

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

NO : 500-11-049737-154

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT (R.S.C. 1985,
c. C-36, AS AMENDED):

BLUBERI GAMING TECHNOLOGIES INC. /
BLUBERI JEUX ET TECHNOLOGIES INC.
-and-
BLUBERI GROUP INC.
-and-
BLUBERI USA, INC.

Petitioners

and

ERNST & YOUNG INC.

Monitor

CALLIDUS CAPITAL CORPORATION

Mise en cause

APPLICATION FOR EXTENSION OF THE STAY PERIOD
(Sections 9 and 11, of the *Companies Creditors Arrangement Act* ("CCAA"))

TO THE HONORABLE JEAN-FRANÇOIS MICHAUD, J.S.C., SITTING IN COMMERCIAL
DIVISION IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE PETITIONERS
RESPECTFULLY SUBMIT AS FOLLOWS:

I. PREAMBLE

1. By the present Application, Petitioners Bluberi Gaming Technologies Inc., Bluberi Group Inc. and Bluberi USA, Inc. (hereinafter collectively referred to as "**Bluberi**" or the "**Petitioners**," or the "**Company**") seek the issuance an order extending the Stay Period to July 7, 2016;

II. INTRODUCTION

2. Further to the filing of a *Petition for the Issuance of an Initial Order* (the “**Initial CCAA Petition**”), this Honourable Court issued an Initial Order on November 12, 2015, as amended and restated by further orders, including, most recently, the Second Amended and Restated Initial Order issued on January 28, 2016 (collectively, the “**Initial Order**”), the whole as appears from the Court record herein.
3. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, or, otherwise in the Initial CCAA Petition, as appears from the Court record herein.
4. Pursuant to the Initial Order, Ernst & Young Inc. was appointed Monitor of the Petitioners (the “**Monitor**”), Mr. Joe Pernica was appointed Chief Restructuring Officer (“**CRO**”) through Pernica Advisory Services Inc. for the Petitioners, and a stay of proceedings (the “**Stay of Proceedings**”) was granted, following several extensions, to June 1, 2016 (as subsequently extended, the “**Stay Period**”), the whole as appears from the Court record herein.
5. On January 28, 2016, following a hearing on several applications made by the Petitioners (the “**January 28th Hearing**”), this Court granted the Petitioners’ Application for Approval for a Sale Solicitation Process (hereinafter the “**SSP Order**”), the whole as appears from the Court record herein.
6. Moreover, further to the Initial Order (as further amended and restated and amended on January 28, 2016), the Petitioners were granted permission to act as foreign representative on their own behalf before the U.S. Courts for the purposes of filing of proceedings pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.
7. In that regard, a provisional order was rendered by the Honourable Timothy A. Barnes, of the United States Bankruptcy Court, Northern District of Illinois, Eastern Division, on February 22, 2015, in view, principally, of granting certain interim relief to Bluberi in view of giving effect, in the United States, to the Initial Order rendered by this Honourable Court, the whole as appears from a copy of the “Provisional Order under Chapter 15,” dated February 22, 2016, the whole as already appears from the Court record herein.
8. A Final Order granting recognition of the Canadian proceedings before this Court and granting other related relief was issued on March 15, 2016, following a hearing held before the Honourable Timothy A. Barnes, of the United States Bankruptcy Court, the whole as already appears from the Court record herein.
9. Another hearing was held on April 19, 2016 in respect of certain motions filed by AGS pertaining to the licensing contracts binding the parties. A decision on the motions in question is expected by May 31, 2016.

10. The Stay Period, as extended by the other dated May 4, 2016, currently expires on June 1, 2016.

III. DEVELOPMENTS SINCE THE ISSUANCE OF THE LATEST ORDER FOR EXTENSION OF THE STAY PERIOD

11. Since the Order rendered on May 4, 2016 extending the Stay Period, Bluberi, with the help of the Monitor and the CRO, has endeavoured to ensure the maintenance of its ongoing operations, including the fulfillment of its contractual undertakings.
12. On May 3, 2016, Callidus Capital Corporation ("**Callidus**") served a Motion to Appoint an Interim Receiver (the "**Motion to Appoint an Interim Receiver**") by which Callidus seeks to appoint Richter Advisory Group Inc. ("**Richter**") as interim receiver to the assets of the Petitioners.
13. The Motion to Appoint an Interim Receiver will be presented on the hearing to be held on June 1, 2016 and, to the extent necessary, will be vigorously contested by Bluberi.
14. Therefore, Bluberi, with the assistance of its counsel, while also and principally focusing on concluding an Asset Purchase Agreement, has also invested time in the preparation of the contestation of this motion in the event that Callidus shall insist on proceeding with its Motion.
15. Otherwise, Bluberi, the Monitor, the CRO and counsel to the various parties involved have been diligently working to advance the Sale Solicitation Process ratified by this Court.
16. Indeed, the closing of the transaction being contemplated by Callidus has yet to take place. Bluberi is informed that Callidus is working with various regulatory authorities (gaming commissions and tribes) as well as with professionals in view of advancing the matter. The only obstacle to Callidus being in a position to close the transaction is the absence of licensure from gaming commissions. This was not anticipated by Callidus in the SSP.
17. Moreover, as mentioned in the previous motion for extension of the stay period, Bluberi and the Monitor expect to finalize a Motion pertaining to a claims process for which the Company will seek this Court's approval.
18. The Monitor and Bluberi had been working on the finalization of such a Motion and the elaboration of such a claims process in view of setting out the procedure for the treatment of claims against the Company and on the preparation of the Sale Solicitation Process but these processes have not progressed as anticipated for reasons beyond Bluberi control, namely the concentration on negotiations regarding the Asset Purchase Agreement as well as the uncertainty due to the Motion to Appoint an Interim Receiver.

19. As mentioned in the previous motion for extension of the stay period, Bluberi and its counsel received, on April 22, 2016, a draft Asset Purchase Agreement for review and comments. On April 26, 2016, Bluberi had submitted its comments and position with respect thereto to the Monitor.
20. Since the April 27, 2016's motion for extension of the stay period, Bluberi, the Monitor, the CRO and counsel to the various parties involved had exchanged several drafts on the Asset Purchase Agreement with good hope to be able to settle the transaction. Indeed:
 - On April 28, 2016, counsel for Callidus circulated a draft Asset Purchase Agreement with Callidus' comments (in electronic form);
 - On May 2, 2016, counsel for the Monitor circulated a draft Asset Purchase Agreement with comments of Bluberi and the Monitor;
 - On May 3, 2016, counsel for the Monitor circulated revised draft Asset Purchase Agreement further to additional minor comment of Bluberi.
 - On May 4, 2016, Bluberi, the Monitor, the CRO and counsel to the various parties involved met to discuss the draft Asset Purchase Agreement;
 - On May 10, 2016, counsel for Callidus circulated a draft Asset Purchase Agreement with Callidus' comments; and
 - On May 18, 2016, counsel for the Monitor circulated a draft Asset Purchase Agreement with Bluberi's comments.
21. On the date hereof, Bluberi was informed that Callidus does not want to negotiate any longer and that it is intent in proceeding with the appointment of a Receiver.

IV. GROUNDS FOR THIS MOTION

22. The Petitioners have acted with diligence in advancing the Sale Solicitation Process, ensuring the efficacy of the Orders rendered by this Honourable Court and ensuring that the operations of Bluberi continue as unperturbed as possible.
23. On May 2, 2016, the Monitor filed a report recommending the approval of the Stay Period for a period of approximately 90 days.
24. Bluberi expects that the cash flow forecast included in the impending Monitor's report will indicate that no creditor will suffer any undue prejudice by the extension of the Stay Period as requested herein.
25. As a result of the foregoing, Bluberi is now seeking an extension of the Stay Period for an additional period of approximately 35 days, i.e. until July 7, 2016, which, in Bluberi's

opinion is an appropriate period of time required to advance the matter and allow the SSP to progress to the point where a meaningful report back to the Court can be made, assuming everyone is acting in good faith and in conformity with the SSP approved by the Court.

26. Indeed, in Bluberi's view, it is unrealistic to expect that the parties will be in a position to finalize the vesting of the assets and transition of the business prior to July 7, 2016, given especially the regulatory hurdles.
27. In that regard, the outcome of the Motion to Appoint an Interim Receiver will have a determining effect on the restructuring process and the implementation of the SSP.
28. Bluberi's experience has been that Callidus' information and position with respect to the timeline, milestones, hurdles and prerequisites required for the purposes of the closing of the transaction have evolved substantially since the issuance of the SSP Order.
29. If the parties are prepared to proceed before this Court in respect of any matter pertaining to the SSP prior to the expiry of the Stay Period, then the relief sought herein will not adversely impact the progress of the restructuring proceedings.
30. Moreover, the claims process being contemplated by Bluberi and the Monitor will require several weeks to trigger, implement and complete.
31. In light of the foregoing, it is respectfully submitted that it is in the interest of justice that the Stay Period be extended to July 7, 2016.

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

- [1] **GRANT** the present *Application for Extension of the Stay Period*;
- [2] **DECLARE** valid and sufficient the service and notice of the Application on all persons and **DISPENSE** with any further requirements for service or notice thereof;
- [3] **DECLARE** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, as amended and restated, or, otherwise, in the Application;
- [4] **ORDER** and **DECLARE** that the Stay Period (as defined in the Initial Order granted by this Honourable Court in this matter, on November 12, 2015, as amended) is extended until July 7, 2016, the whole subject to other terms of the Initial Order, as amended and restated;
- [5] **ORDER** the provisional execution of the Order to be rendered herein, notwithstanding any appeal and without the necessity of furnishing any security; and

[6] **THE WHOLE WITHOUT COSTS** save and except in case of contestation.

Montréal, May 25, 2016

Dentons Canada LLP

DENTONS CANADA LLP

Attorneys for the Petitioners,

BLUBERI GAMING TECHNOLOGIES INC.,

BLUBERI GROUP INC. AND BLUBERI USA, INC.

AFFIDAVIT OF GÉRALD DUHAMEL

I, the undersigned, **GÉRALD DUHAMEL**, businessman, doing business at 310-2120 Letendre Street, Drummondville, Québec, J2C 7E9, solemnly declare as follows:

1. I am a director and duly authorized representative of the Petitioners;
2. All the facts alleged in the *Application for Extension of the Stay Period* are true.

AND I HAVE SIGNED:


GÉRALD DUHAMEL

SOLEMNLY DECLARED before me
at Drummondville, this 25th day of May 2016


Commissioner for Oaths for Québec



NOTICE OF PRESENTATION

To: **The Service List**

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Attorneys for Ernst & Young LLP

TAKE NOTICE that this *Application for Extension of the Stay Period* will be presented for adjudication before the Honourable Jean-François Michaud of the Superior Court of Quebec on **June 1, 2016, at a time and in a room to be determined by the Court and to be subsequently communicated to counsel and the Service List.**

Montréal, May 25, 2016



DENTONS CANADA LLP

Attorneys for the Petitioners,
**BLUBERI GAMING TECHNOLOGIES INC.,
BLUBERI GROUP INC. AND BLUBERI USA, INC.**

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Mise en cause

Me Ari Y. Sorek

Our file: 564308-1

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