willie Jones III (Drums), live

#51 Wallace Roney (Trumpet) Quintet featuring Ravi Coltrane (Sax), and Geri Allen (Piano) perform live in the studio

#53 The L.A. Jazz Quartet featuring Darek Oles (Bass), and Larry Koonse (Guitar), perform originals from their CD

#54 The Weller Bros., Bob (Keyboards) and Dick (Drums) play originals with Steve Tavaliogne (Sax)

#55 Jeff Beal (Trumpet) brings in his own group featuring Dave Carpenter (Bass) and Steve Cardenas (Guitar) doing cuts from his last few CDs

#56 Bopsicle featuring vocalist Stephanie Haynes perform their stylistic tunes

#57 B Sharp Quartet perform their originals in the studio live with Zan Stewart

#58 Black Note another great LA band play from their latest Sony CD, Zan hosts

#59 Frank Gambale (Guitarist) live from the Baked Potato with Alphonso Johnson, (Bass), and Walfredo Reyes (Drums), Talaya host

#60 Mark Isham (Trumpet) plays originals from his latest CD with Jeff Weber

#61 Mike Garson

#62 John Rangel (Keyboards) new player on the Jazz horizon with Willie Jones III (Drums) with host Jeff Weber

#63 Brad Mehldau (Piano) superb player from New York plays solo, host Jeff Weber

#64 Eugene Maslov (Piano) Russian born keyboardist plays solo piano in Bill Evans tribute with host Jeff Weber

#65 Everett Harp (Saxophone) hosts a Contemporary Video show featuring The Rippingtons, The Yellowjackets, plus a performance from his latest CD

### **THE JAZZ NETWORK 1 HR. SHOW LIST**

#1 Billy Cobham at the Long Beach Jazz festival, Freddie Hubbard archival footage with the Allyn Ferguson orchestra, plus Black Note live in studio

#2 Chick Corea Special, Elektric Band II live at the Strand, plus the Acoustic band in studio. Also Frank Gambale plays at The Baked Potato

#3 John Scofield live at The Strand featuring Joe Lovano, plus Alan Pasqua Trio with John Patitucci and Peter Erskine. Also Doug Webb plays with Minimum III in studio

#4 Freddie Hubbard at Grand Avenue Bar and Grill, Kei Akagi live in studio plus tribute to Art Blakey who performs

#5 Hiroshima at the Schurr Jazz Festival, Jeff Beal live in studio, plus Stanley Turrentine performs

#6 Kevyn Lettau sings with Marcos Ariel and Justo Almario plus The Weller Brothers, and Strunz and Farah at the Long Beach Jazz Festival

#7 Don Grusin plays at the Schurr Jazz Festival, plus Ricardo Silveira at the Pavilion, and Dizzy Gillespie live in studio

#8 Tony Williams live in New York, and another great drummer Carl Allen in studio, plus Billy Childs at Le Cafe

#9 McCoy Tyner with Jackie McLean and Woody Shaw, LA Jazz Quartet featuring Larry Koonse, and Black Note's first appearance at the Long Beach Jazz Festival

#10 Bobby Lyle and Horace Silver do a Miles Davis tribute with John Beasley live at SMCC, and Bennie Maupin in studio

#11 Billy Childs trio plays in studio, plus Bob Sheppard At My Place, and Mark Isham live at The Baked Potato

#12 Wallace Roney plays with Ravi Coltrane and Geri Allen, plus Joe Lovano and Tim Hagans live at the Jazz Bakery, and Monk tribute

#13 Al DiMeola plays at the House of Blues, Tony Matthews plays some blues at St. Marks, and Sherman Ferguson and Bill Heid organ trio in studio

#14 Patrice Rushen plays the Long Beach Jazz Festival, Rich Zunigar Electric live in studio, and Everett Harp performs from his latest CD

#15 Poncho Sanchez heads up an all Latin show with Suzie Hansen Band, and a Tito Puente tribute

#16 The Yellow Jackets head up a contemporary show with the Rippingtons and Special FX performing live

#17 Dave Koz plays with his group live, Rick Zunigar in the recording studio with Mulgrew Miller, plus Lady Day tribute with Bopsicle

#18 Roger Kellaway plays solo piano, plus Jim Hall and Michel Petrucciani with Wayne Shorter at Montreux, and the B Sharp Quartet in studio

#19 29 additional 1 hours episodes from original Jazz network TV show, broadcasted on PBS

**PILOT SHOWS (referred to as the "Pilot TV Shows IP")**

1. 4 episodes of "Rock and Roll Road Series" featuring hosts: Jose Feliciano virtuoso guitarist and composer know for many international hits including his rendition of The Doors' 'Light My Fire' and the best-selling Christmas single "Feliz Navidad". Frankie Avalon an American actor, singer, playwright, and former teen idol. Paul Bernard Rodgers an English rock singer-songwriter, best known for his success in the 1970s as a member of Free and bad Company. He has recently toured and recorded with another 1970s band Queen.

2. 1 episode of Movie Week, a promo for a weekly show.

# NeuroMama, Ltd.

## Balance Sheet

as at

Schedule 1.0

<u>United States Dollars</u>	<u>October 31st</u> <u>2013</u>	<u>January 31st</u> <u>2013</u>
<b>ASSETS</b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Equivalents	\$ 1,081	\$ 81
Prepaid Expenses	\$ -	\$ 4,640
Accounts Receivable	\$ -	\$ -
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,081</b>	<b>\$ 4,721</b>
<b><u>OTHER ASSETS</u></b>		
Film and Entertainment, Net	\$ 101,180,361	\$ -
Other Assets	\$ -	\$ -
<b>TOTAL OTHER ASSETS</b>	<b>\$ 101,180,361</b>	<b>\$ -</b>
<b>TOTAL ASSETS</b>	<b>\$ 101,181,442</b>	<b>\$ 4,721</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 25,083	\$ 3,950
Due to Related Parties	\$ 1,000	\$ 10,489
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 26,083</b>	<b>\$ 14,439</b>
Loan Payable	\$ 1,665,889	\$ -
<b>SHAREHOLDERS' EQUITY</b>		
Common Shares	\$ 3,165,100	\$ 3,165,000
Additional Paid-In Capital	\$ (3,139,900)	\$ (3,139,900)
Common Stock Issuable	\$ 99,999,999	\$ -
Deficit	\$ (535,729)	\$ (34,818)
<b>SHAREHOLDERS' EQUITY</b>	<b>\$ 99,489,470</b>	<b>\$ (9,718)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 101,181,442</b>	<b>\$ 4,721</b>

# NeuroMama, Ltd.

## Income Statement

for the Period Ending

Schedule 2.0

United States Dollars	Nine months ending October 31, 2013	Nine months ending October 31, 2012	From Incorporation to October 31, 2013
<b><u>REVENUE</u></b>			
Fees	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>EXPENSES</u></b>			
Consulting	\$ 21,015	\$ -	\$ 21,015
General and Administrative	\$ 423,055	\$ 3,525	\$ 424,913
Professional Fees	\$ 41,681	\$ 5,500	\$ 55,931
Travel Agent Fees	\$ 6,983	\$ -	\$ 25,693
<b>TOTAL EXPENSES</b>	<b>\$ 492,734</b>	<b>\$ 9,025</b>	<b>\$ 527,552</b>
<b>EBITDA</b>	<b>\$ (492,734)</b>	<b>\$ (9,025)</b>	<b>\$ (527,552)</b>
<b><u>OTHER INCOME (EXPENSES)</u></b>			
Interest Expense	\$ (8,177)	\$ -	\$ (8,177)
Interest Income	\$ -	\$ -	\$ -
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<b>\$ (8,177)</b>	<b>\$ -</b>	<b>\$ (8,177)</b>
<b>NET LOSS</b>	<b>\$ (500,911)</b>	<b>\$ (9,025)</b>	<b>\$ (535,729)</b>

**NeuroMama, Ltd.**  
**Leverage Analysis Calculation**  
as at the Valuation Date

Schedule 3.0

	<u>October 31, 2013</u>	<u>Factor</u>	<u>Margin</u>	<u>Notes</u>
<b><u>Security - Margin Analysis</u></b>				
Cash & Cash Equivalents	1,081	100%	1,081	
Accounts receivable	-	75%	-	
Inventory & Prepaids	-	70%	-	
Capital Assets	-	60%	-	
	<b>1,081</b>		<b>1,081</b>	<b>A</b>
			<b><u>TIE</u></b>	
EBIT			0	
Interest Rate			5.0%	
Industry Times Interest Earned			11.0	<b>1</b>
Times Interest Earned Amount			<b>0</b>	<b>B</b>
<b><u>Ratio Analysis</u></b>				
		<b><u>Company</u></b>	<b><u>Industry/Competitors</u></b>	
Current Ratio		n/a :1	2.00	
Total Debt:Equity Ratio		n/a :1	150.00	
			<b>0</b>	<b>C</b>
			<b><u>All Debt</u></b>	
Least of A, B or C (if any one or all negative then "0")			<b>0</b>	
<b>Needed Equity based on Industry Averages/Working Capital - Jazz Network</b>			<b>\$ 3,000,000</b>	<b>2</b>
<b>Needed Equity based on Industry Averages/Working Capital - Movies 1 - 4</b>			<b>\$ 1,500,000</b>	<b>3</b>

**Notes:**

1 Times Interest Earned based on industry comparison

*Financial Strength*

Current Ratio (MRQ)	2.00	2.00
LT Debt to Equity (MRQ)	6.00	6.00
Total Debt to Equity (MRQ)	150.00	150.00
Interest Coverage (TTM)	11.00	11.00
From: Reuters Inc. and Yahoo Finance		

2 Based on industry norms and need for working capital, the Company is over levered - i.e., needs equity injection to normalize the financial statements of the Company. The Company needs US\$3.0 million for working capital for Jazz Network.

<b>Financial Strength</b>	<b>Average</b>
Current Ratio (MRQ)	1.33
LT Debt to Equity (MRQ)	5.52
Total Debt to Equity (MRQ)	238.40
Interest Coverage (TTM)	11.67

3 Required working capital for Movies 1 - 4.

# NeuroMama, Ltd.

## Management-Prepared Financial Projections - Summary

Schedule 4.0

### Per the Management Stated Business Plan

<b>Jazz Network</b>	Episode#:	64	Duration - 30 minute shows
<b>Jazz Network</b>	Episode#:	18	Duration - 60 minute shows

Produced	Released	2014	2015	2016	2017	2018
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#### REVENUES (Net Amount Payable to NML after Revenue Sharing)

Jazz Network, 30 minute show (8 mins of ads)	Done	Q4 2013	\$27,500,000	\$34,650,000	\$44,005,500	\$50,606,325	\$55,666,958
Jazz Network, 60 minute show (18 mins of ads)	Done	Q1 2014	\$14,500,000	\$18,995,000	\$24,123,650	\$28,465,907	\$31,312,498
Ancillary and Related Programing			\$0	\$6,705,625	\$10,219,373	\$15,814,446	\$21,744,864

<b>TOTAL REVENUES</b>			<b>\$42,000,000</b>	<b>\$60,350,625</b>	<b>\$78,348,523</b>	<b>\$94,886,678</b>	<b>\$108,724,319</b>
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#### OPERATING EXPENSES

Payroll			\$3,500,000	\$4,900,000	\$6,860,000	\$9,604,000	\$11,000,000
Audit and Accounting fee			\$250,000	\$500,000	\$850,000	\$1,250,000	\$1,354,000
Legal fee			\$100,000	\$165,000	\$272,250	\$449,213	\$741,201
Business License & Trademark			\$35,000	\$42,000	\$50,400	\$60,480	\$72,576
Consulting - Corporate			\$500,000	\$1,050,000	\$2,205,000	\$4,630,500	\$7,500,000
Rent Expense			\$125,000	\$131,250	\$137,813	\$144,703	\$151,938
Professional Dues, License Fees et al.			\$50,000	\$100,000	\$100,000	\$200,000	\$200,000
Employee Programs			\$132,500	\$252,500	\$377,500	\$552,500	\$565,000
Equipment Leasing			\$50,000	\$150,000	\$200,000	\$250,000	\$325,000
Marketing, Communications and Promotion			\$25,000,000	\$35,600,000	\$43,000,000	\$49,000,000	\$51,000,000
Insurance			\$150,000	\$150,000	\$300,000	\$300,000	\$500,000
Maintenance/Repair			\$50,000	\$50,000	\$100,000	\$100,000	\$150,000
Messenger/Delivery			\$20,000	\$40,000	\$50,000	\$70,000	\$90,000
Office Supplies & Expense			\$50,000	\$120,000	\$275,000	\$400,000	\$500,000
Outside Services			\$85,000	\$100,000	\$125,000	\$190,000	\$250,000
Parking			\$5,000	\$10,000	\$13,400	\$17,956	\$24,061
Shipping/Postage			\$25,000	\$50,000	\$120,000	\$150,000	\$180,000
Telephone/Fax			\$200,000	\$286,000	\$408,980	\$584,841	\$836,323
Amortization and Depreciation			\$50,000	\$145,000	\$260,000	\$450,000	\$650,000
Travel & Entertainment			\$450,000	\$1,500,000	\$2,250,000	\$4,000,000	\$5,500,000
Distribution Network and Film Library Development			\$1,500,000	\$2,925,000	\$5,703,750	\$7,129,688	\$9,500,000
Total General and Administrative			<u>\$32,327,500</u>	<u>\$48,266,750</u>	<u>\$63,659,093</u>	<u>\$79,533,881</u>	<u>\$91,090,099</u>

Additional Concept and Expansion Expenses			\$0	\$500,000	\$750,000	\$1,250,000	\$1,850,000
Other Expense			\$0	\$0	\$0	\$0	\$0

<b>TOTAL EXPENSES</b>			<b>\$32,327,500</b>	<b>\$48,766,750</b>	<b>\$64,409,093</b>	<b>\$80,783,881</b>	<b>\$92,940,099</b>
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<b>EBITDA</b>			<b>\$9,722,500</b>	<b>\$11,728,875</b>	<b>\$14,199,430</b>	<b>\$14,552,798</b>	<b>\$16,434,220</b>
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#### OTHER INCOME (EXPENSES)

Interest Expense			\$0	\$0	\$0	\$0	\$0
Interest Income			\$0	\$0	\$0	\$0	\$0

<b>TOTAL OTHER INCOME (EXPENSES)</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
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Depreciation and Amortization			\$50,000	\$145,000	\$260,000	\$450,000	\$650,000
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<b>Net Income</b>			<b>\$9,772,500</b>	<b>\$11,873,875</b>	<b>\$14,459,430</b>	<b>\$15,002,798</b>	<b>\$17,084,220</b>
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Income Taxes @ 40%			\$3,909,000	\$4,749,550	\$5,783,772	\$6,001,119	\$6,833,688
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<b>NET INCOME</b>			<b>\$5,863,500</b>	<b>\$7,124,325</b>	<b>\$8,675,658</b>	<b>\$9,001,679</b>	<b>\$10,250,532</b>
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# NeuroMama, Ltd.

## Discounted Cash Flow Analysis - Jazz Network TV Programs - 30 min and 60 min - IP

For the Fiscal Year Ended December 31st,

Schedule 5.0

US \$	2014	2015	2016	2017	2018
<b>Revenue</b>	<b>\$42,000,000</b>	<b>\$60,350,625</b>	<b>\$78,348,523</b>	<b>\$94,886,678</b>	<b>\$108,724,319</b>
Cost of Sales	\$0	\$0	\$0	\$0	\$0
Expenses	\$32,327,500	\$48,266,750	\$63,659,093	\$79,533,881	\$91,090,099
	\$9,672,500	\$12,083,875	\$14,689,430	\$15,352,798	\$17,634,220
Net Income Before Tax	\$9,672,500	\$12,083,875	\$14,689,430	\$15,352,798	\$17,634,220
Add: Amort./Depreciation	\$50,000	\$145,000	\$260,000	\$450,000	\$650,000
Cash Flow Before Tax	\$9,722,500	\$12,228,875	\$14,949,430	\$15,802,798	\$18,284,220
Tax Loss Carry Forwards	\$0	\$0	\$0	\$0	\$0
Tax Due On	\$9,672,500	\$12,083,875	\$14,689,430	\$15,352,798	\$17,634,220
Tax @40% (projected results)	\$3,869,000	\$4,833,550	\$5,875,772	\$6,141,119	\$7,053,688
<b>Cash Flow After Tax</b>	<b>\$5,853,500</b>	<b>\$7,395,325</b>	<b>\$9,073,658</b>	<b>\$9,661,679</b>	<b>\$11,230,532</b>
Sustaining Capital Reinvestment	\$591,518	\$591,518	\$591,518	\$591,518	\$591,518
Less: Tax Shield Related Thereto:					
Sustaining Capital Reinvestment, Net of Related Tax Shield	\$1,908,482	\$1,908,482	\$1,908,482	\$1,908,482	\$1,908,482
<b>Cash Flow</b>	<b>\$3,945,018</b>	<b>\$5,486,843</b>	<b>\$7,165,176</b>	<b>\$7,753,197</b>	<b>\$9,322,050</b>
Working Capital Requirement	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	<b>\$3,945,018</b>	<b>\$5,486,843</b>	<b>\$7,165,176</b>	<b>\$7,753,197</b>	<b>\$9,322,050</b>
Discounted Cash Flow@45%	\$3,271,110	\$3,127,958	\$2,808,390	\$2,089,314	\$1,727,136
Discounted Cash Flow@40%	\$3,328,827	\$3,296,470	\$3,065,053	\$2,361,437	\$2,021,582
Add: Residual Value (Multiple x year 2018) and apply Discount Rate of 45%					\$3,592,443
Add: Residual Value (Multiple x year 2018) and apply Discount Rate of 40%					\$4,204,891
Total Discounted Cash Flow (High)					\$16,616,350
Total Discounted Cash Flow (Low)					\$18,278,260
<b>Going Concern Midpoint</b>					<b>\$17,447,305</b>
<b>Leverage Adjustment</b>					<b>\$3,000,000</b>
<b>Fair Value - US\$, say</b>					<b>\$14,400,000</b>
Assumed Annual Sustaining Capital Reinvestment	2,500,000				
Discount Rate High - Note 2	45%		<b>Tax Rate</b>		40.00%
Discount Rate Low - Note 2	40%				
Residual Multiple - Note 3	2.08				

### Notes

1 See Schedule 3.0 - Leverage Adjustment.

2 Discount Rate Build-Up

	Low	High
WACC	33.4%	33.4%
<i>Additional Risk Factors</i>		
Financial Position and Results	4.0%	6.0%
Size and Scope of Operations	1.0%	3.0%
Competition	2.0%	3.0%
	40.4%	45.4%

3 Multiple for Terminal Value

Average Cost of Equity	40.0%
Long Term Growth	1.0%
Cap Rate	39.0%
Multiple for Terminal Value	2.60
Discount for Risk (20%)	2.08

# NeuroMama, Ltd.

## Discount Rate Selection - Jazz IP

## Schedule 6.0

### Assumptions as at the Valuation Date

	Industry Average
	<u>Debt to Equity Ratio</u>
Debt	0.20
Equity	0.80

Risk Free Rate	1.50%
Prime Rate	2.00%
IP Specific Risk	25.00%

Cost of Debt	12.00%
Tax Rate	40.00%

Debt	20%
Equity	80%

### Cost of Equity - Company

Long-term government bond yields	3.28%
Adjusted large cap equity risk premia	8.28%
Small cap equity risk premia	3.45%
Company specific risk	25.00%
Required equity return to induce investment in Company	<u>40.01%</u>

### Weighted Average Cost of Capital - Company

WACC	=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)
	33.45%











# NeuroMama, Ltd.

## Discount Rate Selection - Movies 1 to 4

## Schedule 9.0

### Assumptions as at the Valuation Date

Risk Free Rate	1.50%
Prime Rate	2.00%
IP Specific Risk	35.00%

Cost of Debt	12.00%
Tax Rate	40.00%

### Cost of Equity - Company

Long-term government bond yields	3.28%
Adjusted large cap equity risk premia	8.28%
Small cap equity risk premia	3.45%
Company specific risk	35.00%
Required equity return to induce investment in Company	<u>50.01%</u>

### Weighted Average Cost of Capital - Company

WACC	=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)
	47.87%

	<u>Industry Average</u>
	<u>Debt to Equity Ratio</u>
Debt	0.05
Equity	0.95
Debt	5%
Equity	95%



# NeuroMama, Ltd.

## Replacement Cost Method (Appraised Value) - Pilot Shows and TV IP (Total - 6 Episodes)

as at the Valuation Date

Schedule 10.0

### Materials Reviewed as Provided by NeuroMama, Ltd. Management

Fantazmus - 90 minute cabaret type variety show

Pilot Episodes - 4 Rock and Roll Road Stories

Pilot Episode - 1 Movie Week

### Replacement Cost and Appraised Value

			Notes
Retained value of past work (20%) for period up to 2009 - data indicates previous reasonable/productive IP - \$600,000	\$60,000	\$120,000	1
Retained value of past work (40%) for period 2010+ - data indicates previous reasonable/productive IP - \$350,000	\$105,000	\$140,000	2
Warranted future Development (Identified Slate - Budget); Net Capability as at the Valuation Date (2.0% to 2.5%)	\$80,000	\$100,000	3
Less: Identified Royalties Due	\$0	\$0	
Appraised Value of the Library and Other Intangibles and all Related IP	\$245,000	\$360,000	
	20%	25%	4
<u>Replacement Cost and Appraised Value with "Range of Premiums" for Ability of Buyer to have Library and Related IP Today</u>	<u>\$290,000</u>	<u>\$450,000</u>	

### Notes

1 & 2 RWE has reviewed each of the properties from the Library.

RWE collected industry data and analysis from experts/analysts at Lazard Capital Markets, Relativity Media and other financial media and entertainment research firms.

#### Retained Portion of Past/Future Expenditures (Valuation Guidelines published regarding Movie/Film and Related IP/Properties)

50% Intellectual Property with script/layout, but no work done for some years. Some future work is warranted. Usually IP with interesting storyline and potential for Breakout, but not quite able to easily attract expenditures.

40% IP/Properties with identified economics, but may have some potential in future, conditional on production prices, storylines, past stars economic conditions, etc. IP development and IP Work recommended at time of valuation. Could be IP with potential for Base or High returns, but not Breakout.

30% Inactive IP/properties with unclear economic IP with the hope for further development, past pre-development script. The possible resources represent potential but there is no assurance that eventual development can be achieved.

20% Inactive IP with negligible or very little development potential. Could be IP that has title attractiveness.

10% Inactive IP with indeterminate but low or negligible development potential. Could be IP with little or no data available but in a current time interesting area.

3 Based on a review of all material provided and a logical next step or two for further reasonable IP development; calculating financial capability today.

4 Premium is based on a review of all materials provided and reviewed and a review of certain similar types of IP and industry transactions.

**NeuroMama, Ltd.**  
**Allocation of Fair Value**  
**as at the Valuation Date**

**Schedule 11.0**

<b>ASSETS</b>		<b>Notes</b>
Cash and equivalents	\$1,081	
Accounts receivable	\$0	
Prepaid expenses	\$0	
Inventory	\$0	
Equipment, net	\$0	
<b>Total Assets</b>	<b>\$1,081</b>	<b>1</b>
Assumed Debt and Current Liabilities	\$1,691,972	<b>2</b>
<b>Adjusted Fair Value of Net Assets</b>	<b>-\$1,690,891</b>	<b>3</b>
Fair Value of the Jazz Network IP	\$14,400,000	<b>4</b>
Fair Value of the Movies 1 - 4 IP	\$2,300,000	<b>5</b>
Fair Value of the Pilot TV Shows IP	\$370,000	<b>6</b>
<b>Fair Value of Identifiable Intangible Assets</b>	<b>\$17,070,000</b>	

<b>Notes</b>		
<b>1</b>	Current and Capital Tangible Assets RwE has undertaken no analysis of the tangible assets, we have assumed of such assets is that BV=FMV.	\$1,081
<b>2</b>	Assumed Debt and Current Liabilities RwE has undertaken no analysis of the debt and liabilities, we have assumed all liabilities are that BV=FMV.	\$1,691,972
<b>3</b>	Fair Value of Intangible Assets	\$17,070,000
<b>4</b>	Refer to Schedules 4.0 thru 6.0 for the detailed analysis	
<b>5</b>	Refer to Schedules 7.0 thru 9.0 for the detailed analysis	
<b>6</b>	Refer to Schedule 10.0 for the detailed analysis	