

Province: British Columbia
Division No. 2 - Victoria
Court No. B-240583
Estate No. 11-3165762

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

**IN THE MATTER OF THE PROPOSAL OF
LLAMAZOO INTERACTIVE INC.
OF THE CITY OF VICTORIA, PROVINCE OF BRITISH COLUMBIA**

**CROWE MACKAY & COMPANY LTD., PROPOSAL TRUSTEE OF
LLAMAZOO INTERACTIVE INC.**

PROPOSAL TRUSTEE'S AMENDED REPORT ON THE PROPOSAL

April 28, 2025

I. INTRODUCTION

1. This report (the "**Report**") has been prepared to provide the creditors of LlamaZOO Interactive Inc. (the "**Company**") with information necessary to evaluate the Proposal filed by the Company on April 11, 2025 (the "**Proposal**"), and the recommendation of the Proposal Trustee (defined below) that creditors vote in favor of the Proposal. Parties are encouraged to read the Proposal and this Report in its entirety. This report includes, among other things, information regarding:
 - a. Company background and financial position;
 - b. activities of the Company during the Proposal proceedings;
 - c. activities of the Proposal Trustee during the Proposal proceedings;
 - d. Company's current financial situation;
 - e. summary of assets and liabilities;
 - f. Proposal Trustee's monitoring of cash flows;
 - g. review of the Company's books and records;
 - h. Proposal to creditors;
 - i. statement of estimated realization and distribution;
 - j. recommendation of the Proposal Trustee; and,
 - k. voting procedures and other information
2. On December 13, 2024 (the "**Filing Date**"), LlamaZOO Interactive Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and the Insolvency Act* R.S.C.1985, c. B-3 (the "**BIA**") and Crowe MacKay & Company Ltd. consented to act as Trustee under the Proposal (the "**Proposal Trustee**").
3. Pursuant to section 50.4(8) of the BIA, the initial stay period in the proposal proceedings was from December 13, 2024 to January 12, 2025 (the "**Initial Stay Period**"). On December 20, 2024, the Court granted, among other things, an order for the following:
 - a. an Administration Charge in the amount of \$100,000 ranking in priority over all other encumbrances on the assets, properties and undertakings of the Company, other than those registered by the Royal Bank of Canada ("**RBC**") and those ranking in priority to RBC;
 - b. authorizing and empowering the Company to obtain and borrow under an interim financing facility (the "**Interim Facility**") from KPMG LLP (the "**Interim Lender**" or "**KPMG**") to finance the continuation of its business provided that, among other things, the borrowings under the Interim Facility shall not exceed \$400,000 plus fees, costs and accrued interest, unless permitted by further Order;
 - c. granting in favour of the Interim Lender a priority charge (the "**Interim Lender's Charge**") over the assets of the Company to a maximum of \$400,000 ranking in priority over all other encumbrances on the assets, properties and undertakings of

the Company, other than those registered by RBC, those ranking in priority to RBC, and the Administration Charge; and

- d. extending the Initial Stay Period for an additional 45 days from January 12, 2025 to February 26, 2025 (the "**First Extension**").
4. On December 18, 2024, the Company filed an 11-week cash flow statement for the period covering December 16, 2024 through March 2, 2025.
5. On February 13, 2025, the Company made an application to, among other things, approve the sale and vesting of the assets of the Company to KPMG LLP pursuant to the Asset Purchase Agreement (the "**APA**") and extend the stay of proceedings and deadline to file a proposal to Saturday April 12th, 2025. The Court approved the transaction and granted the extension.
6. On February 22, 2025, the Company filed an 8-week cash flow statement for the period covering February 17, 2025 to April 13, 2025.
7. On April 11, 2025, the Company filed a Proposal to its creditors. Attached as **Appendix "A"** and **"B"** is the Certificate of Filing of a Proposal from the OSB and Proposal respectively.
8. On or about April 17, 2025, the Company prepared and filed with the OSB a 6 week cashflow statement for the period of April 7, 2025 to May 18, 2025 (the "**Third Cash Flow Statement**"). Attached hereto as Appendix **"C"** is a copy of the Third Cash Flow Statement.
9. This Report on the Proposal should be read in conjunction with the following:
 - a. The Proposal Trustee's First Report, dated December 19, 2024;
 - b. The Proposal Trustee's Second Report, dated February 20, 2025 (the "**Second Report**"); and,
 - c. The Proposal Trustee's Supplemental Report, dated February 22, 2025.

Capitalized terms not otherwise defined herein have the meanings ascribed to them in the abovementioned reports.

II. TERMS OF REFERENCE

10. In preparing this Report, the Proposal Trustee has necessarily relied upon unaudited financial and other information provided by the Company, the Company's books and records, and discussions with management of the Company, namely Mr. Charles Lavigne ("**Management**") (collectively, the "**Information**").
11. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially

comply with the Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this Report, or otherwise used to prepare this Report.

12. Certain of the information referred to in this Report consists of financial forecasts and/or projections prepared by the Company. An examination or review of the financial forecasts/projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed by the Proposal Trustee. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions of future events and conditions that are not ascertainable, actual results may vary and the variations could be material.

III. COMPANY BACKGROUND AND FINANCIAL POSITION

13. The Company was incorporated in the province of British Columbia on April 14, 2015 and is headquartered in Victoria, BC.
14. The Company's directors are Mr. Charles Tremblay-Lavigne, Mr. Kevin Oke, and Mr. Connor Tobin.
15. Management advised that the Company is in the business of software and technology development, specializing in development of Spatial Business Intelligence platforms. Management further advised that since its formation, the Company has developed products for customers in various industries, including mining, oil and gas, and forestry.
16. Management advised that the Company has developed several technologies and products, including its flagship solutions called MineLife, TimberOps, and Guardian, which have been used by various clients, including First Nations, mining companies, and forestry companies. Management further advised that prior to the onset of its financial difficulties outlined below, the Company employed approximately 40 people.
17. Management advised that the Company began to experience financial difficulties throughout 2021 and 2022, due to various factors including rising interest rates, a reduction in investment opportunities in the venture capital space, supply chain disruptions in key customer industries, and unexpected lags in technological development.
18. Management further advised that one of the Company's US-based investors halted its ongoing support offered in or around 2022. In or around this same time, other key investors and banks that had previously provided venture capital financing to emerging technology companies had also began to make less capital available. As such, the Company found itself in a tight venture capital market throughout 2022 and 2023.
19. Management advised that they took the following steps in order to address the financial challenges the Company was facing:

- a. in 2022, the Company reduced its workforce from 40 employees to approximately 20 employees;
 - b. in 2023, the Company approached over 60 venture capital funds and investors with the goal of raising additional funds to service its critical research and development operations. No additional financing was received in 2023;
 - c. in early 2024, the Company obtained a loan in the amount of \$250,000, with the hope of sustaining operations until it could secure additional financing.
 - d. in March 2024, the Company temporarily laid off all of its employees;
 - e. in or around August of 2024, the Company rehired 5 of the employees who were laid off in March to assist with the Proposed Sale (defined below); and,
 - f. following laying off its employees, the Company began searching for a buyer for its assets, and engaged in negotiations with several parties.
20. Management advised that given the forgoing, and the fact that the Company is no longer able to meet its obligations in the ordinary course, that the Company was insolvent. Accordingly, the Company filed an NOI on December 13, 2024.

IV. ACTIVITIES OF THE COMPANY SINCE THE SECOND REPORT

21. Since the Second Report, the Company has, among other things:
- a. remained current with its statutory filing requirements;
 - b. filed its Industrial Research Assistance Program ("IRAP") return and received a fund totaling \$32,600 relating to same;
 - c. worked with the Proposal Trustee and the Company's legal counsel with respect to the sale transaction (the "**Transaction**") contemplated by the APA, and the closing of same;
 - d. worked with the Proposal Trustee in providing reports on its weekly cash flow results as well as weekly reports on the affairs of the Company for the period of February 10, 2025 to April 13, 2025;
 - e. prepared and filed the Third Cash Flow along with the underlying assumptions with the Office of the Superintendent of Bankruptcy (the "**OSB**") on April 17, 2025; and,
 - f. worked with its legal counsel and the Proposal Trustee to formulate the Proposal and filed same with the OSB on April 11, 2025.

V. ACTIVITIES OF THE PROPOSAL TRUSTEE SINCE THE SECOND REPORT

22. Since the Second Report, the Proposal Trustee has, among other things:
- a. participated in numerous and extensive discussions, meetings, and phone calls with Management and counsel for the Company in relation to, among other things,

the Company's ongoing activities, completion of the Transaction, the Company's cashflows, and estimated recoveries in a proposal versus a liquidation scenario;

- b. monitored the affairs and cash flows of the Company on a weekly basis for the period covering February 10, 2025 through April 13, 2025;
- c. assisted the Company with the preparation of a variance analysis with respect to its actual and projected cash flows;
- d. engaged in discussions and dealings with creditors and other stakeholders of the Company with respect to the Proposal Proceedings;
- e. investigated the financial position of the Company;
- f. worked alongside the Company and its legal counsel to ensure the successful completion of the Transaction;
- g. arranged for the payout of funds totaling \$755,122.93 to the secured creditors pursuant to a Court order dated February 24, 2025;
- h. assisted the Company with preparing the Third Cash Flow Projections along with the assumptions, and filed same with the OSB;
- i. reviewed the Proposal prepared by the Company and its counsel and participated in discussions with respect to same; and,
- j. prepared this Report to creditors.

VI. SUMMARY OF THE COMPANY'S ASSETS AND LIABILITIES

23. Below is a summary of the Statement of Affairs as at April 11, 2025:

Assets	Estimated Realizable Value
Cash on Hand	\$ 143,813
Accounts Receivable	25,296
GST Refund	13,000
SRED Refund	250,000
CAINN Refund	11,260
Fixed Assets	12,700
	\$ 456,069
Liabilities	Balance per SOA
Deemed Trust	\$ 45,309
Secured	Nil
Preferred	19,453
Unsecured	1,661,235
	\$ 1,661,235

ASSETS

24. If the Proposal is not supported by the requisite majority of creditors and approved by the Court, the Company will be deemed to have made an assignment in bankruptcy. To assist the creditors in assessing the Proposal, the Proposal Trustee, with the assistance of Management, has, to the extent possible based on available records, included estimated realizable values of the Company's assets in the event of a bankruptcy and forced liquidation.

Cash

25. As at April 11, 2025, the Company had cash on hand of approximately \$143,813. Of this balance, \$6,425 is comprised of funds in the Company's bank account, whilst the remaining amount of in or around \$137,388 are the remaining sale proceeds held in trust by the Proposal Trustee. A breakdown of the distribution of sales proceeds can be found below:

Remaining Sales Proceeds	\$ 137,388
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GST, CAAIN, and SRED Refunds

30. Management advised that, on a conservative basis, the Company had estimated Tax Refunds receivable totalling \$274,260 as at April 11, 2025. This is comprised of the following:
- a. Scientific Research and Experimental Development ("**SR&ED**") refund in the amount of \$250,000;
 - b. Canadian Agri-food Automation and Intelligence Network ("**CAAIN**") refund in the amount of \$11,260; and,
 - c. Goods and Services Tax ("**GST**") refund in the amount of \$13,000.

(collectively, the "**Tax Refunds**")

31. Management advised that the GST and CAAIN filings have already been prepared and filed, but that the SRED filing has not yet been completed. Management advised that in the event of a bankruptcy, the costs to prepare the SR&ED claim would be significantly more than the costs incurred in the Proposal. It is estimated that in the event of a bankruptcy, it would cost the bankrupt estate between \$75,750 and \$82,500 in additional fees and costs in order to complete and file the necessary information returns and filings relating to the Tax Refunds. Accordingly, in a bankruptcy scenario, the expected net proceeds from the Tax Refunds would be between \$167,500 and \$239,250.
32. In the event of a proposal, an average of the range provided by Management for the Tax Refunds is \$282,500 in proceeds. Management advised that should the Proposal be approved by its creditors, the Company would rely on Management to prepare and file the SR&ED refund for a Tax Refund Fee of 10% of the proceeds to the Company, which would be limited to a maximum of \$30,000. Accordingly, it is estimated that the net proceeds from the Tax Refunds in the context of the Proposal would be approximately \$252,000.

Fixed Assets

33. Management included on the Company's Statement of Affairs fixed assets with a book cost of \$96,600 and an estimated realizable value of \$12,700. Management advised that these fixed assets were comprised primarily of older computer equipment and IT infrastructure which would have minimal value in the context of a bankruptcy.
34. In the event of a bankruptcy, it is assumed that a liquidator or auctioneer would realize upon the fixed assets. It is further assumed that the liquidator/auctioneer commission would be between 20% to 25%, plus other selling costs. Accordingly, in the event of a bankruptcy, it is estimated that recoveries from the fixed assets, after considering the selling costs of an auctioneer, would total in or around \$1,262 to \$8,160. This does not take into consideration the Trustee's fees and costs which may include, among other things, occupation costs if it becomes required by the Trustee post-bankruptcy.

Other Assets

35. The Proposal Trustee is not aware of any other assets owned by the Company.

LIABILITIES

Deemed Trust Claims & Secured Creditors

36. The Canada Revenue Agency ("**CRA**") is entitled to a deemed trust claim for any amount owing on account of the employee portion of unremitted source deductions. In March 2025, CRA conducted an audit of the Company's payroll remittances and subsequently confirmed that the Company owes the CRA \$55,511.63 for employee source deductions. On or around March 31, 2025, the Company paid a total of \$10,202.62 relating to these source deductions. Accordingly, it is understood that the total amount owing to the CRA is now in or around \$45,309.01. The Proposal Trustee is not aware of any creditor who may hold a deemed trust claim against the Company.
37. In the event of a bankruptcy, employees' claims for wages and vacation due within 6-months of the date of bankruptcy plus severance receive an elevated priority to a maximum of \$8,844.22 (2025 limit) pursuant to the *Wage Earner Protection Program Act*. Service Canada would then be entitled to a subrogated secured claim against the current assets of the Company pursuant to Section 81.3 of the BIA for the wages and vacation paid to the employees to a maximum of \$2,000 per employee. Based on information provided by Management, 11 employees are owed a total of approximately \$39,000 for unpaid vacation. and that approximately \$16,400 of that balance would rank as a secured claim pursuant to Section 81.3 of the BIA.
38. The Proposal Trustee has reviewed the Personal Property Register (the "**PPR**") and noted that the only creditors listed therein are the Royal Bank of Canada, and Bonsai Growth Solutions Inc. As noted above, both of these creditors have been paid in full from the sales proceeds.
39. The Proposal Trustee is not aware of any other parties who may hold a secured claim or deemed trust claim against the Company.

Preferred Creditors

40. The Proposal Trustee is not aware of any parties who hold a preferred claim pursuant to section 136 of the BIA.

Unsecured Creditors

41. Based on the Company's Statement of Affairs dated April 11, 2025, the Company was indebted to forty (40) unsecured creditors with claims totaling \$1,661,235.17.

VII. PROPOSAL TRUSTEE'S MONITORING OF CASH FLOWS

42. The Proposal Trustee is required to monitor the Company's business and financial affairs following the NOI up to the date the Proposal is approved by the creditors and the Court. The Proposal Trustee is required to advise the creditors of any material adverse changes in the projected cash flow or its financial affairs. The Proposal Trustee asked Management to provide weekly reports on its financial performance. Management provided the Proposal Trustee with weekly cash flow reports representing its actual results for the period of December 13, 2024 to April 6, 2025 (the "**Actual Cash Flows**"), along with other documents in support of same.
43. The Proposal Trustee did not identify any material adverse changes based on its review of the Actual Cash Flows, projection, weekly cash flow reports and other banking/accounting documentation.
44. During its monitoring of the Actual Cash Flows, the Proposal Trustee notes that certain payments were made to creditors on account of pre-filing obligations. Below is a summary of pre-filing obligations paid by the Company during these NOI proceedings:

Payee	Amount Paid (\$)
Dentons Canada LLP	33,888.16
Microsoft	10,817.89
RBC - Line of Credit	9,629.81
American Express	4,245.00
	<u>\$ 58,580.86</u>

45. The Proposal Trustee has not sought an independent legal opinion on whether these amounts noted above may constitute as a preference pursuant to Section 95 of the BIA.

VIII. REVIEW OF THE COMPANY'S BOOKS AND RECORDS

46. The Proposal Trustee is required to review the Company's accounting and banking records to identify any transactions that may be considered a fraudulent preference or a transfer at undervalue pursuant to Sections 95 and 96 of the BIA. Subsections 95 to 101 of the BIA confer upon the Proposal Trustee the ability to challenge settlements, preferential transactions and transactions at undervalue. If successful, the proceeds of any such challenges would be for the benefit of the general creditors.
47. The Proposal Trustee conducted a review of the banking and accounting information for the period December 1, 2023 to December 13, 2024 and did not identify any material transactions that may be considered a fraudulent preference, transfer at undervalue pursuant to Section 95 and 96 of the BIA. Accordingly, the Trustee does not believe there

would be any potential recovery for the benefit of creditors arising from Sections 95 to 101 of the BIA.

IX. PROPOSAL TO CREDITORS

48. On April 11, 2025, the Company filed a Proposal to its creditors. A summary of the major terms of the Proposal is as follows:

- a. There is only one creditor class, being the affected creditors (the **"Affected Creditors Class"**).
- b. Each creditor that forms part of the Affected Creditor class shall be entitled to consider and vote on the Proposal.
- c. The following preferred payments shall be made before making any distributions to the creditors:
 - i. Any Post-Filing Claim which is unpaid as of the Implementation Date, which shall be paid from the Cash Distribution Fund in the ordinary course in accordance with Section 3.3 of the Proposal;
 - ii. Crown Claims and Preferred Claims that are Proven Claims shall be paid in their entirety within six months after the Court approves the proposal in accordance with Section 3.4 of the Proposal;
 - iii. Proposal Trustee's Costs and Company's Costs are to be paid out of the Cash Distribution Fund in accordance with Section 3.5 of the Proposal; and,
 - iv. the Tax Refund Fee, if payable in accordance with the terms of the Proposal.
- d. The CRA shall be paid directly from the Company as it relates to any amounts due which could be subject to a deemed trust under subsection 224(1.2) of the *Income Tax Act*;
- e. As mentioned above, there may be a preferred payment for the Tax Refund Fee which will be paid to Mr. Lavigne for the preparation of the tax filings relating to the Tax Refunds. This fee amount will be equal to 10% of the Tax Refunds, but is limited to a maximum amount of \$30,000, and will only be payable in the event that a tax refund is paid to the Company. Further information relating to this can be found in Article 4 of the Proposal.
- f. The Trustee will make payments as it relates to the Crown Claims and Preferred Claims as follows:
 - i. Crown Claims will be paid in full, without interest, together with the levy applicable under subsection 147 of the BIA, within 6 months after Court approval; and,

- ii. Preferred Claims shall be paid in full on or after the date that the Court approves the Proposal.
- g. Commencing after Court approval of the Proposal, the Proposal Trustee will make payments in relation to Unsecured Claims via a Cash Distribution (as defined in the Proposal) equal to the pro-rata share of the Cash Distribution Funds that are remaining after full payment of the priority distributions. The Trustee shall make these payments net of the Superintendent of Bankruptcy's levy to the unsecured creditors, as soon as reasonably possible.
- h. The Proposal Trustee's fees and costs relating to the Proposal shall be paid from the Cash Distribution fund in the ordinary course of business.
- i. Management is an unsecured creditor of the Company, owed approximately \$91,821 in vacation pay. Under the Proposal, Management will waive their entitlement to a distribution, resulting in an increase in recoveries to other ordinary unsecured creditors.
- j. In order to share in any dividend distribution under the Proposal, Affected Creditors must have filed a Proof of Claim with the Proposal Trustee on or prior to the date that is thirty (30) days from the date of issuance of the Notice to Prove Claim issued pursuant to section 149 of the BIA (the "**Claims Bar Date**"). Any person who does not file its Proof of Claim within that timeframe shall forever be barred from making a claim or sharing in any dividend hereunder.
- k. All distributions under this Proposal, shall be without interest or penalty and will be subject to a 5% levy payable to the Office of the Superintendent of Bankruptcy.
- l. Upon the Company meeting its obligations to the Affected Creditors under the Proposal, each Affected Creditor releases:
 - i. the Company from all Claims that arose before the Filing Date and that relate to the obligations of the Company prior to the Filing Date, regardless of the date of crystallization of such Claims; and
 - ii. the Directors and Officers from all Claims that arose before the Filing Date and that relate to the obligations of the Company prior to the Filing Date, regardless of the date of crystallization of such Claims, where the Directors and Officers are, by law, liable in such capacity, provided however that nothing herein shall release any of the Directors or Officers from claims that may not be compromised under a proposal as set out in subsection 50(14) of the BIA.

X. **STATEMENT OF ESTIMATED REALIZATION AND DISTRIBUTION**

49. In order for the Proposal to be considered approved by the creditors, it must be approved by a majority in number of Affected Creditors holding at least two-thirds in value who vote at the creditor's meeting in person, by proxy or by voting letter. The Proposal must also be approved by the Court which will consider, among other things, whether the Proposal is calculated to benefit the general body of creditors. Approval by the creditors of the Proposal is generally quite persuasive for the Court, though not determinative.
50. If the Proposal is not approved by the Affected Creditors or the Court, the Company will be deemed to have made an assignment in bankruptcy as of the Filing Date.
51. The Proposal Trustee, with the assistance of Management, has prepared a schedule comparing expected recoveries by the Affected Creditors in a bankruptcy and liquidation scenario versus the amount those creditors might expect to receive under the Proposal (the "**Amended Estimated Realization Schedule**"). Attached as **Appendix "D"** is a copy of the Amended Estimated Realization Schedule.
52. In a bankruptcy scenario, it is estimated that the Unsecured Creditors would recover between 8.7% - 15.2%. This estimate is based on the following primary assumptions:
- a. cash will be collected in the approximate amount of \$137,388, which will be made available to the bankrupt estate;
 - b. it is assumed that there will be accounts receivable of \$nil would be collected;
 - c. the expected gross recoveries for the fixed assets will be between \$1,200 and \$8,100, however, there is a possibility that an auctioneer could advise that these assets are nominal in value, and accordingly they will not yield any benefit to the bankrupt estate;
 - d. the Trustee in Bankruptcy, along with its independent legal counsel, estimate professional fees of between \$70,000 to \$100,000 once appointed;
 - e. there would be a super priority secured claim of about \$2,000 per employee which is estimated to total \$16,400;
 - f. the expected Tax Refund Fee that would be payable in a bankruptcy scenario is estimated to be between \$75,750 to \$82,500;
 - g. the CRA has a deemed trust claim of \$45,309; and,
 - h. the balance of funds remaining for distribution to the general body of unsecured creditors is estimated to be between \$144,442 and \$253,089.
53. Alternatively, under the Proposal, the Company is proposing to pay as much as \$274,604 (representing 17.5%) of the Proven Claims of Unsecured Creditors. Assuming the information and assumptions referred to above are correct, this will potentially result in a greater recovery to the Unsecured Creditors as opposed to a bankruptcy.

XI. RECOMMENDATION OF THE PROPOSAL TRUSTEE

54. It is the duty of the Proposal Trustee to inform the creditors in an independent and objective manner as to the merits of the Proposal. Further, the Proposal Trustee is required to state whether or not, in its opinion, the Proposal provides an advantage to the general body of creditors as compared to bankruptcy.

55. Accordingly, the Proposal Trustee recommends that the Unsecured Creditors accept this Proposal for the following reasons:

- a. the Unsecured Creditors are expected to receive 8.7% - 15.2% of their proven claims in the event of a bankruptcy;
- b. the Proposal offers to pay as much as 17.5% of the Proven Claims of Unsecured Creditors. This is likely to be a greater recovery to the Unsecured Creditors as compared to a bankruptcy;
- c. the Proposal offers to pay 100% of the Proven Claims of the Crown;
- d. As part of the Proposal, Management has agreed to complete all Tax Filing for a Tax Refund Fee of 10% of the proceeds, up to a maximum of \$30,000. In the event the Company is deemed bankrupt, these Tax Filings would instead be the responsibility of the Trustee. The Trustee will likely require funding from the creditors before undertaking any work in relation to the collection of tax refunds and it is unclear whether any of the creditors would be prepared to provide same. Further, given that the Trustee does not possess the same level of familiarity with the Company's operations and financial history as Management, the associated costs to complete these Tax Filings are expected to be significantly higher, and are estimated to cost between \$75,750 and \$82,500. The Trustee may also be required to retain management to assist with the preparation of the tax filings, which again may require funding.
- e. Additionally, in the event that the CRA raises any follow-up questions or requires additional information in relation to the tax filings, the costs incurred by the Trustee to respond and liaise with the CRA would increase substantially compared to the \$30,000 incurred by Management under the Proposal. Management's in-depth knowledge of the company's records and transactions puts them in a better position to address and complete the Tax Filings more efficiently and cost-effectively.

XII. VOTING PROCEDURES AND OTHER INFORMATION

56. A meeting of creditors will take place at 2:00PM (PST) on May 1, 2025 for the purpose of voting on the Proposal.

57. The creditors' meeting will be held virtually. For the meeting login details, please send an email to nelson.allan@crowemackay.ca or sarah.sabbagh@crowemackay.ca for an invitation to the meeting.
58. To be approved, a proposal must receive affirmative votes from creditors having a two-thirds majority of dollars voted (each \$1 of claim is entitled to 1 vote) and by a majority of the number of Affected Creditors with Proven Claims who vote.
59. Along with this Report, the Proposal Trustee mailed a copy of the Proposal, a condensed statement of affairs, a notice of the meeting of creditors, a form of Proof of Claim, Proxy, and Voting Letter.
60. In order to be eligible to vote on the Proposal, Affected Creditors must have filed a Proof of Claim with the Proposal Trustee prior to the appointed meeting time. In order to be accepted by the Proposal Trustee, Proofs of Claim must be properly completed, signed and provide evidence (i.e. invoices, agreements and/or statements of account) in support of their claim. The Proposal Trustee will reject any deficient Proofs of Claim.
61. Votes can be cast in person at the meeting, by proxy or by voting letter. A corporation can only vote by voting letter or through an individual holding a valid proxy. Creditors are encouraged to submit their Proofs of Claim and voting letters to the Proposal Trustee well in advance of the meeting date to assist the Trustee in getting their claims and votes duly registered.
62. If creditors do not vote to approve the Proposal in sufficient number and dollar value, the Company is deemed bankrupt.
63. If approved by creditors, the Proposal must then be approved by the Court. Refusal by the Court to approve the Proposal will also result in a deemed bankruptcy. However, based on our experience, it is unlikely a court would refuse to approve the Proposal that has been approved by the creditors.
64. Electronic submissions are acceptable. You may also fax the above documents to the attention of: Mr. Nelson Allan - Crowe MacKay & Company Ltd. (facsimile 604-687-5617 or by e-mail to nelson.allan@crowemackay.ca and sarah.sabbagh@crowemackay.ca). It is not necessary to mail original copies to the Proposal Trustee.
65. If accepted by the creditors and approved by the Court, the Proposal becomes binding on all Affected Creditors whether they voted for or against the Proposal.

DATED AT the City of Vancouver, in the Province of British Columbia, this 28th day of April, 2025.

Crowe MacKay & Company Ltd.

in its capacity as Licensed Insolvency Trustee of the Proposal of
LlamaZOO Interactive Inc. and not in its personal capacity

Per:

A blue ink signature, appearing to be 'DL', written in a stylized, cursive manner.

Mr. Derek Lai, CPA, CMA, CIRP, LIT, CFE
(Chartered Insolvency & Restructuring Professional)

A blue ink signature, appearing to be 'Nelson Allan', written in a stylized, cursive manner.

Mr. Nelson Allan, CPA, CIRP, LIT
(Chartered Insolvency & Restructuring Professional)

Appendix "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

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

In the Matter of the Proposal of:

LlamaZoo Interactive Inc.

Debtor

CROWE MACKAY & COMPANY LTD

Licensed Insolvency Trustee

Date of Proposal:	April 11, 2025	Security:	\$
Meeting of Creditors:	May 01, 2025, 14:00 Meeting to be conducted by video , British Columbia Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: April 22, 2025, 15:43

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

Appendix “B”

The Proposal can be found in the package to creditors. It is not attached hereto for the purposes of the mailout.

Appendix "C"

In the Matter of the Proposal of LlamaZOO Interactive Inc.

For the Period of April 7, 2025 to May 18, 2025

Cash Flow Projections

	17 7-Apr-25 13-Apr-25	18 14-Apr-25 20-Apr-25	19 21-Apr-25 27-Apr-25	20 28-Apr-25 4-May-25	21 5-May-25 11-May-25	22 12-May-25 18-May-25
Opening Cash	22,815	22,815	37,115	10,415	6,140	6,240
Cash Inflows						
Cost Recoveries - Purchaser	[1] -	25,000	-	-	8,000	-
	-	25,000	-	-	8,000	-
Disbursements						
Contingency	[2] -	2,000	-	2,000	-	2,000
Office Expenses	[3] -	700	700	2,275	700	700
Operating Expenses	[4] -	8,000	1,000	-	7,200	2,200
Professional Fees - Restructuring	[5] -	-	25,000	-	-	-
	-	10,700	26,700	4,275	7,900	4,900
Change in Cash	-	14,300	(26,700)	(4,275)	100	(4,900)
Closing Cash	22,815	37,115	10,415	6,140	6,240	1,340

LlamaZOO Interactive Inc.

This statement of projected cash flow of LlamaZOO Interactive Inc. was prepared in accordance with Paragraph 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report.



Crowe MacKay & Company Ltd.

in its capacity as Trustee under the Proposal of LlamaZOO Interactive Inc. and not in its personal capacity



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

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
LlamaZoo Interactive Inc.
of the City of Victoria, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

The attached statement of projected cash flow of LlamaZoo Interactive Inc., as of the 17th day of April 2025, consisting of projected cash flow over the next 6 weeks, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:

☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.


Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 17th day of April 2025.

Crowe MacKay & Company Ltd. - Licensed Insolvency Trustee

Per:



Derek Lai - Licensed Insolvency Trustee
1400-1185 West Georgia Street
Vancouver BC V6E 4E6
Phone: (604) 689-3928 Fax: (604) 687-5617

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

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
LlamaZoo Interactive Inc.
of the City of Victoria, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Purpose:

The purpose of the Cash Flow Statement for the week ending May 18, 2025 is to enable the creditors of LlamaZOO Interactive Inc. to assess their position regarding the filing of a Proposal pursuant to Section 50.4 of the Bankruptcy and Insolvency Act.

Projection Notes:

Hypothetical Assumption – means an assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent persons judgement, but are consistent with the purposes of the cash flow projection;

Probable assumption - means an assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the cash flow statement.

Assumptions:

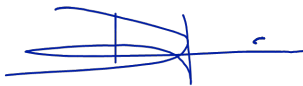
In the matter of the Proposal of LlamaZoo Interactive Inc. (the "Company"), the following is a list of assumptions developed by the Company's management underlying the 6-week cash flow projection from April 7, 2025, through to May 18, 2025.

1. Cost Recoveries - Purchaser: the Company has advised that the Purchaser as defined in the Asset Purchase Agreement, being KPMG, will reimburse the costs incurred by the Company relating to some of the ongoing operations, specifically those related with operations necessary in support of an orderly asset transfer (Azure, Hosting, Fiber, various other software fees/expenses).
2. Contingency: a weekly contingency of \$2,000 has been incorporated into these cash flow projections on a conservative basis in order to account for potential unforeseen cash outflows.
3. Office Expenses: cash outflows from office expenses include costs such as Adobe and Google expenses, rent/server hosting, and other miscellaneous costs.
4. Operating Expenses: cash outflows from operating expenses are related to software and hosting costs for Azure, Perforce, Telus, Hubspot, Atlassian, and Unity. As mentioned in note 2 above, these costs will be covered by KPMG.
5. Professional Fees – Restructuring: cash outflows are inclusive of Crowe Mackay & Company Ltd ("CMCL") fees as Proposal Trustee, legal counsel for CMCL, and Dentons Canada LLP as the Company's legal counsel. Further, it is understood that the Company will be making an application to Court to increase the quantum of the Administration Charge, which currently is in the amount of \$100,000. The professionals, as listed above, covered by the Administration Charge will also be paid from the sale proceeds that CMCL currently holds in its trust account.
6. Payment of GST and PST: the Company does not anticipate needing to remit GST or PST during the 6-week period of time covered by these cash flows..

Dated at the City of Vancouver in the Province of British Columbia, this 17th day of April 2025.

Crowe MacKay & Company Ltd. - Licensed Insolvency Trustee

Per:



Derek Lai - Licensed Insolvency Trustee
1400-1185 West Georgia Street
Vancouver BC V6E 4E6
Phone: (604) 689-3928 Fax: (604) 687-5617

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

FORM 30
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
LlamaZoo Interactive Inc.
of the City of Victoria, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

The Management of LlamaZoo Interactive Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 17th day of April 2025, consisting of projected cash flow over the next 6 weeks.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Victoria in the Province of British Columbia, this 17th day of April 2025.



LlamaZoo Interactive Inc.
Debtor

Charles Lavigne, CEO

Name and title of signing officer

NA

Name and title of signing officer

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

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
LlamaZoo Interactive Inc.
of the City of Victoria, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Purpose:

The purpose of the Cash Flow Statement for the week ending May 18, 2025 is to enable the creditors of LlamaZOO Interactive Inc. to assess their position regarding the filing of a Proposal pursuant to Section 50.4 of the Bankruptcy and Insolvency Act.

Projection Notes:

Hypothetical Assumption – means an assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent persons judgement, but are consistent with the purposes of the cash flow projection;

Probable assumption - means an assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the cash flow statement.

Assumptions:

In the matter of the Proposal of LlamaZoo Interactive Inc. (the "Company"), the following is a list of assumptions developed by the Company's management underlying the 6-week cash flow projection from April 7, 2025, through to May 18, 2025.

1. Cost Recoveries - Purchaser: the Company has advised that the Purchaser as defined in the Asset Purchase Agreement, being KPMG, will reimburse the costs incurred by the Company relating to some of the ongoing operations, specifically those related with operations necessary in support of an orderly asset transfer (Azure, Hosting, Fiber, various other software fees/expenses).
2. Contingency: a weekly contingency of \$2,000 has been incorporated into these cash flow projections on a conservative basis in order to account for potential unforeseen cash outflows.
3. Office Expenses: cash outflows from office expenses include costs such as Adobe and Google expenses, rent/server hosting, and other miscellaneous costs.
4. Operating Expenses: cash outflows from operating expenses are related to software and hosting costs for Azure, Perforce, Telus, Hubspot, Atlassian, and Unity. As mentioned in note 2 above, these costs will be covered by KPMG.
5. Professional Fees – Restructuring: cash outflows are inclusive of Crowe Mackay & Company Ltd ("CMCL") fees as Proposal Trustee, legal counsel for CMCL, and Dentons Canada LLP as the Company's legal counsel. Further, it is understood that the Company will be making an application to Court to increase the quantum of the Administration Charge, which currently is in the amount of \$100,000. The professionals, as listed above, covered by the Administration Charge will also be paid from the sale proceeds that CMCL currently holds in its trust account.
6. Payment of GST and PST: the Company does not anticipate needing to remit GST or PST during the 6-week period of time covered by these cash flows..

Dated at the City of Victoria in the Province of British Columbia, this 17th day of April 2025.



LlamaZoo Interactive Inc.

Debtor

Appendix "D"

In the Matter of LlamaZoo Interactive Inc. (the "Company")
Amended Analysis of Estimated Recoveries under Bankruptcy and Proposal Scenarios
Prepared as at April 28, 2025

	Ref.	Net Book Value as at April 11, 2025	Bankruptcy - Low	Bankruptcy - High	Proposal
Estimated Realizations from Assets	[1]				
Cash	[2]	143,813	137,388	137,388	143,813
Accounts Receivable	[3]	25,296	-	-	-
Tax Refunds	[4]	274,260	167,500	239,250	282,500
Fixed Assets	[5]	12,700	1,263	8,160	-
Total Realizations from Assets		456,069	306,151	384,798	426,313
Estimated Costs of Realization					
Trustee Fees	[6]		70,000	50,000	40,000
Legal Fees	[6]		30,000	20,000	20,000
Tax Refund Fee	[4]		-	-	30,000
Total Costs of Realization			100,000	70,000	90,000
Net Proceeds			206,151	314,798	336,313
Allocation of Net Proceeds					
CRA Source Deductions	[7]		45,309	45,309	45,309
Wage Earners Protection Program / Payment to Employees under S.136	[8]		16,400	16,400	16,400
			61,709	61,709	61,709
Balance of Funds Remaining for Distribution			144,442	253,089	274,604
Total Unsecured Claims - Bankruptcy	[9]	1,661,235	144,442	253,089	
Total Unsecured Claims - Proposal	[9]	1,569,414			274,604
Distribution as a % of unsecured claims			8.69%	15.24%	17.50%

NOTES:

- [1] The net book values are based on management prepared accounting and financial information. The management prepared accounting and financial information have not been audited or reviewed.
- [2] Based on the accounting information provided by the Company and its Management, the Company has a cash balance of approximately \$143,813. This is made up of the following: \$6,425 is cash held in the Company's bank account, and \$137,388 are the remaining funds from the sales proceeds. In the event of a bankruptcy, is it anticipated that there would be no funds remaining in the Company's bank account. It is estimated that in the event of a bankruptcy, the total cash made available to the bankrupt estate would total in or around \$137,388 which is held in trust by the Proposal Trustee.
- [3] The Company had an accounts receivable balance totaling \$25,296 recorded on its balance sheet. Management advised that this balance is owing to the Company from KPMG LLP and that the amount is fully collectible. That said, it is assumed that should the Company be deemed bankrupt, it would occur on May 1, 2025 subsequent to the first meeting of creditors. Accordingly, it is estimated that the company would collect and use these funds during the ordinary course of business prior to any date of bankruptcy. As a result, no balance has been included as recoverable in the context of a bankruptcy.
- [4] The Company has listed GST, CAAIN, and SRED tax refunds totaling \$274,260 on its Statement of Affairs. Management has advised that the GST return, as well as the CAAIN return have already been filed, but that no funds have been received yet. The SRED claim is estimated by Management to be \$250,000 in a "Bankruptcy - Low" scenario, and \$315,000 in a "Bankruptcy - High" scenario. This is based on an estimate and is therefore subject to change once the SRED claim is filed. In the context of a bankruptcy, the Trustee is estimating the fees and costs that Tax Refund Fee to complete the SRED filing would be in or around \$82,500 in a "Bankruptcy - Low" scenario, and \$75,750 in a "Bankruptcy - High" scenario. Calculations of these amounts can be found below. In the event of a proposal, an average of the range provided by Management totaling \$282,500 has been included and the Tax Refund Fee would be 10% of the Tax Refund amount paid to Management, but this is limited to a maximum amount of \$30,000.

A contingency cost has been built into the realization costs in the event of a bankruptcy. In the Proposal Trustee's experience, it can be very time consuming and costly dealing with SRED claims in the context of a bankruptcy wherein the Trustee is unfamiliar with the historical financial affairs of the Company. Accordingly, the Proposal Trustee is of the view that the proposal would allow for the greatest potential for a successful SRED refund to be received given Management's involvement and intimate knowledge of the Company's financial affairs.

Tax Fee Estimate	Bankruptcy - Low	Bankruptcy - High	Proposal
15% on cumulative ITC's per year (up to \$100,000)	15,000	15,000	-
10% on cumulative ITC's per year (between \$100,000 and \$200,000)	10,000	10,000	-
5% on all remaining cumulative tax credits	2,500	5,750	-
	27,500	30,750	-
Contingency Costs	55,000	45,000	-
Total Estimated Fees	82,500	75,750	-
SRED Tax Refund Estimate	250,000	315,000	282,500
Estimated Tax Refund Fees	82,500	75,750	30,000
	167,500	239,250	252,500

- [5] The Company had fixed assets with a net book value of in or around \$12,700 as at April 11, 2025. Management advised that the fixed assets consist of the below listed items. Below is an analysis of the expected gross recoveries from the sale of the fixed assets. This is based on the estimated realizable value ("ERV") provided by Management .

	Bankruptcy Low (50% of ERV)	Bankruptcy High (ERV)
Proceeds from Sale of Computer Equipment and IT Infrastructure	6,350.00	12,700.00
Less: Estimated Auction Costs		
Commissions (25% - 20%)	(1,587.50)	(2,540.00)
Moving Assets	(2,000.00)	(1,500.00)
Contingency	(1,500.00)	(500.00)
	(5,087.50)	(4,540.00)
Estimated Net Proceeds	1,262.50	8,160.00

In the event of a bankruptcy, it is assumed that a liquidator or auctioneer would realize upon the fixed assets. It is further assumed that the liquidator/auctioneer commission would be between 20%-25% for a bankruptcy "High" and "Low" scenario respectively.

It is important to note that the ERV values have been provided by Management and not by an auctioneer. Accordingly, in the event of a bankruptcy, there is a possibility that the auctioneers determine that the assets are of nominal value, and will therefore be of no benefit to the bankrupt estate.

[6] Legal and Trustee fees are estimates and represents the professional fees and costs in the event of a bankruptcy . These are estimates and are accordingly subject to change.

[7] CRA completed a payroll trust exam and advised that the Company owes \$55,511.63 for unpaid employee source deductions. Since that time, the Company has paid a total of \$10,202.62 in post-filing source deductions. Accordingly, there is an amount of \$45,309 owing to CRA which will constitute as a deemed trust claim.

[8] In the event of a bankruptcy, employees are protected for wages and vacation due within 6 months of the date of bankruptcy plus severance to a maximum of \$8,844.22 pursuant to the Wage Earners Protection Program Act (WEPPA). Service Canada will have a subrogated claim against the estate for the amounts paid to the employees. Amounts paid for wages and vacation will rank as a secured claim ahead of Accord but behind CRA's deemed trust claim for source deductions to a maximum of \$2,000 per employee as against the current assets of the company. Non-arm's length employees are not eligible for WEPPA. Management provided the Trustee with vacation pay amounts owing to employees. Of the \$134,493 vacation pay owing, \$94,720 was owing to directors of the Company or related parties, and is therefore not eligible for WEPPA. From the remaining \$39,773, \$16,400 would qualify as a secured claim by WEPPA.

Vacation pay owed	134,493
Not eligible for WEPPA	94,720
	<u>39,773</u>
Vacation pay covered by WEPPA	16,400
Total secured claim pursuant to WEPPA	<u>16,400</u>

In the context of a proposal, pursuant to section 136 of the Bankruptcy and Insolvency Act, amounts owing to employees for wages and vacation pay (to a maximum of \$2,000 per employee) for the 6-month period immediately preceding the date of the initial bankruptcy event are payable upon court approval of the proposal. In this case, a total of \$16,400 would be payable to employees.

Total unsecured claims are based on the statement of affairs prepared by the Company.

[9] Mr. Charles Lavigne, management of the Company, is an unsecured creditor of the Company, and is owed approximately \$91,821 in vacation pay. Under the Proposal, Mr. Lavigne will waive his entitlement to a distribution, thereby increasing the recoveries to unsecured creditors.

Total Unsecured Claims as per the Statement of Affairs	1,661,235
Charles Lavigne's Unsecured Claim	91,821
Total Unsecured Claims under the Proposal	<u>\$ 1,569,414</u>