

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

ORDER MADE AFTER APPLICATION

BEFORE) THE HONOURABLE JUSTICE)
))
) *WHATELY*) 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

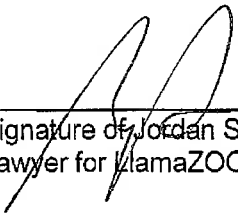
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds the Applicant, 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.

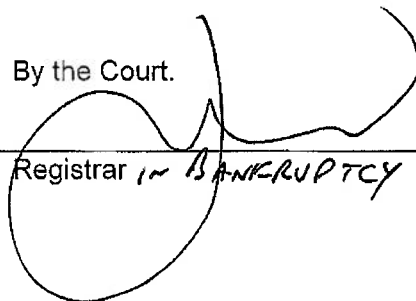
General

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 in BANKRUPTCY

Schedule "A"

(List of Counsel)

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