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September 21, 2016

VIA EMAIL

Supreme Court of Nova Scotia
The Law Courts
1815 Upper Water Street
Halifax, NS B3J 1S7

Attention: The Honourable Justice Glen G. McDougall

My Lord :

**Re: Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited for Relief under the *Companies' Creditors Arrangement Act* ("CCAA")
Court No. 454744**

We represent North American Fur Auctions Limited ("NAFA"), in connection with the CCAA proceedings involving Victory Farms Incorporated (the "Company"). We have reviewed the materials filed on behalf of the Company and by American Legend Cooperative ("ALC").

As Your Lordship will see from the materials, there is disagreement between the parties as to the interpretation and effect of a Subordination and Interlender Agreement among the two lenders and the Company, which Agreement was entered into in October of 2015. That Agreement relates to loan facilities that pre-exist the current application for debtor in possession (DIP) financing. It relates solely to the loan facilities described therein, and does not relate in any way to the new DIP facility that is the subject of the current motion.

The DIP Loan will be governed solely by the DIP Order, and NAFA does not agree that the Order should refer to the Subordination and Interlender Agreement in any way so as to link the two separate facilities and two separate sets of rights and obligations together. NAFA has issued the Interim Financing Term Sheet on the basis that it, and an Order that NAFA finds acceptable, would completely govern NAFA's rights, obligations and risks in offering the DIP Loan. We do not agree that the paragraph suggested by counsel to ALC should be included in the DIP Order, as it significantly alters the financing terms that NAFA agreed to enter into when issuing the Interim Financing Sheet. NAFA would be amendable to a paragraph such as:

Nothing in this Order shall be taken to add to or detract from the rights or obligations of ALC or the DIP Lender, one to the other, arising from a Subordination and Intercreditor Agreement dated October 19, 2015, to which ALC and the DIP Lender are parties, in respect of the loan facilities referred to therein, provided however that any rights or obligations under the Subordination and Intercreditor Agreement shall in no manner relate to, alter or affect the rights of the DIP Lender set out herein, and vice versa, and that the terms of the DIP Loan are contained entirely within this Order and the Interim Financing Term Sheet issued by the DIP Lender and dated September 7, 2016.

All of which is respectfully submitted,

BURCHELL MacDOUGALL LLP



for Pamela J. Branton
PJB/pjn

c. T. Hill
M. Chiasson
B. Durnford
Client