



District: British Columbia
Division No. 02 - Victoria
Estate No. 11-3165762
Court No.: B-240583
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LLAMAZOO INTERACTIVE INC.**

INSOLVENT PERSON

NOTICE OF APPLICATION

Name of applicant: LlamaZOO Interactive Inc. ("LlamaZOO" or the "Company")

To: The Service List attached hereto as **Schedule "A"**

TAKE NOTICE that an application will be made by the applicant to the presiding judge or associate judge at the courthouse at 800 Smithe Street, Vancouver British Columbia, V6Z 2E1 20 / DEC / 2024 at 9:45 a.m. for the orders set out in Part 1 below.

The applicant estimates that the application will take 10 minutes.

- ☐ This matter is within the jurisdiction of an associate judge.
- ☒ This matter is not within the jurisdiction of an associate judge.

Part 1: ORDERS SOUGHT

1. An order (the "**Approval Order**") substantially in the form attached hereto as **Exhibit "B"**, among other things:
 - (a) extending the time for filing a proposal by LlamaZOO by 45 days, from January 12, 2025 to February 26, 2025;
 - (b) approving the interim financing (the "**Interim Financing**") of LlamaZOO by KPMG LLP ("**KPMG**" or the "**Interim Lender**"), substantially in accordance with the terms of the term sheet (the "**Interim Financing Term Sheet**") attached as Exhibit "C" to the Affidavit of Charles Lavigne made 18, 2024; and

- (c) granting the following priority charges over the assets of LlamaZOO, which charges shall rank in the priority set out in the proposed order:
 - (i) a priority charge in favour of counsel to LlamaZOO, Crowe MacKay LLP, in its capacity as proposal trustee (the “**Proposal Trustee**”), and counsel to the Proposal Trustee, in the amount of \$100,000 (the “**Administration Charge**”); and
 - (ii) a priority charge in favour of the Interim Lender for all amounts owing under the Interim Financing Term Sheet (the “**Interim Financing Charge**”).

Part 2: FACTUAL BASIS

Background

- 2. On December 13, 2024, LlamaZOO initiated proceedings (the “**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) by filing a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the BIA and appointed the Proposal Trustee.
- 3. LlamaZOO is a software development technology company, specializing in development of Spatial Business Intelligence platforms. It was incorporated on April 14, 2015 under the laws of British Columbia and has its head office in Victoria, British Columbia and its registered and records office in Vancouver, British Columbia at 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8.
- 4. LlamaZOO was co-founded in 2014 by Charles Lavigne and Kevin Oke, both of whom had years of experience in the gaming industry and sought to transform gaming technologies into real-world applications.
- 5. Over its 10 years of operations, LlamaZOO has garnered international recognition for its products and quality of workplace for its employees, and has received 20 award nominations internationally.
- 6. Prior to the onset of its financial difficulties, as further outlined below, the Company employed approximately 40 people.

Financial Difficulties

- 7. LlamaZOO began to experience financial difficulties throughout 2021 and 2022, due to various factors including increased interest rates, slowing of venture capital investments, supply chain disruptions in key customer markets, and unexpected lags in technological development.

8. In 2022, one of LlamaZOO's US-based investors halted its ongoing investments in the Company. Other key investors and banks that previously provided venture capital financing to emerging technology companies also began to make less capital available and certain key banks, such as Silicon Valley Bank, collapsed in 2023. As such, LlamaZOO found itself in a tight venture capital market throughout 2022 and 2023, and experienced difficulties obtaining funding.
9. In response to its heightening financial challenges, the Company reduced its workforce from 40 to 20 employees in 2022.
10. Throughout 2023, LlamaZOO attempted to raise additional funds by approaching over sixty (60) venture capital funds and investors, but was unable to secure any additional investments in 2023.
11. In or about March 2024, the Company laid off all its employees (the "**Layoff**").
12. Following the Layoff, the Company began searching for a buyer for its assets and engaged in negotiations with several parties throughout 2024.

Current Assets

13. LlamaZOO's assets are primarily in the form of intellectual property, including but not limited to the following:
 - (a) its digital platforms, including without limitation the source codes, data, and design information used in conjunction therewith;
 - (b) various trademarks; and
 - (c) a patent registered in the United States.
14. LlamaZOO has minimal cash on hand as of the date it filed the NOI.

Creditors

15. At the time of filing the NOI, the Company had two (2) secured creditors and approximately twenty-six (26) unsecured creditors and indebtedness totaling approximately \$2,334,709 (the "**Indebtedness**").

The Proposed Transaction and Stay Extension

16. In or about October, 2024, the Company entered into a letter of intent (the "**LOI**") with KPMG, pursuant to which KPMG agreed to purchase all of LlamaZOO's assets subject to certain conditions (the "**Proposed Transaction**").

17. However, the terms of the Proposed Transaction are not yet settled and LlamaZOO requires additional time to continue negotiations on the final terms of the Proposed Transaction prior to considering a proposal to its creditors.
18. Once the Proposed Transaction is complete, LlamaZOO anticipates it will have funds to pay a significant portion of the Indebtedness, but will not be able to do so without the proceeds from the Proposed Transaction. As such, the requested extension for filing its proposal is important for LlamaZOO's restructuring and ability to address the Indebtedness.

The Interim Financing Term Sheet

19. Prior to filing the NOI, LlamaZOO requested that the Interim Lender provide financing during the pendency of these NOI proceedings.
20. The Proposed Transaction is in the process of being finalized by the parties, but in the meantime, LlamaZOO is insolvent and cannot fund its operations, professional fees, and otherwise fund the steps necessary to close the Proposed Transaction.
21. The Interim Lender agreed to advance the Interim Financing pursuant to the terms of the Interim Financing Term Sheet to assist LlamaZOO through the NOI Proceedings in the interim pending the closing of the Proposed Transaction.
22. A summary of the principal terms of the Interim Financing Term Sheet are as follows:

Term	Description
Interim Financing Facility	A super-priority non-revolving loan facility up to the maximum principal amount of \$400,000 with \$100,000 available prior to the execution of an asset purchase agreement.
Maturity date	The date which is the earliest of: (a) February 14, 2025, (or such later date as the Interim Lender in its sole discretion may agree to in writing with the Borrower); (b) the date on which: (i) the stay of proceedings in the NOI proceedings terminates, or (ii) the NOI proceedings are terminated for any reason; (c) the closing of a sale or similar transaction for all or substantially all of the assets and business of the Company is approved by the Court;

	<p>(e) the implementation of a proposal within the NOI proceedings which has been approved by the requisite majorities of the Company's creditors and sanctioned by order entered by the Court; or</p> <p>(f) the occurrence of an event of default pursuant to the Interim Financing Term Sheet.</p>
Advance Conditions	<p>(a) The Court grants the Approval Order;</p> <p>(b) The Company provides a cash flow projection acceptable to the Interim Lender;</p> <p>(c) For further advances after the initial advance, the Company must have executed definitive documents in respect of the Proposed Transaction;</p> <p>(d) The representations and warranties are true and correct; and</p> <p>(e) No events of default have occurred.</p>
Interest rate	12% per annum, calculated on a daily basis and payable monthly on the 1 st day of each month unless otherwise stipulated by the Interim Lender.

23. The Proposal Trustee has reviewed the Interim Financing Term Sheet and its terms and conditions and is satisfied that it is reasonable in the circumstances.
24. The Proposal Trustee would therefore support LlamaZOO in seeking approval of the Interim Financing Term Sheet and the granting of a priority charge to the Interim Lender.

Part 3: LEGAL BASIS

25. LlamaZOO relies on:
- (a) *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**");
 - (b) the inherent and equitable jurisdiction of this Honourable Court; and
 - (c) such further and other legal bases and authorities as counsel may advise and this Honourable Court may permit.

The Interim Financing Term Sheet

26. Section 50.6(1) of the *BIA* provides:

On application by a debtor in respect of whom a notice of intention was filed under section 50.4 or a proposal was filed under subsection 62(1) and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the debtor's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the debtor an amount approved by the court as being required by the debtor, having regard to the debtor's cash-flow statement referred to in paragraph 50(6)(a) or 50.4(2)(a), as the case may be. The security or charge may not secure an obligation that exists before the order is made.

BIA s. 50.6(1)

27. The Court may order that the security or charge rank in priority over the claim of any secured creditor of the debtor.

BIA s. 50.6(3)

28. In deciding whether to make an order, the Court is to consider, among other things, the following factors under *BIA s. 50.6(5)*:

- (a) the period during which the debtor is expected to be subject to proceedings under this Act;
- (b) how the debtor's business and financial affairs are to be managed during the proceedings;
- (c) whether the debtor's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor;
- (e) the nature and value of the debtor's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the trustee's report referred to in paragraph 50(6)(b) or 50.4(2)(b), as the case may be.

BIA s. 50.6(5)

29. LlamaZOO is presently facing a liquidity crisis and, absent further funding, it is out of the liquidity needed to fund its operations.

30. The Interim Lender has agreed to provide the Interim Financing to LlamaZOO pursuant to the terms of the Interim Financing Term Sheet.
31. Without the proposed Interim Financing, LlamaZOO is unable to fund its normal ongoing business operations and restructuring efforts during the proposal proceedings.
32. No creditor will be materially prejudiced as a result of the Interim Financing. The Proposal Trustee supports the Interim Financing Term Sheet and has advised that the proposed terms of the Interim Financing and the Interim Financing Charge are reasonable in the circumstances, and that the Interim Financing would likely assist the Company in completing the Proposed Transaction and increase the prospects of the Company making a viable proposal.

BIA ss. 50.6(1), 50.6(3) and 50.6(5);

Re P.J. Wallbank Manufacturing Co. Limited, 2011 ONSC 7641

Administration Charge

33. Sections 64.2(1)-64.2(2) of the *BIA* provide:

Court may order security or charge to cover certain costs

64.2 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the Court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under s. 50.4 or a proposal is filed under s. 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of:

- (a) the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;
- (b) any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and
- (c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

Priority

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

BIA ss. 64.2(1)-64.2(2)

34. LlamaZOO will require the participation of the Proposal Trustee, the Proposal Trustee's legal counsel and LlamaZOO's legal counsel to assist with these NOI proceedings. LlamaZOO is seeking the Administration Charge to secure payment of their reasonable fees and expenses.
35. The requested court-ordered charges are fair and reasonable in the circumstances and are necessary in order to complete LlamaZOO's objectives in this proceeding.
36. The Proposal Trustee is of the view that the Administration Charge is appropriate to ensure the continued support of the professionals in the NOI Proceedings.

Extending the Time for Filing a Proposal and the Stay of Proceedings

37. Section 50.4(9) of the BIA states:

The insolvent person may, before the expiration of the thirty day period mentioned in subsection (8) or any extension thereof granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court may grant such extensions, not exceeding forty-five days for any individual extension and not exceeding in the aggregate five months after the expiration of the thirty day period mentioned in subsection (8), if satisfied on each application that

- (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
- (c) no creditor would be materially prejudiced if the extension being applied for were granted.

BIA s. 50.4(9)

38. When interpreting s. 50.4 of the BIA, this Honourable Court has adopted the approach set out in *In the Matter of the Proposal of Cantrail Coach Lines Ltd.*, 2005 BCSC 351 ("**Cantrail**").

***Andover Mining Corp. (Re)*,
2013 BCSC 1833 ("**Andover**") at para. 58**

39. The s. 50.4(9) factors are assessed from an objective standard, considering what is reasonable in the circumstances.

***Cantrail* at para. 11**

40. Further, in determining if a stay should be extended, a court should consider the intent of the *BIA*, specifically the rehabilitative purpose of a proposal. A court should take a broad approach and consider the impact on all stakeholders, including employees, unsecured creditors, secured creditors, and other impacted parties.

Cantrail at paras. 11-12

LlamaZOO has Acted with Good Faith and Due Diligence

41. To find good faith and due diligence, a court must be satisfied that the insolvent company is not acting in bad faith and making initial steps towards forming a proposal. A court need only look for “some diligence”, considering evidence that the insolvent company is making productive steps towards a proposal, such as working with the proposal trustee, considering financing options, and discussing options with potential partners and stakeholders.

Andover at paras. 64-65

42. LlamaZOO submits that it has acted in good faith and with due diligence by:
- (a) working to stabilize its staff and operational costs;
 - (b) reducing its costs;
 - (c) working with KPMG to close the Proposed Transaction; and
 - (d) working with the Proposal Trustee in the NOI Proceedings.
43. Further, the Proposal Trustee has stated that the Company has worked with the Proposal Trustee to consider financing options and that they are not aware of any information suggesting that LlamaZOO has not acted in good faith or with due diligence.

LlamaZOO Can Likely Make a Viable Proposal if the Extension is Granted

44. To find the insolvent company would likely be able to make a viable proposal, a court must be satisfied that the insolvent company would likely be able to make “a proposal that would be practicable from an economic standpoint, if the extension being applied for were granted”.

Cantrail at para. 21

45. Evidence of a viable proposal need not be certain, but rather, an insolvent company must show that a viable proposal “might well happen”.

Andover at para. 66

46. At this stage it is not necessary for an insolvent company to present a fully realized proposal, but must at least establish at least a “germ of a plan”.

Andover at para. 41

47. LlamaZOO has entered into the LOI and can likely make a viable proposal if the extension is granted as the extension will:
- (a) provide time to fulfill the remaining conditions required for the completion of the Proposed Transaction; and
 - (b) allow LlamaZOO to finalize the asset purchase agreement for the Proposed Transaction.

No Creditor will be Materially Prejudiced if the Extension is Granted

48. To find that no creditor will be materially prejudiced by the extension, a court must be satisfied that none of the insolvent company's creditors will face “substantial” or “considerable” prejudice above and beyond the normal prejudice imposed on all creditors by the *B/A* during the proposal period.

Cantrail at paras. 21-22

49. Granting the stay extension to LlamaZOO will not materially prejudice any of LlamaZOO's creditors, as:
- (a) KPMG is providing the Interim Financing and is willing to cooperate with LlamaZOO through the proposal process; and
 - (b) LlamaZOO's other creditors are not materially prejudiced by the extension of the stay and will likely receive a greater benefit from a proposal than a bankruptcy, as a bankruptcy at this point would likely result in no benefit to the creditors.
50. Applying the considerations to the facts set out in Part 2 above, considering the rehabilitative purposes of a bankruptcy proposal and all stakeholders involved, LlamaZOO submits that it has met the test set out in s. 50.4(9), as:
- (a) LlamaZOO has acted, and continues to act, in good faith and with due diligence;
 - (b) LlamaZOO will likely be able to make a viable proposal if the extensions being applied for are granted; and
 - (c) no creditor would be materially prejudiced if the extensions being applied for are granted.

51. Accordingly, LlamaZOO submits that it is appropriate to grant the order extending the time for filing a Proposal and the order extending the stay of proceedings.
52. The Proposal Trustee supports the extension of the stay.

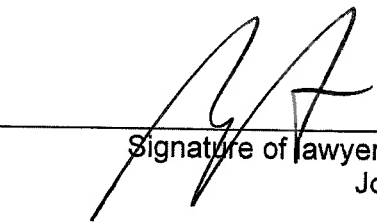
Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Charles Lavigne, affirmed December 18, 2024.
2. Affidavit #1 of Chelsea Denton, sworn December 18, 2024.
3. Proposal Trustee's first report, to be filed.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days of service of this Notice of Application,

- (a) file an Application Response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed Application Response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 18 / Dec / 2024



Signature of lawyer for applicant
Jordan Schultz

To be completed by the court only:

Order made

- ☐ in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
- ☐ with the following variations and additional terms:

Date:

Signature of ☐ Judge ☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial

- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

SCHEDULE "A"

District: British Columbia
Division No. 02 - Victoria
Estate No.11-3165762
Court No.: B-240583
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LLAMAZOO INTERACTIVE INC.

INSOLVENT PERSON

SERVICE LIST

<p>Dentons Canada LLP 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8</p> <p>Attention: Jordan Schultz Cassandra Federico</p> <p>Emails: jordan.schultz@dentons.com cassandra.federico@dentons.com chelsea.denton@dentons.com nav.sidhu@dentons.com</p> <p><i>Counsel for LlamaZoo Interactive Inc.</i></p>	<p>Crowe Mackay & Company Ltd. 1177 W Hastings St Vancouver, BC V6E 4T5</p> <p>Attention: Derek Lai Nelson Allan</p> <p>Email : derek.lai@crowemackay.ca nelson.allan@crowemackay.ca</p> <p><i>Proposal Trustee</i></p>
<p>Gehlen Dabbs Cash LLP 1201-1030 West Georgia Street Vancouver, BC V6E 2Y3</p> <p>Attention: Carol Cash</p> <p>Email: cc@gdlaw.ca</p> <p>Counsel for the Proposal Trustee, Crowe Mackay & Company Ltd.</p>	<p>Fasken Martineau DuMoulin LLP 550 Burrard St #2900 Vancouver, BC V6C 0A3</p> <p>Attention: Lisa Hiebert Mishaal Gill</p> <p>Email: lhiebert@fasken.com mgill@faskens.com</p> <p><i>Counsel for KPMG LLP</i></p>

<p>Christine Gossland</p> <p>Email: christinegossland@gmail.com</p> <p><i>Preferred Creditor</i></p>	<p>Michael Fuller</p> <p>Email: michael.fuller444@gmail.com</p> <p><i>Preferred Creditor</i></p>
<p>Nicola Wealth Real Estate 700 - 880 Douglas Street Victoria BC V8W 2B7</p> <p>Email: dquon@nicolawealth.com</p> <p>Attention: Dan Quon</p> <p><i>Preferred Creditor</i></p>	<p>Paul Richard</p> <p>Email : canadadevguy@gmail.com</p> <p><i>Preferred Creditor</i></p>
<p>Tabitha Lee</p> <p>Email: leetabithagemma@gmail.com</p> <p><i>Preferred Creditor</i></p>	<p>Tim Webb</p> <p>Email: webb.timo@gmail.com</p> <p><i>Preferred Creditor</i></p>
<p>Tony Woolven</p> <p>Email: tonywoolven@gmail.com</p> <p><i>Preferred Creditor</i></p>	<p>Bonsai Growth Solutions Inc. 408 - 55 Water Street, Unit 8933 Vancouver BC V6B 1A1</p> <p>Email: kirby@bonsaigrowth.ca</p> <p><i>Secured Creditor</i></p>
<p>RBC Royal Bank c/o BankruptcyHighway.com PO Box 57100 Etobicoke ON M8Y 3Y2</p> <p>Attention: Razel Bowen</p> <p><i>Secured Creditor</i></p>	<p>Anoroc Holdings Ltd.</p> <p>Attention: Kerry Gallager</p> <p>Email: kerry@gallagherbros.com</p> <p><i>Unsecured Creditor</i></p>
<p>Audrey Topliss</p> <p>Email: audreytoplissdesign@gmail.com</p> <p><i>Unsecured Creditor</i></p>	<p>Business Development Bank of Canada 1500 - 1133 Melville St Vancouver BC V6E 4E5</p> <p>Attention: Adriane Grabarevic</p> <p>Email: adriane.grabarevic@bdc.ca</p> <p><i>Unsecured Creditor</i></p>

<p>Canada Revenue Agency – Tax Surrey National Verification and Collection Centre 9755 King George Blvd Surrey, BC V3T 5E1</p> <p>Fax: (833) 697-2389</p> <p><i>Unsecured Creditor</i></p>	<p>Dentons Canada LLP 250 Howe Street, 20th Floor Vancouver, BC V6C 3R8</p> <p>Attention: Arik Broadbent</p> <p>Email: arik.broadbent@dentons.com</p> <p><i>Unsecured Creditor</i></p>
<p>Eric Kiss</p> <p>Email: erikkiss@erikkiss.com</p> <p><i>Unsecured Creditor</i></p>	<p>Export Development Canada 150 Slater St Ottawa, ON K1A 1K3</p> <p>Attention: Legal-Courier@edc.ca</p> <p><i>Unsecured Creditor</i></p>
<p>Fahad Al Moamar</p> <p>Email : f.almoamar@pivotstartups.com</p> <p><i>Unsecured Creditor</i></p>	<p>Greenstone Business Services</p> <p>Attention: James Hursthouse</p> <p>Email: james.hursthouse@gmail.com</p> <p><i>Unsecured Creditor</i></p>
<p>Helmsman Management 400 - 602 Broughton Street Victoria, BC V8W 1C7</p> <p>Attention: Stephen Albinati</p> <p>Email: stephen.albinati@helmsmangroup.ca</p> <p><i>Unsecured Creditor</i></p>	<p>KPMG LLP St. Andrew's Square II 800 - 730 View Street Victoria, BC V8W 3Y7</p> <p>Attention: Bill King</p> <p>Email: billking@kpmg.ca</p> <p><i>Unsecured Creditor</i></p>
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<p>Ministry of Finance - PST - British Columbia Station Provincial Government PO Box 9445 Victoria, BC V8W 9V5</p> <p>Email: rmbtaxpayerinquiries@gov.bc.ca</p> <p><i>Unsecured Creditor</i></p>	<p>Mitacs Santino</p> <p>Email: grants-subventions@mitacs.ca</p> <p><i>Unsecured Creditor</i></p>

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Schedule "B"
Draft Form of Order

District: British Columbia
Division No. 02 - Victoria
Estate No. 11-3165762
Court No.: B-240583
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**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LLAMAZOO INTERACTIVE INC.

INSOLVENT PERSON

ORDER MADE AFTER APPLICATION

)	THE HONOURABLE JUSTICE)	
BEFORE))	20/Dec/2024
))	

ON THE APPLICATION of LlamaZOO Interactive Inc. ("**LlamaZOO**" or the "**Applicant**"), coming on for hearing at Vancouver, British Columbia, on this day; AND ON HEARING Jordan Schultz, counsel for the Applicant, and those other counsel listed on **Schedule "A"** hereto; AND UPON noting that on December 13, 2024, LlamaZOO filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the "**BIA**"); AND UPON reviewing the Affidavit of Charles Lavigne, affirmed on December 18, 2024 and the Affidavit of Chelsea Denton, sworn on December 18, 2024 (the "**Denton Affidavit**");

THIS COURT ORDERS that:

Service

1. The time for service of the Notice of Application dated December 18, 2024 (the "**Motion**"), seeking the relief set out in the herein order (the "**Order**") is hereby abridged and deemed good

and sufficient and the Application is properly returnable today, and no persons other than those persons served are entitled to service of the Application.

Stay of Proceedings

2. Pursuant to Section 50.4(9) of the BIA, the time for LlamaZOO to file a proposal, and the corresponding stay of proceedings provided for in section 69 of the BIA, be and is extended from January 12, 2025 to 11:59 p.m. on February 26, 2025.

Administration Charge

3. As security for their respective professional fees and disbursements incurred both before the commencement of these proceedings (the **"NOI Proceedings"**) and before or after the granting of this Order, legal counsel to the Applicant, Dentons Canada LLP, the Proposal Trustee, Crowe MacKay LLP (the **"Proposal Trustee"**), and legal counsel to the Proposal Trustee, Ghelen Dabbs Cash LLP, (collectively with Dentons Canada LLP, and the Proposal Trustee, the **"Administrative Professionals"**), shall be entitled to the benefit of, and are hereby granted, a first ranking charge (the **"Administration Charge"**) on all of the Applicant's present and after-acquired assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the **"Property"**), which charge shall not exceed \$100,000 as security for the Administrative Professionals' professional fees and disbursements incurred at normal rates and charges, both before and after the commencement of the NOI Proceedings and the making of this Order. The Administration Charge shall have the priority set out in paragraphs 10 and 12 of this Order.

Interim Financing

4. The Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from KPMG LLP (in such capacity, the **"Interim Lender"**) in order to finance the continuation of the Applicant's business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$400,000 plus fees, costs and accrued interest to the date of payment, unless permitted by further Order of this Court.

5. Such credit facility shall be on the terms and subject to the conditions set forth in the interim lending facility term sheet between the Applicant and the Interim Lender dated as of December 18, 2024 (the **"Interim Financing Term Sheet"**), attached as Exhibit "C" to the Denton Affidavit.

6. The Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the **"Definitive Documents"**), as are contemplated by the

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

7. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Financing Charge**") on the Property. The Interim Financing Charge shall not secure an obligation that existed prior to December 13, 2024, being the date the NOI was filed by the Applicant pursuant to subsection 50.4(1) of the *BIA*. The Interim Financing Charge shall have the priority set out in paragraphs 10 and 12 hereof.

8. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Financing Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under any of the Interim Financing Term Sheet, the Definitive Documents or the Interim Financing Charge, the Interim Lender, upon three (3) days' notice to the Applicant and the Proposal Trustee, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Interim Financing Term Sheet, the Definitive Documents and the Interim Financing Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the Interim Lenders to the Applicant against the obligations of the Applicant to the Interim Lenders under the Interim Financing Term Sheet, the Definitive Documents or the Interim Financing Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

9. The Interim Lender, in such capacity, shall be treated as unaffected in any proposal filed by the Applicant in the NOI Proceeding or any plan of arrangement or compromise filed by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, with respect to any advances made under the Interim Financing Term Sheet and the Definitive Documents.

Validity and Priority of Charges

10. The priorities of the Administration Charge and the Interim Financing Charge (collectively, the "**Charges**"), as against the Property, shall be as follows:

- (a) First – any security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") which rank in priority to the RBC Security (as defined below);
- (b) Second – the perfected Encumbrances in favour of Royal Bank of Canada (collectively, the "**RBC Security**");
- (c) Third – Administration Charge (to the maximum amount of \$100,000); and
- (d) Fourth – Interim Financing Charge (to the maximum amount of \$400,000, plus interest, fees and costs).

11. The filing, registration, or perfection of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded, or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record, or perfect.

12. Each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other Encumbrances in favour of any Person (as defined in the *BIA*).

13. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Charges, or further order of this Court.

14. The Administration Charge, the Interim Financing Term Sheet, the Definitive Documents and the Interim Financing Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to *BIA*, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the *BIA*;

- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicant of any Agreement to which they are a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Petitioner entering into the Interim Financing Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicant pursuant to this Order, the Interim Financing Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

15. Any of the Charges created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

General

16. Endorsement of this Order by counsel appearing on the Motion, except for counsel for the Applicant, is hereby dispensed with.

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

Signature of Jordan Schultz
Lawyer for LlamaZOO Interactive Inc.

By the Court.

Registrar

Schedule "A"

(List of Counsel)

Name of Counsel	Appearing For

District: British Columbia
Division No. 02 - Victoria
Estate No. 11-3165762
Court No.: 11-3165762
Victoria Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF LLAMAZOO INTERACTIVE INC.

INSOLVENT PERSON

ORDER MADE AFTER APPLICATION
(Administration Charge, Interim Financing Facility and Interim
Financing Charge, Stay Extension)

DENTONS CANADA LLP
BARRISTERS & SOLICITORS
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Vancouver, BC V6C 3R8
Attention: Jordan Schultz