

FORM 87

NOTICE AND STATEMENT OF RECEIVER

Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*

IN THE MATTER OF THE RECEIVERSHIP OF

VOG Calgary App Developer Inc.

of the City of Calgary, in the Province of Alberta

THE RECEIVER GIVES NOTICE AND DECLARES THAT:

On December 20, 2023, the Court of King's Bench of Alberta (the "**Court**") granted an Order (the "**Receivership Order**") appointing MNP Ltd. as Receiver (the "**Receiver**") over all of the current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Assets**") of VOG Calgary App Developer Inc. ("**VOG**" or the "**Company**");

A copy of the Receivership Order can be found on the Receiver's website at

<https://mnpdebt.ca/en/corporate/corporate-engagements/vog>

BACKGROUND

VOG was incorporated under the laws of Alberta on July 7, 2014. VOG is in the business of software development. VOG's operations are based in Calgary, Alberta and operated out of its offices located at 214 – 11 Ave SW until immediately prior to the Receivership Order being granted.

On October 21, 2022, Shred Capital Ltd. ("**Shred Capital**") entered into a Facilities Agreement (the "**Facilities Agreement**") with VOG. Under the Facilities Agreement, Shred Capital advanced funds to the Company subject to a security agreement over all present and after-acquired personal property of VOG. On November 14, 2022, VOG issued to Leonite Fund I, LP ("**Leonite**") a secured promissory note to underpin amounts advanced to VOG by Leonite. VOG subsequently granted to Leonite a security interest

in all present and after-acquired property of VOG pursuant to a General Security Agreement (the “GSA”).

On June 15, 2023, Shred Consulting Ltd. (“Shred Consulting” and together with Shred Capital, “Shred”) entered into a Master Services Agreement (“MSA”) with VOG to supply consulting and advisory services to the Company.

On November 20, 2023, Shred Capital and Leonite issued Notices of Intention to Enforce Security (the “Notices”) pursuant to Section 244 of the *Bankruptcy and Insolvency Act* of Canada to VOG as the Company had defaulted on its financial obligations due to Shred and Leonite.

The balance owed to Shred as of November 20, 2023, was \$712,187.76 CAD with interest and costs continuing to accrue. The balance owed to Leonite as of November 20, 2023, was \$1,818,924.22 CAD (\$1,325,167.00 USD) with interest and costs continuing to accrue.

On November 29, 2023, VOG filed a Notice of Intention to Make a Proposal (“NOI”). VOG made an application to the Court to extend the initial Stay of Proceedings (the “Stay”) under the NOI, and this application was heard by the Court on December 20, 2023. Shred and Leonite filed a counter application with the Court on December 20, 2023, to terminate the Stay and appoint a receiver. On December 20, 2023, the Court granted the Receivership Order and terminated the Stay.

The Receiver is currently evaluating whether there are viable customer contracts to complete to support a decision to continue operating the business.

ASSETS

Following its appointment, the Receiver took possession and control of the Assets. The Receiver notes that all of the Assets are subject to registered security interests. The Receiver has not yet obtained a legal opinion as to the validity and enforceability of the underlying security agreements. The equipment recorded on the Company’s balance sheet consists primarily of computer hardware and office furniture and fixtures. The Company has one share investment in Karbon X, which is recorded at cost.

Assets	Net Book Value (\$'s)	Estimated Realizable Value (\$'s)
Cash	\$634,894	\$634,894
Accounts Receivable	445,926	Unknown
Prepaid Assets	102,506	Unknown
Computer Software	409,317	Unknown
Equipment and Leaseholds	171,898	Unknown
Share Investment	104,653	Unknown
Total	\$1,869,194	Unknown

CREDITORS

The Receivership Order was granted pursuant to an application by Shred and Leonite, who are collectively owed approximately \$2.53 million pursuant to the GSA, Facilities Agreement and the MSA. In addition to Shred and Leonite, the following creditors have registered security interests that appear in searches of the Alberta personal property registry (“PPR”):

1. Royal Bank of Canada (“**RBC**”) has a secured charge over all present and after-acquired personal property of the Company (the “**RBC Indebtedness**”). RBC’s security was registered in the PPR on March 12, 2020. The Receiver is advised that the RBC Indebtedness has been fully repaid.
2. Porsche Financial Services Canada (“**Porsche**”) has security over a specific motor vehicle owned by the Company. The corresponding security was registered in the PPR on July 13, 2022. Porsche is owed approximately \$143,680 on the leased vehicle.
3. On Deck Capital Canada, Inc. (“**On Deck**”) has security over all present and after-acquired personal property of the Company, and its security was registered in the PPR on September 22, 2023. On Deck is owed approximately \$222,000.

Secured Party	Assets Secured	Estimated Amounts Owed (\$000's)
Leonite Fund I, LP	All Assets	\$1,819
Shred Capital Ltd.	All Assets	555
On Deck Capital Canada, Inc.	All Assets	222
Porsche Financial Services Canada	Specific Motor Vehicle	144
CRA - Source Deductions	All Assets	340
CRA - GST	All Assets	10
Employees - WEPPA	Current Assets	39
Royal Bank of Canada	All Assets	Unknown
Total		Unknown

The Receiver has engaged Field Law LLP as its independent legal counsel to provide its opinion on the validity, enforceability and priority of the secured creditors identified above.

The Receiver terminated all employees of VOG on December 21, 2023, with an effective date of December 20, 2023. The Receiver is aware of unremitted GST in the approximate amount of \$10,000 and unremitted payroll source deductions in the approximate amount of \$340,000. The Receiver has identified 35 employees with priority claims totaling approximately \$39,000 that are secured against the Company's current assets.

In addition to the secured creditors, the books and records of VOG indicate that the Company has unsecured creditors with claims of approximately \$1.1 million. A listing of known creditors is attached as Appendix "A".

PLAN OF ACTION

The Receiver is currently in the process of determining the best realization strategy for the Company's Assets which primarily consist of software development contracts.

The contact person for the Receiver is as follows:

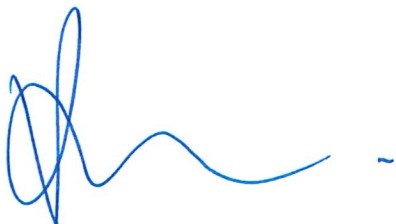
MNP Ltd.
2000, 112 – 4th Avenue SW
Calgary, AB T2P 0H3
rick.anderson@mnp.ca

Attention: Rick Anderson

This Notice is provided for information purposes only. The Receiver has not yet implemented a process to deal with creditors' claims and, as such, no further action is required by creditors at this time. Further information with respect to the receivership proceedings will be posted to the Receiver's Website as it becomes available.

Dated at Calgary, Alberta this 3rd day of January 2024.

MNP Ltd. in its capacity as Receiver of VOG Calgary App
Developer Inc. and not in its personal or corporate
capacity

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.

Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

