

2016

Court Administration

APR 10 2017

Halifax, N.S.

Hfx. No. 454744

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited for relief under the Companies' Creditors Arrangement Act

**SALE APPROVAL AND VESTING ORDER**  
**(Section 36 of the Companies' Creditors Arrangement Act)**

JUSTICE GLEN G. MCDUGALL

**THIS MOTION** made by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order:

1. approving the sale transaction (the "**Transaction**") contemplated by a Stalking Horse Asset Purchase Agreement dated as at February 9, 2017 (the "**APA**") between the Applicants and North American Fur Auctions Inc. (the "**Purchaser**") and appended hereto as Schedule "A" transferring to the Purchaser all of the Applicants' right, title and interest in and to the assets and business undertaking of the Applicants defined as the "Purchased Assets" within the APA and the Schedules thereto (the "**Purchased Assets**");
2. foreclosing and barring certain interests in the Purchased Assets and vesting in the Purchaser, or the Purchaser's assignee, nominee or designate, as the case may be, the Applicants' right, title and interest in and to the Purchased Assets free and clear of any Claims (as defined in the Claims Procedure Order sought contemporaneously herewith (the "**Claims Procedure Order**")), or Encumbrances (as herein defined) security, charge or other restriction pursuant to Section 36(6) of the CCAA; and
3. directing and empowering the Monitor's counsel to receive and hold in trust the proceeds from sale and make certain payments from those monies.

**UPON READING** the the Report of Deloitte Restructuring Inc. in its capacity as the Court-appointed monitor (the "**Monitor**") and other materials filed in this proceeding and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel who were present and wished to be heard;

**AND UPON READING** the affidavit of service of Tim Hill sworn on April 3, 2017 confirming that all of the Applicants' secured creditors which are likely to be affected by the Transaction and this Sale Approval and Vesting Order were duly served with notice of this Motion in accordance with Section 36(2) of the CCAA;

**AND UPON IT APPEARING** that the Monitor has expressed its approval of the Transaction and the process leading to the Transaction, and has recommended the Transaction for approval by the Court;

**AND UPON IT APPEARING** that the applicants, the Purchaser and Farm Credit Canada ("**FCC**")



have agreed that the personal property security registrations of FCC shall be added to the Permitted Encumbrances set out in "D" hereto;

**IT IS HEREBY ORDERED THAT:**

1. The time for service of the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.
2. Unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the APA, provided that the words "Claim" shall mean any and all claims against the Applicants, and "Person" shall have the meaning as defined in the Nova Scotia *Interpretation Act*, but also to include Her Majesty the Queen in all rights, and "Claims" and "Persons" shall mean the plural thereof.
3. The Transaction is hereby approved, and the execution and delivery of the APA by the Applicants is hereby authorized and approved, with such minor amendments as the Applicants and the Purchaser may agree to with the consent of the Monitor. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents, including a deed, bill of sale, assignment or general conveyance document, as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, or to the Purchaser's assignee, nominee or designate, as the case may be, pursuant to the APA.
4. Upon the delivery of a Monitor's certificate to the Applicants and the Purchaser substantially in the form attached as **Schedule "B"** hereto (the "**Monitor's Certificate**") and closing the Transaction in accordance with the APA, all of the Applicants' right, title and interest in and to the Purchased Assets, and the right, title and interest of all those claiming through the Applicants in and to such Purchased Assets are forever barred and foreclosed, and the Purchased Assets shall vest absolutely in the Purchaser, or the Purchaser's assignee, nominee or designate as the case may be, free and clear of and from any and all Claims, and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, trusts, constructive trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, encumbrances, obligations, liabilities, demands, guarantees, set-off, executions, levies, charges, or other financial or monetary claims, adverse claims or rights of use, real property licences or encumbrances including but not limited to forced sale provisions, rights of first refusal, or non-disturbance agreements, whether arising prior to or subsequent to the commencement of the CCAA proceedings, and whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order granted herein dated July 22, 2016 or any subsequent charges created by other Order of the Court in this proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Nova Scotia) or any other personal property registry system, or the *Land Registration Act* (Nova Scotia) or any other real property registration system, affecting or relating to the Purchased Assets, including but not limited to those listed in **Schedule "C"** hereto; and (iii) any statutory liens,

trusts or deemed trusts, including but not limited to those of Canada Revenue Agency and the Workers' Compensation Board of Nova Scotia, or availing pursuant to the *Labour Standards Code* (Nova Scotia), all to the extent permitted by law (all of which are collectively referred to as the "**Encumbrances**"), provided that the "Claims" and the "Encumbrances" referred to herein shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"** hereto and shall not include any obligations or liabilities assumed by the Purchaser pursuant to the APA. For greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets, which include but are not limited to those Encumbrances listed in Schedule "C" hereto, be and are hereby expunged and discharged as against the Purchased Assets effective upon delivery of the Monitor's Certificate and any Person holding such Claims and Encumbrances is from that time permanently barred from seeking any remedy against the Purchaser or the Purchased Assets. For greater certainty, nothing in this Order shall be read to release or discharge any Claim or Encumbrance against any of the remaining property and assets of the Applicants which do not constitute Purchased Assets.

5. With respect to the real property located in the Province of Nova Scotia as more particularly described within Schedule "D" hereto (the "**Nova Scotia Real Property**"):

- (i) the interests of the Applicants and all those claiming through the Applicants shall be foreclosed and forever barred as against the Nova Scotia Real Property, subject to any applicable permitted encumbrances, easements or restrictive covenants listed on Schedule "D" hereto and any obligations or liabilities assumed by the Purchaser pursuant to the APA; and
- (ii) upon the registration of a Form 24 attaching a certified copy of this Order and the Monitor's Certificate, with an applicable certificate of legal effect from the recording solicitor, in the applicable Land Registration Office, the Registrar for that Registration District shall remove and release all applicable registered Encumbrances listed in Schedule "C" hereto, leaving in place only those permitted encumbrances, easements and restrictive covenants listed on Schedule "D" hereto.

6. For the purposes of determining the nature and priority of Claims and Encumbrances, from and after the delivery of the Monitor's Certificate, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and for greater certainty, from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Monitor is hereby authorized and empowered to hold in trust the net proceeds from the sale of the Purchased Assets delivered to it pursuant to the APA pending further Order of the Court.

7. The Monitor, in addition to its prescribed rights and obligations under the CCAA and the express

powers provided to it under Orders issued by this Honourable Court in this proceeding, is hereby directed and empowered:

- a. to receive and hold for the purposes set out herein, in the trust account of Monitor's Counsel:
    - (i) the net closing proceeds from the Transaction; and
    - (ii) other funds of the Applicants on hand or in the Applicants' bank account after the Closing;
  - b. after Closing, to pay from those funds:
    - i. any amounts outstanding on the DIP Facility (as defined in the orders of this Honourable Court dated September 27, 2016, and February 16, 2017), upon payment of which the DIP Facility shall cease to revolve, no more advances under the DIP Facility can be made, and the DIP Lender's Charge shall be deemed to be released and discharged;
    - ii. debts incurred in the course of business after the Initial Order issued by this Honourable Court on August 31, 2016 (the "Initial Order"), including amounts set out in section 7 of the Initial Order, as approved by the Monitor;
    - iii. to pay, in accordance with the terms of the Initial Order, amounts secured by the Administration Charge (as defined in the Initial Order);
  - c. to hold the balance of the funds in trust pending further order(s) of this Court.
8. The Monitor shall file with the Court a copy of the Monitor's Certificate forthwith after delivery thereof to the Applicants and the Purchaser.
9. The Monitor may rely on written notice from the Applicants and the Purchaser regarding the satisfaction of the Purchase Price and the fulfillment of conditions to closing under the APA and shall incur no liability with respect to the delivery of the Monitor's Certificate.
10. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants are authorized and permitted to disclose and transfer to the Purchaser customer information and human resources and payroll information in the Applicants' records to the extent necessary or desirable in relation to the continued servicing of customers and the employment or potential employment of such employees by the Purchaser as set forth in the APA. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner that is consistent with the prior use of such information by the Applicants.
11. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicants,

the entering into of the APA, the transfer of the Purchased Assets to the Purchaser or the Purchaser's assignee, nominee or designate as the case may be, the foreclosure and barring of Claims as against the Purchased Assets, and the vesting of the Purchased Assets in the Purchaser, or the Purchaser's assignee, nominee or designate as the case may be, pursuant to this Order and the various subsections of Section 36 of the CCAA, shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, any other applicable federal or provincial legislation or otherwise at law or equity, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant, to any applicable federal or provincial legislation.

12. The aid and recognition of any court, tribunal, registrar, regulatory or administrative body having jurisdiction in Canada or outside Canada, and all courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance as may be necessary or desirable, to recognize and give effect to this Order and to assist: (i) the Monitor and its agents in carrying out the terms of this Order; (ii) the Purchaser in giving effect to the transfer of title pursuant to the APA, as approved herein, the vesting in the Purchaser of the Purchased Assets free and clear of any and all Encumbrances in accordance with Section 36(6) of the CCAA, and the foreclosure of interests and barring of proceedings against the Purchaser and the Purchased Assets provided for herein.

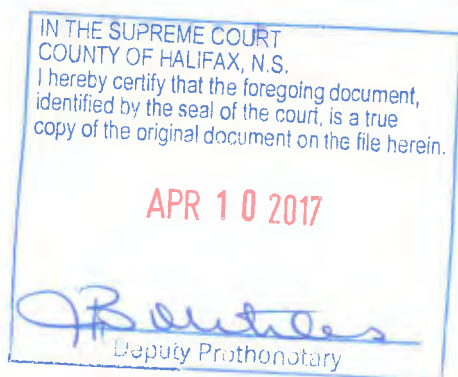
13. This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

DATED at Halifax, Province of Nova Scotia, this 7<sup>th</sup> day of April, 2017.

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DEPUTY PROTHONOTARY

JESSICA ROUTILIER  
Deputy Prothonotary



JESSICA ROUTILIER  
Deputy Prothonotary

**SCHEDULE "A"**  
**Agreement of Purchase and Sale**

ASSET PURCHASE AGREEMENT

THIS STALKING HORSE ASSET PURCHASE AGREEMENT made as of the <sup>9<sup>th</sup></sup> day of February, 2017.

BETWEEN:

VICTORY FARMS INCORPORATED and JONATHAN MULLEN MINK RANCH LIMITED  
(collectively the "Vendors")

- and -

NORTH AMERICAN FUR AUCTIONS INC.  
(the "Purchaser")

WHEREAS:

- A. The Vendors carry on the business of mink farming ("the Business") and own assets in connection with the Business;
- B. The Vendors have made application for, and been granted, relief under the *Companies' Creditors Arrangement Act* in proceedings commenced and continuing in the Supreme Court of Nova Scotia ("the Court") in Hfx. # 454744 (the "CCAA Proceedings");
- C. The Vendors have agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendors substantially all of the assets, property and undertaking of and pertaining to the Business, upon the terms and conditions of this Agreement; and
- D. The Vendors have agreed to make application to the Court for a Stalking Horse and Bidding Procedures Order ("the Bidding Procedures Order") substantially in accord with that attached as Schedule "A" hereto;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows.

INTERPRETATION

1.1 Defined Terms

Wherever used in this Agreement, unless the context otherwise requires, the following words and terms will have the indicated meanings and grammatical variations of such words and terms will have corresponding meanings:

- (a) "Agreement" means this Stalking Horse Asset Purchase Agreement and all Schedules attached to and forming part hereof, all schedules incorporated by reference, and all amendments made hereto by written agreement among the parties and approved by the Monitor;

- (b) "**AgriStability Payments**" means the AgriStability Program administered by Agriculture and Agri-Food Canada;
- (c) "**Approval and Vesting Order**" means that sale approval and vesting order contemplated in the Bidding Procedures Order;
- (d) "**Business Day**" means any day, other than a Saturday or a Sunday, or statutory holiday in Nova Scotia;
- (e) "**Business Records**" means all books, records and files, whether electronic, digital, paper or otherwise, with respect to the Business;
- (f) "**CCAA**" means the *Companies' Creditors Arrangement Act*
- (g) "**Closing**" means completion of the purchase and sale of the Purchased Assets contemplated by this Agreement, the Bidding Procedures Order and the Approval and Vesting Order;
- (h) "**Closing Date**" means any date within five (5) business days after satisfaction of all the conditions precedent herein, which shall include the grant by the Court of an Approval and Vesting Order;
- (i) "**Confidential Information**" has the meaning as set out in Section 1.40;
- (j) "**Disclosing Party**" has the meaning as set out in Section 1.40;
- (k) "**Due Diligence Date**" means 10 Business Days after the granting of the Bidding Procedures Order;
- (l) "**Employees**" means the people currently employed in connection with the Business, as more particularly described in Schedule "B" attached hereto;
- (m) "**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any agreement to create any of the foregoing;
- (n) "**Equipment**" means all the equipment, machinery and personal property used in connection with the Business (including for the purpose of certainty, all cages and attachments thereto), but does not include any equipment, machinery and personal property that are Excluded Assets;
- (o) "**ETA**" means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;
- (p) "**Excluded Assets**" means those assets listed in Schedule "E" hereto;
- (q) "**Financial Statements**" means the financial statements for Victory and JMMR for their fiscal years ending in 2016;
- (r) "**Goodwill**" means all goodwill of the Business, business or trade names for the



Business, telephone numbers and other communication numbers and addresses of the Business, supplier contracts, Business Records and other items incidental to the Business;

- (s) "**Governmental Charges**" has the meaning as set out in Section 1.25;
- (t) "**HST**" means all taxes payable under the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;
- (u) "**Inventory**" means the all of the inventory of the Business and, without limiting the generality of the foregoing, includes all live mink and mink pelts, wheresoever situate;
- (v) "**JMMR**" means Jonathan Mullen Mink Ranch Limited;
- (w) "**Licences**" means all licences, permits, approval, consents, certificates, registrations, authorizations (whether governmental regulatory or otherwise) held by or granted to the Vendors in connection with the Business;
- (x) "**Monitor**" means Deloitte Restructuring Inc.
- (y) "**Permitted Encumbrances**" means the mortgages of real property referred to in Schedule "D";
- (z) "**Premises**" means the lands described in Schedule "D", and the buildings and structures on the said lands;
- (aa) "**Purchase Price**" has the meaning as set out in Section 1.16;
- (bb) "**Purchased Assets**" means the properties, assets, interests and rights of the Vendors constituting the Business or used therein that are listed below and that are not Excluded Assets:
  - (i) the Equipment;
  - (ii) the Goodwill;
  - (iii) the Real Property;
  - (iv) Any rights to AgriStability payments;
  - (v) Live mink and mink pelts;
  - (vi) Inventory; and
  - (vii) all rights and interest under or pursuant to all warranties, representations and guarantees expressed, implied or otherwise of or made by suppliers or others in connection with the Equipment and Inventory;
- (cc) "**Purchaser**" has the meaning given to it on the first page of this Agreement;

- (dd) "Purchaser's Solicitors" means BURCHELL MACDOUGALL, of Truro, Nova Scotia, solicitors for the Purchaser;
- (ee) "Real Property" means the real property described in Schedule "D"
- (ff) "Tax Act" means the *Income Tax Act* (Canada), as amended from time to time;
- (gg) "Vendors" has the meaning given to it on the first page of this Agreement;
- (hh) "Vendors' Solicitor" means BOYNECLARKE LLP, of Dartmouth, Nova Scotia, solicitor for the Vendors;
- (ii) "Victory" means Victory Farms Incorporated.

## 1.2 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

## 1.3 Sections and Headings

The division of this Agreement into Articles, Sections and Paragraphs and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement or any provision hereof. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Paragraph or Schedule refers to the specified Article, Section or Paragraph of, or Schedule to, this Agreement. The terms "this Agreement", "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto.

## 1.4 Number, Gender and Persons

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

## 1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

## 1.6 Bidding Procedures Order

The provisions of the Bidding Procedures Order, including the Bidding Procedures attached as Schedule "A" thereto, shall be incorporated into this Agreement and apply, *mutatis mutandis*, as the circumstances require.

**1.7 Time of Essence**

Time shall be of the essence of this Agreement.

**1.8 Applicable Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein, and the parties hereby irrevocably attorn to the jurisdiction of the Courts of the Province of Nova Scotia in respect of all matters and actions arising under this Agreement.

**1.9 Successors and Assigns**

This Agreement shall enure to the benefit of and shall be binding on the parties hereto, their respective heirs, executors, legal personal representatives, successors and permitted assigns, as the case may be. The Purchaser may assign any of its rights or obligations hereunder without the prior written consent of the Vendors. This right is exclusive to the Purchaser hereunder, and for the purposes of clarity, no Qualified Bidder (as such is defined in the Bidding Procedures Order) may assign any of rights or obligations as a Qualified Bidder without the prior written consent of the Vendors and the Monitor.

**1.10 Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

**1.11 Amendments and Waivers**

No amendment or waiver of any provision of this Agreement shall be binding on any party unless provided for by virtue of the terms of the Bidding Procedures Order and consented to in writing by such party and the Monitor. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.

**1.12 Schedules**

The following Schedules are attached to or incorporated by reference and form part of this Agreement

Schedule "A"	Bidding Procedures Order
Schedule "B"	Employees
Schedule "C"	Equipment
Schedule "D"	Real Property with Permitted Encumbrances
Schedule "E"	Excluded Assets
Schedule "F"	Allocation of Purchase Price

**PURCHASE AND SALE OF ASSETS**

### **1.13 Agreement to Sell and Purchase**

The Vendors agree to sell, assign and transfer to the Purchaser and the Purchaser agrees to take and purchase as at the Closing Date, the Purchased Assets, subject to the terms and conditions of this Agreement.

### **1.14 Excluded Assets**

There shall be specifically excluded from the assets being purchased and sold hereunder, all of the assets of the Vendors, whether associated with the Business or not, that are not Purchased Assets (the "Excluded Assets") as described in Schedule "E" hereto.

### **1.15 Liabilities**

With the exception of the monies due under the mortgages of real property set out in Schedule "D" hereto, and those security interests, charges or other restrictions provided for in the Approval and Vesting Order, the Purchaser shall not, by this Agreement, be deemed to have accepted or assumed any obligation or responsibility for payment of any debt, obligation, liability, claim, or demand of whatsoever nature of or against the Vendors arising before or after the Closing Date.

## **PURCHASE PRICE**

### **1.16 Purchase Price**

The purchase price payable by the Purchaser to the Vendors for the Purchased Assets (the "Purchase Price") is the sum of Four Million Dollars (\$4,000,000), plus payment of those sums due to the lenders and secured by the Permitted Encumbrances described in Schedule "D" hereto.

### **1.17 Allocation of Purchase Price**

The Purchase Price shall be allocated in accordance with the provisions of Schedule "F". The Vendors and the Purchaser agree to report the purchase and sale of the Purchased Assets in any returns required to be filed under the Tax Act and other taxation statutes in accordance with the provisions of Schedule "F".

### **1.18 Payment of Purchase Price**

The Purchase Price shall be paid by the Purchaser at the Closing by certified cheque or trust cheque to the Monitor.

### **1.19 Harmonized Sales Tax Election**

Each of the Vendors and the Purchaser shall, on or before the Closing Date jointly execute elections, in prescribed form and containing the prescribed information, to have s.167.1 of the ETA apply to the sale and purchase of the Purchased Assets so that no HST will be payable. The Purchaser shall file the election with Canada Revenue Agency and provide the Vendors with written confirmation of same.

## **REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

The Vendors jointly and severally represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on such representations and warranties in connection with the purchase of the Purchased Assets by the Purchaser:

### **1.20 Corporate Authority and Binding Obligation**

Subject to the terms of the Bidding Procedures Order, the Vendors have good right, full corporate power and absolute authority to enter into this Agreement and to sell, assign and transfer the Purchased Assets to the Purchaser in the manner contemplated herein and to perform all of their obligations under this Agreement. The Vendors and their board of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of, this Agreement and the purchase of the Purchased Assets by the Purchaser from the Vendors. This Agreement is a legal, valid and binding obligation of the Vendors, enforceable against them in accordance with the terms hereof, subject to:

- (i) bankruptcy, insolvency, and other laws relating to the enforcement of creditors' rights generally,
- (ii) another Qualified Bidder (as such is defined in the Bidding Procedures Order) being approved by the Court as the purchaser of the Business;
- (iii) the Purchaser complying with the requirements of the Bidding Procedures Order and the Approval and Vesting Order;
- (iv) the fact that equitable remedies, including the remedy of specific performance, may only be granted in the discretion of a court.

### **1.21 Contractual and Regulatory Approvals**

The Vendors are not under any obligation, contractual or otherwise, to request or obtain the consent of any person, other than the Court, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any federal, provincial, municipal or local government or governmental agency, board, commission or authority are required to be obtained by the Vendors in connection with the execution, delivery or performance by the Vendors of this Agreement or the completion of any of the transactions contemplated herein, except for the obtaining of the Approval and Vesting Order.

### **1.22 No Other Agreements to Purchase**

At the time of execution of this Agreement, no person other than the Purchaser has any written or oral agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase or acquisition from the Vendors of any of the Purchased Assets.

### **1.23 No Violation**

The execution and delivery of this Agreement by the Vendors and the consummation of the transactions provided for herein will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the termination or acceleration of any obligation of the Vendors under:

- (a) any provision of the memorandum or articles of association or resolutions of the board of directors or shareholders of the Vendors;
- (b) any licence, permit, approval, consent or authorization held by the Vendors or that is necessary to the operation of the Business; or
- (c) any applicable law, statute, ordinance, regulation or rule.

#### **1.24 Condition of Purchased Assets**

The Equipment forming part of the Purchased Assets is in good operating condition, and is in a state of good repair and maintenance, ordinary wear and tear excepted. The Purchased Assets are sufficient to carry on the Business in the manner in which the Business was conducted by the Vendors.

#### **1.25 Taxes**

For purposes of this Agreement, the term "**Governmental Charges**" means and includes all taxes, customs, duties, rates, levies, assessments, reassessments and other charges, together with all penalties, interest and fines with respect thereto, payable to any federal, provincial, municipal, local or other government or governmental agency, authority, board, bureau or commission, domestic or foreign.

There are no actions, suits, proceedings, investigations, enquiries or claims now pending or made or, to the best of the knowledge of the Vendors, threatened against the Vendors in respect of Governmental Charges.

Victory's HST registration number is \_\_\_\_\_ **RT0001**; JMMR's HST registration number is \_\_\_\_\_ **RT0001**.

#### **1.26 Residency**

The Vendors are residents of Canada for the purposes of the *Income Tax Act*.

#### **1.27 Full Disclosure**

Neither this Agreement, nor any certificate, report, statement or other document furnished by the Vendors in connection with the negotiation of this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading, and without limiting the generality of the foregoing, the Vendors have not failed to disclose to the Purchaser, any fact or information that would be material to a purchaser of the Purchased Assets. There has been no event, transaction or information that has come to the attention of the Vendors that has not been disclosed to the Purchaser in writing that could reasonably be expected to have a material adverse effect on the assets, business, earnings, prospects, properties or condition (financial or otherwise) of the Business.

### **1.28 Employees**

Schedule "B" contains the name and job title of each of the Employees of the Business. There are no complaints, claims or charges outstanding, or anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of the Vendors under or in respect of any employment legislation. No Employees of the Vendors are in receipt of benefits under the *Workers' Compensation Act* (Nova Scotia). The Vendors are in compliance with the *Labour Standards Code* (Nova Scotia) and other employment legislation governing the Employees. There are no unions, collective agreements, pensions, employee benefit plans, deferred profit sharing agreements, or similar agreements, with respect to any of the Employees.

### **1.29 Employment Contracts**

The Vendors are not a party to any written employment, service or pension agreement with any of the Employees.

### **1.30 Licences**

All Licences are valid, subsisting and in good standing and the Vendors are not in default or breach of any Licence and, to the knowledge of the Vendors, no proceeding is pending or threatened to revoke or limit any Licence.

### **1.31 No Orders**

There are no outstanding orders, notices or similar requirements relating to the Vendors or the Business issued by any building, environmental, fire, health, labour or police authorities or from any other federal, provincial or municipal authority and there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.

### **1.32 Books and Records**

The books and records of the Vendors which the Purchaser is entitled to inspect as part of its due diligence prior to Closing, are, in all material respects, in accordance with generally accepted accounting principles.

### **1.33 Premises**

There are no physical problems or disrepair of the Premises or services to the Premises which may affect the ability of the Purchaser to carry on the Business at the Premises.

### **1.34 Representations and Warranties True and Accurate on Closing**

The representations and warranties of the Vendors contained herein shall be deemed to have been made again on Closing and shall then be true and correct.

## **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Vendors as follows and acknowledges and confirms that the Vendors are relying on such representations and warranties in connection with the sale of the Purchased Assets:

### **1.35 Authorization**

This Agreement has been duly authorized, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendors in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

### **1.36 No Violation**

The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions herein provided for will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Purchaser under:

- (a) the memorandum or articles of association of the Purchaser;
- (b) any resolutions of the board of directors of the Purchaser;
- (c) any contract to which the Purchaser is a party or by which it is bound;
- (d) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Purchaser; or
- (e) any applicable law, statute, ordinance, regulation or rule.

### **1.37 Consents and Approvals**

There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any government or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

### **1.38 Residency**

The Purchaser is a resident of Canada for the purposes of the *Income Tax Act*.

**NON-WAIVER; SURVIVAL**



### 1.39 Non-Waiver

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation or warranty made by the Vendors in or pursuant to this Agreement. No waiver of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

## COVENANTS

### 1.40 Access to Assets and Records

The Vendors (the "**Disclosing Party**") shall forthwith make available to the Purchaser and its authorized representatives (the "**Receiving Party**") and provide copies thereof of all title documents, computer records, licences, orders, permits, books and records and such other documents, information and data relating to the Business as the Purchaser may request ("**Confidential Information**"). At the request of the Purchaser, the Vendors shall execute such consents, authorizations and directions as may be necessary to permit any inspection of any of such assets or to enable such party or its authorized representative to obtain full access to all files and records relating to the Business maintained by governmental or other public authorities. As requested, each party shall co-operate with the other party in arranging any such meetings as reasonably requested with:

- (a) employees of the Vendors;
- (b) suppliers or others who have or have had a business relationship with the Business; and
- (c) any other persons engaged or previously engaged to provide services to the Vendors who have knowledge of matters relating to the Business or the Purchased Assets.

The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 1.40 shall not mitigate or otherwise affect any of the representations and warranties of the Vendors hereunder, which shall continue in full force and effect.

### 1.41 Confidential Information

In the event that this Agreement is terminated for any reason, the Purchaser shall not use any Confidential Information to the detriment or competitive disadvantage of the Vendors or its successors and assigns and shall not divulge any Confidential Information to any third party, and the Purchaser shall return all documents received from the Vendors or its representatives.

## CONDITIONS OF CLOSING

### 1.42 Conditions of Closing in Favour of the Purchaser

Completion of the acquisition of the Purchased Assets by the Purchaser is subject to fulfillment and satisfaction of the following conditions, which are for the exclusive benefit of the Purchaser, which are to be performed or fulfilled or satisfied at or prior to the Closing Date, or by such other date as may be indicated.

- (a) **Representations, Warranties and Covenants** - all of the representations and warranties of the Vendors contained in this Agreement shall be true and correct as of the date of this Agreement and shall be true and correct in all respects at the Closing as if made on the Closing Date and all terms, covenants and conditions of this Agreement to be complied with or performed by the Vendors on or before the Closing Date shall have been complied with or performed, and a certificate of an officer of the Vendors, dated as of the Closing Date, to that effect shall have been delivered to the Purchaser, such certificate to be in form and substance satisfactory to the Purchaser acting reasonably.
- (b) **Regulatory and Third Party Consents** - on or before the Due Diligence Date, there shall have been obtained from all appropriate federal, provincial, municipal or other governmental or administrative bodies and other third parties such licences, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by the Purchaser to permit the change of ownership of the Purchased Assets contemplated hereby.
- (c) **Lease of Equipment** - with respect to Leased Equipment which the Purchaser elects to retain, on or before the Closing Date, leases for said leased equipment shall have been assumed by the Purchaser; or new leases entered into satisfactory to the Purchaser.
- (d) **Due Diligence** - on or before the Due Diligence Date, the Purchaser shall be satisfied, acting reasonably, with all due diligence and other inquiries made in respect of the Company and the Vendors;
- (e) **No Action or Proceeding** - no legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby.
- (f) **Transfer of Purchased Assets** - all necessary steps and proceedings shall have been taken to permit the Purchased Assets to be duly and regularly transferred to and registered in the name of the Purchaser and all Purchased Assets shall be properly installed, in good working order, and in the case of mink, in good health, as of the Closing Date.
- (g) **Legal Matters** - all actions, proceedings, instruments and documents required to implement this Agreement, or instrumental thereto, and all legal matters relating to the purchase of the Purchased Assets, shall have been approved as to form and legality by the Purchaser's solicitors.
- (h) **Discharge** - on or before the Closing Date, the Vendors shall have obtained the Approval and Vesting Order vesting the Purchased Assets in the Purchaser free and clear of all Encumbrances upon payment of the Purchase Price.

- (i) **Employees** - the employment of all Employees, including any associated employment benefits, shall have been terminated on or prior to the Closing Date by the Vendors; and The Purchaser shall offer employment to the existing employees of the Business upon terms and conditions and with benefits that are no less favourable in the aggregate than those applicable to their current employment with the Vendors. The Purchaser shall have no liability or obligation in respect of any employee who does not accept the offer of employment by the Purchaser. Any employee who accepts employment with the Purchaser will receive credit for their years of service with the Vendor prior to the Closing Date and calculating post-closing vacation entitlement.
- (j) Section 36(7) of the CCAA - the Vendors have complied with the requirements of section 36(7) .
- (k) **Delivery of Documents** - all items listed in Section 1.45 shall have been delivered.
- (l) **GST 44** - the Vendors and the Purchaser shall complete Forms GST 44 to elect under s. 167 of the ETA.

If any of the conditions contained in this Section 1.42 have not been performed or fulfilled on or before the Closing Date or by such earlier date as may be indicated, to the satisfaction of the Purchaser, the Purchaser may, by notice to the Vendors, terminate this Agreement.

#### **1.43 Conditions of Closing in Favour of the Vendors**

Completion of the sale of the Purchased Assets by the Vendors is subject to fulfillment and satisfaction of the following conditions which are for the exclusive benefit of the Vendors, which are to be performed or fulfilled or satisfied at or prior to the time of Closing.

- (a) **Payment of Purchase Price** - the Purchase Price required to be paid by the Purchaser to the Monitor at the Closing shall have been paid in full.
- (b) **Representations, Warranties and Covenants** - all of the representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the date of this Agreement and shall be true and correct in all respects at the Closing as if made on the Closing Date and all terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser on or before the Closing Date shall have been complied with or performed, and a certificate of an officer of the Purchaser, dated as of the Closing Date, to that effect shall have been delivered to the Vendors, such certificate to be in form and substance satisfactory to the Vendors acting reasonably.
- (c) **Delivery of Documents** - all items listed in Section 1.46 shall have been delivered.

If any of the conditions contained in this Section 1.43 have not been performed or fulfilled at or prior to the time of Closing to the satisfaction of the Vendors, the Vendors may, by notice to the Purchaser, terminate this Agreement.

#### **CLOSING DATE AND TRANSFER OF POSSESSION**

#### **1.44 Place of Closing**

Completion of the purchase and sale of the Purchased Assets will take place by exchange of documents between the Vendors' Solicitor and the Purchaser's Solicitors, or by such other method as mutually agreed to by the Purchaser and the Vendors.

#### **1.45 Vendors' Deliverables**

On the Closing Date the Vendors shall deliver or cause to be delivered to the Purchaser the following:

- (a) such deeds, assignments, bills of sale, transfers, conveyances, and other documents as the Purchaser's Solicitors may reasonably require for the purpose of vesting in the Purchaser good title to the Purchased Assets, and, in particular, the Approval and Vesting Order, vesting the Purchased Assets in the Purchaser free and clear of all mortgages, charges, liens, Encumbrances and other third party rights or interests;
- (b) a copy, certified by a senior officer of the Vendors, as of the Closing Date, of the resolutions of the directors of the Vendors authorizing the transfer of the Purchased Assets to the Purchaser;
- (c) actual possession of the Purchased Assets to the Purchaser, together with originals or copies of all books and records as may be necessary or desirable in the opinion of the Purchaser to enable the Purchaser to carry on the Business without interruption.
- (d) a certificate of an officer of the Vendors certifying that the Vendors' representations, warranties and covenants as stated in this Agreement are true and correct in all respects at the Closing as if made on the Closing Date;
- (e) a receipt for the Purchase Price; and
- (f) such other documents as are required to convey the Purchased Assets from the Vendors to the Purchaser on the Closing Date.

#### **1.46 Purchaser's Deliverables**

On the Closing Date, the Purchaser shall deliver or cause to be delivered to the Vendors the following:

- (a) a copy, certified by a senior officer of the Purchaser as of the Closing Date, of the directors' resolution authorizing the execution, delivery and performance by the Purchaser of this Agreement; and
- (b) a certificate of an officer of the Purchaser certifying that the Purchaser's representations, warranties and covenants as stated in this Agreement are true and correct in all respects at the Closing as if made on the Closing Date.

On the Closing Date, the Purchaser shall deliver or cause to be delivered to the Monitor the a certified cheque, bank draft or trust cheque of the Purchaser's Solicitors for the full amount of the Purchase Price payable under Section 1.16;

#### **1.47 Further Assurances**

Each party to this Agreement covenants and agrees that it will, at all times after the Closing Date, promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

## MISCELLANEOUS

### 1.48 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

To: the Vendors at

BoyneClarke LLP  
99 Wyse Road, Suite 600  
PO Box 876  
Dartmouth, NS  
B2Y 3Z5

Attention Tim Hill, Q.C.

Telephone: (902) 469-9500  
Facsimile: (902) 463-7500  
Email: thill@boyneclarke.ca

To: the Purchaser at

Burchell MacDougall  
710 Prince Street,  
PO Box 876  
Truro, NS  
B2N 5H1

Attention Brian Stilwell

Telephone: (902) 895-1561  
Facsimile: (902) 895-7709  
Email: bstilwell@burchellmacdougall.com

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a

labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid. In the event that the receiving party's electronic communication equipment is not functioning at the time of transmittal, the notice or other communication will be served by courier.

Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 1.48.

#### **1.49 Best Efforts**

The parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of either party to use its best efforts to obtain any waiver, consent, approval, permit, licence or other document shall not require such party to make any payment to any person for the purpose of procuring the same, other than payments for amounts due and payable to such person, payments for incidental expenses incurred by such person and payments required by any applicable law or regulation.

#### **1.50 Fees**

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

#### **1.51 Counterparts**

This Agreement may be executed by facsimile signature and in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

*[signature page follows]*

IN WITNESS WHEREOF the parties have properly executed this Agreement all as of the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of:

*Rosena LeRoy*  
Witness

*Rosena LeRoy*  
Witness

*Mark Silvert*  
Witness

VICTORY FARMS INCORPORATED

Per: *[Signature]*  
Jonathan Mullen - President

JONATHAN MULLEN MINK RANCH LIMITED

Per: *[Signature]*  
Jonathan Mullen - President

NORTH AMERICAN FUR AUCTIONS INC.

Per: *[Signature]*  
Doug Lawson - Senior Vice-President

**SCHEDULE "A"**  
**Bidding Procedures Order**



## Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants") for relief under the Companies' Creditors Arrangement Act

## Notice of Motion

**To:** The Service List (as attached as Schedule "A")

**Motion**

The Applicants in this proceeding move for the following:

**Stalking Horse and Bidding Procedures Order**

- (1) An order, substantially in the form attached hereto as Schedule "B" ("the Stalking Horse and Bidding Procedures Order"), inter alia:
  - (a) abridging the time for and validating the service of this Notice of Motion and the materials filed in support of this Motion, and dispensing with further service;
  - (b) approving the sales process to market for sale the business of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants"), substantially in the form described in the Sixth Report of the Monitor, Deloitte Restructuring Inc., which is to be undertaken by the Monitor with the assistance of the Applicants' management;
  - (c) authorizing and directing the Applicants to enter into an asset purchase agreement (the "Stalking Horse APA") with North American Fur Auctions Inc., or its assignee, *nunc pro tunc*, and approving and accepting the Stalking Horse APA for the purpose of conducting the Stalking Horse Process (as defined in the Stalking Horse Order); and
  - (d) approving the Bidding Procedures (as defined in the Stalking Horse Order); and
  - (e) such further and other relief as counsel may seek and this Honourable Court may deem just.

**Additional Interim Financing Order**

- (2) An order, substantially in the form attached hereto as Schedule "C" ("the Additional Interim Financing Order"), inter alia:
  - (a) abridging the time for and validating the service of this Notice of Motion and the materials filed in support of this Motion, and dispensing with further service;
  - (b) Approving the Additional Financing Term Sheet; and

- (c) Increasing the amount of the DIP Facility as defined in the Charging Order granted by the Honourable Court on September 27, 2016, from \$1,500,000 to \$3,000,000.

### **Extension of Stay**

- (3) An order substantially in the form attached hereto as Schedule "D", inter alia:
- (a) abridging the time for and validating the service of this Notice of Motion and the materials filed in support of this Motion, and dispensing with further service; and
- (b) extending the stay of proceedings granted on August 31, 2016, up to and including April 28, 2017.

### **Time and place**

The motion is to be heard by a judge on February 14, 2017, at 2 p.m. in The Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia, B3J 1S7. The moving party has set the motion for hearing in one half day in chambers. The moving party says that the motion will not require more time.

### **References**

The moving party relies on the following legislation, Rules or points of law: sections 11.02, 11.2 and 36 of the *Companies' Creditors Arrangement Act*.

### **Evidence**

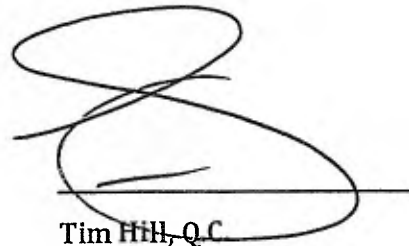
The evidence in support of the motion is as follows: Affidavit of Jonathan Mullen filed with this notice; Sixth Report of the Monitor (to be filed).

### **Possible order against you**

You may file an affidavit and a brief, attend the hearing of the motion, and state your position on whether the proposed order should be made. If you do not attend, the judge may grant an order without further notice to you.

### **Signature**

Signed February 9, 2017.



Tim Hill, Q.C.

Schedule "A"

SERVICE LIST

Workers' Compensation Board of Nova Scotia  
P.O. BOX 1150  
5668 SOUTH ST  
Halifax NS B3J 2Y2  
Canada  
Fax #: 902-491-8325

Attn: Marg Organ, Senior Collections Officer

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American Legend Cooperative  
200 S.W. 34th Street  
Renton WA 98055, USA

Counsel:

Maurice Chiasson, Q.C.  
Stewart McKelvey  
Suite 900  
Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, NS, Canada  
B3J 3N2

[mchiasson@stewartmckelvey.com](mailto:mchiasson@stewartmckelvey.com)

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Nova Scotia Farm Loan Board  
MacRae Library Building  
Floor 1st Suite 1  
137 College Road  
Truro NS B2N 5E3

Attn: Karen Tulkens  
[karen.tulkens@novascotia.ca](mailto:karen.tulkens@novascotia.ca)

John Murray  
[John.E.Murray@novascotia.ca](mailto:John.E.Murray@novascotia.ca)

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Farm Credit Canada  
1133 St. George BOUL  
Moncton NB E1E4E1  
Canada

Counsel

Josh J.B. McElman  
Cox & Palmer  
Brunswick Square, Suite 1500  
1 Germain Street  
Saint John, NB E2L 4V1  
Phone 506 633 2708  
Fax 506 632 8809  
[jmcelman@coxandpalmer.com](mailto:jmcelman@coxandpalmer.com)

Gavin D. F. MacDonald  
Cox & Palmer  
Purdy's Wharf, Tower I  
1100-1959 Upper Water Street  
Halifax, NS B3J 3N2  
Phone: 902 491 4464  
Fax: 902 421 3130  
[gmacdonald@coxandpalmer.com](mailto:gmacdonald@coxandpalmer.com)

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Bank of Nova Scotia - Atlantic CAU  
1465 Brenton Street, 4th Floor  
Halifax NS B3J3T4  
Canada

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CNH Industrial Capital Canada Ltd.  
4475 North Service Road  
Burlington ON L7L 4X7  
Canada

Counsel

Colin Piercey  
Stewart McKelvy  
Suite 900  
Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, NS, Canada  
B3J 3N2  
[cpiercey@stewartmckelvey.com](mailto:cpiercey@stewartmckelvey.com)

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North American Fur Auctions Inc.  
65 Skyway Avenue  
Toronto ON M9W 6C7  
Canada  
Fax #: 416-213-2162

Attn: Douglas Lawson  
Senior Vice President

[dlawson@nafa.ca](mailto:dlawson@nafa.ca)

Counsel

Brian Stilwell  
[Bstilwell@BurchellMacDougall.com](mailto:Bstilwell@BurchellMacDougall.com)

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Deloitte Restructuring Inc  
1969 Upper Water Street,  
Suite 1500, Halifax, NS, Canada B3J 3R7

Attn: James Foran  
Neil Jones  
Email: [jforan@deloitte.ca](mailto:jforan@deloitte.ca)  
[neiljones@deloitte.ca](mailto:neiljones@deloitte.ca)

Counsel

McInnes Cooper  
1969 Upper Water Street  
Suite 1300  
Purdy's Wharf Tower II Halifax, NS, B3J 2V1  
Fax #: 902 425 6350

Attn: Ben R. Durnford  
John Stringer, Q.C.

Email: [ben.durnford@mcinnescooper.com](mailto:ben.durnford@mcinnescooper.com)  
[John.stringer@mcinnescooper.com](mailto:John.stringer@mcinnescooper.com)

**Tipper McEwan**  
Stewart Mckelvey  
902.444.1743  
[tmcewan@stewartmckelvey.com](mailto:tmcewan@stewartmckelvey.com)

**Schedule "B"**

2016

Hfx. No. 454744

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants") for relief under the Companies' Creditors Arrangement Act

**Stalking Horse and Bidding Procedures Order**

**UPON MOTION OF** Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants") for an order approving the Stalking Horse Asset Purchase Agreement and related sales process;

**AND UPON READING** the affidavit of Jonathan Mullen sworn February \*, 2017, the Sixth Report of Deloitte Restructuring Inc., in its capacity as Monitor (the "Monitor"), dated February \*, 2017 ("the Sixth Report") and the exhibits thereto, filed, and on hearing the submissions of counsel for the Applicants, the Monitor, and those for the secured creditors as appeared:

**IT IS ORDERED THAT:**

**Service**

1. The time for service of the Notice of Motion, the Sixth Report and the other materials filed herein is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

**Stalking Horse Process**

2. The Applicants are hereby authorized and directed, *nunc pro tunc*, to enter into an agreement to sell all or substantially all of their assets, property and undertakings (the "Purchased Assets") to North American Fur Auctions Inc. (the "Stalking Horse Bidder"), substantially in the form of the agreement attached as Appendix "B" to the Sixth Report (the "Stalking Horse Asset Purchase Agreement"), and such agreement, subject to the terms of this Order, is hereby approved and accepted for the purpose of conducting the Stalking Horse Process (defined below) in accordance with the Bidding Procedures (defined below).

3. The bidding procedures described in the Sixth Report and attached hereto as Schedule "A" (the "Bidding Procedures") and the sale process and auction described therein (collectively, the "Stalking Horse Process") be and are hereby approved and the Monitor is hereby authorized and directed to conduct the Stalking Horse Process.
4. In connection with the Stalking Horse Process and pursuant to section 7(3)(c) of the *Personal Information Protection and Documents Act* (Canada), the Applicants and/or the Monitor may disclose personal information of identifiable individuals to prospective bidders for the Purchased Assets and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of such assets. Each prospective bidder to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the said assets and related business, and if it does not complete a purchase thereof, shall return all such information to the Applicants and/or the Monitor or in the alternative shall destroy all such information and certify such destruction to the Applicants and/or the Monitor.

Issued February 14, 2017

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Deputy Prothonotary

## Schedule A — Bidding Procedures

### Bidding Procedures

1. Set forth below are the bidding procedures (the "Bidding Procedures") to be employed with respect to the sale (the "Sale") of the assets, property and undertakings (the "Purchased Assets") of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants") by the Applicants.
2. On February 14, 2017, the Court issued an order (the "Bidding Procedures Order") approving and accepting for the purpose of conducting the Stalking Horse Process in accordance with these Bidding Procedures that certain asset purchase agreement dated February \*, 2017 (the "Stalking Horse Asset Purchase Agreement" or "Stalking Horse Bid") between the Applicants and North American Fur Auctions Limited, or its assignee (the "Stalking Horse Bidder"), and approving these Bidding Procedures.
3. All amounts specified herein are in Canadian dollars.
4. Within five (5) business days following the Auction (defined below), the Applicants shall bring a motion (the "Sale Approval Motion") seeking the granting of an order by the Court authorizing and approving the Sale of the Purchased Assets to the Successful Bidder(s) (such order, as approved, the "Approval and Vesting Order").

### Assets to Be Sold

5. The Applicants, in consultation with Deloitte Restructuring Inc., (the "Monitor") in its capacity as the Court-appointed Monitor of the Applicants, are offering for sale all of the Applicants' right, title and interest in and to all of the Purchased Assets and encourages bids for all of the Purchased Assets, in whole.

### Permitted Encumbrances

6. The mortgages of real property made by the Applicants in favour of Nova Scotia Farm Loan Board and Farm Credit Canada shall be Permitted Encumbrances, and the sale herein contemplated shall be subject to said mortgages of real property.



## **The Bidding Process**

7. The Applicants, in consultation with the Monitor, shall (i) determine whether any person is a Qualified Bidder, (ii) coordinate the efforts of Qualified Bidders in conducting their due diligence investigations, (iii) receive offers from Qualified Bidders, and (iv) negotiate any offers made to purchase the Purchased Assets (collectively, the "Bidding Process"). The Monitor, in consultation with the Applicants and the secured creditors, shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process, provided, however, that such other rules are not inconsistent with any of (i) the provisions of the Stalking Horse Asset Purchase Agreement (including the deadlines therein), (ii) the Bid Deposit Requirement (as defined below), and (iii) the bid protections granted to the Stalking Horse Bidder herein.

## **Participation Requirements**

8. A "Qualified Bidder" is a potential bidder that the Monitor, in consultation with the Applicants and the secured creditors, determines is likely (based on financial information submitted by the bidder, the availability of financing, experience and other considerations deemed relevant by the Monitor) to be able to consummate a sale if selected as the Successful Bidder (as defined below). Notwithstanding the foregoing, the Stalking Horse Bidder shall be deemed a Qualified Bidder.

## **Due Diligence**

9. Any Person that wishes to participate in the Bidding Process must (i) execute a confidentiality agreement in form and substance acceptable to the Monitor and (ii) be a Qualified Bidder. The Monitor shall not be obligated to furnish information of any kind whatsoever to any Person that the Monitor determines not to be a Qualified Bidder. The Monitor will afford any Qualified Bidder the time and opportunity to conduct reasonable due diligence subject to the time frames contemplated by these Bidding Procedures. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders.

## Bid Deadline

10. A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Materials (defined below) to each of (i) the Monitor, Deloitte Restructuring Inc. Inc., 1969 Upper Water Street, Suite 1500, Halifax, NS, Canada B3J 3R7, Attention: James Foran; and (ii) counsel to the Monitor, McInnes Cooper, 1969 Upper Water Street, Suite 1300, Purdy's Wharf Tower II Halifax, NS, B3J 2V1, Attention: Ben R. Durnford, not later than 12:00 p.m. (Nova Scotia time) on March \*, 2017 (the "Bid Deadline"). In the event that a bid is determined to be a Qualified Bid, the Monitor shall deliver a written copy of any such Qualified Bid and the Required Bid Materials to the Stalking Horse Bidder's counsel, Burchell MacDougall LLP, 710 Prince St, PO Box 1128, Truro NS, B2N 5H1, Attention: Brian W. Stilwell, and to the Applicants' counsel, BoyneClarke LLP, 99 Wyse Road, Suite 600, Dartmouth, NS, B2Y 3Z5, Attention: Tim Hill, Q.C.

## Bid Requirements

11. All bids must include (unless such requirement is waived by the Monitor, with the concurrence of the Applicants and the secured creditors) (the "Required Bid Materials"):
  - (i) A cash purchase price equal to or greater than \$4,000,000, (the "Minimum Bid Amount");
  - (ii) An acknowledgement that the sale is subject to the Permitted Encumbrances;
  - (iii) A letter stating that the bidder's offer is irrevocable until the first business day after the Purchased Assets have been sold pursuant to the closing of the sale or sales thereof approved by the Court;
  - (iv) An executed copy of a proposed purchase agreement and a blackline of the Qualified Bidder's proposed purchase agreement reflecting variations from the Stalking Horse Asset Purchase Agreement (the "Marked Agreement"). All Qualified Bids must provide: (a) a commitment to close within five (5) business days after satisfaction of all conditions and a covenant to use commercial best efforts to satisfy all conditions; and (b) the identity of and contact information for the bidder and full disclosure of any affiliates and any debt or equity financing sources involved in such bid;

Order and the Bidding Procedures, and (ii) as soon as practicable after the conclusion of the Auction, identify the best offer for the Purchased Assets (to the extent any such bid is acceptable to the Monitor, in consultation with the Applicants and the secured creditors, a "Successful Bid" and the bidder or bidders making such bid, the "Successful Bidder"). At the hearing on the Sale Approval Motion, the Monitor will present the Successful Bid to the Court for approval. The Monitor reserves all rights not to submit any bid which is not acceptable to the Monitor for approval by the Court. The Monitor acknowledges that the Stalking Horse Bid is a Qualified Bid and shall be submitted to the Court for approval in the event that there is no other Successful Bid. Except as otherwise provided herein or as restricted by the Stalking Horse Asset Purchase Agreement, the Monitor upon consultation with the Applicants, may adopt rules for bidding at the Auction that, in its business judgment, will better promote the goals of the bidding process or any order of the Court entered in connection herewith.

20. If no Qualified Bid is submitted by the Bid Deadline or all Qualified Bids that have been submitted have been withdrawn prior to the Bid Deadline or the Auction Date, then the Monitor shall cancel the Auction (in which case, the Successful Bid shall be the Stalking Horse Bid, and the Successful Bidder shall be the Stalking Horse Bidder).

#### **Overbid Amount; Minimum Bid Increment**

21. There shall be an overbid amount that a Qualified Bidder must bid to exceed the Stalking Horse Bid ("Overbid Amount"), and that amount shall be at least \$100,000 for all bids made by Qualified Bidders. At the Auction, all subsequent bids shall not be less than \$50,000 in excess of the preceding bid, unless modified by the Monitor.

#### **Acceptance of Qualified Bids**

22. The sale of the Purchased Assets to any Successful Bidder by the Applicants is expressly conditional upon the approval of the Successful Bid by the Court at the hearing of the Sale Approval Motion. The Applicants' presentation of any Qualified Bid to the Court for approval does not obligate the Applicants to close the transaction contemplated by such Qualified Bid until the Court approves the bid. The Applicants will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Sale Approval Motion.

### **Sale Approval Motion Hearing**

23. The Sale Approval Motion shall be made on or before March \*, 2017. The Applicants, in consultation with the Monitor, in the exercise of its business judgment, in consultation with the Applicants and the secured creditors, reserves their rights to the extent consistent with the Stalking Horse Asset Purchase Agreement, to change the date of the hearing of the Sale Approval Motion in order to achieve the maximum value for the Assets.
24. At the hearing of the Sale Approval Motion, the Applicants shall seek approval from the Court to consummate the Successful Bid, and at the Monitor's election, to consummate the next best Qualified Bid (the "Back-Up Bid", and the party submitting the Back-Up Bid, the "Back-Up Bidder") should the Successful Bid not be closed in accordance with its terms for any reason.
25. If the Successful Bidder fails to consummate an approved Sale within five (5) business days after satisfaction of all conditions thereof ("the Closing Date"), the Applicants, in consultation with the Monitor, may, but shall not be required, to consummate the Back-Up Bid without the requirement of any further approval thereof by the Court. The Back-Up Bid shall remain open until the first business day following the consummation of the sale of the Purchased Assets to the Successful Bidder.

### **Modifications**

26. The Monitor, after consultation with the Applicants and the secured creditors, may (a) determine which Qualified Bid, if any, is the best offer; and (b) reject at any time before the issuance and entry of an Approval and Vesting Order approving a Qualified Bid, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bidding Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of the Monitor, the Applicants' estate or their creditors. Notwithstanding the foregoing, the provisions of this paragraph shall not operate or be construed to permit the Monitor to - accept any Qualified Bid that (i) does not require a bid deposit of at least \$400,000 be placed in a protected, segregated account, which shall serve as protection and security for the Stalking Horse Bidder as outlined herein, (ii) does not equal or exceed the Overbid Amount, or (iii) impose any terms and conditions upon the Stalking Horse Bidder that are contradictory to or in breach of the terms of the Stalking Horse Asset Purchase Agreement

other than any such terms and conditions set forth in these Bidding Procedures or the Bidding Procedures Order.

#### **Miscellaneous**

27. The Auction and these Bidding Procedures are for the benefit of the Applicants and nothing contained in the Bidding Procedures Order or these Bidding Procedures shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Bidding Procedures Order. The bid protections incorporated in these Bidding Procedures are for the benefit of the Stalking Horse Bidder.
28. The Monitor shall not have any liability whatsoever to any person or party, including without limitation the Applicants, the Stalking Horse Bidder, any other bidder or any creditor or other stakeholder, for any act or omission related to the process contemplated by these Bidding Procedures.
29. Except as provided in the Bidding Procedures Order and Bidding Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Bidding Procedures Order.

Schedule "C"

2016

Hfx. No. 454744

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants") for relief under the *Companies' Creditors Arrangement Act*

2<sup>nd</sup> Charging Order

Before the Honourable Justice Glen G. McDougall in chambers:

The Applicants applied for relief under the *Companies' Creditors Arrangement Act* including an initial order, which has been granted, and further orders on further motions;

The initial order was granted on the 31<sup>st</sup> day of August, 2016 (the "Initial Order"), a Charging Order ("the Initial Charging Order") was granted on September 27, 2017, and the Applicants now move for an order providing certain additional Charges in priority to existing security by way of amendment to the Initial Charging Order;

The Applicants have filed supporting documents including the affidavit of service of Tim Hill, Q.C. (the "Affidavit of Service"), the affidavit of Jonathan Mullen, and a report of the Monitor.

The following parties appeared and made submissions on the motion: Tim Hill, Q.C., on behalf of the Applicants, Maurice P. Chaisson, Q.C., on behalf of American Legend Cooperative ("ALC"), Brian W. Stilwell, on behalf of North American Fur Auctions Inc., Gavin D.F. MacDonald on behalf of Farm Credit Canada, and Ben Durnford on behalf of the Monitor, Deloitte Restructuring Inc.

On motion of the Applicants the following is ordered and declared:

### Service

1. The service of notice of motion and the supporting documents as set out in the Affidavit of Service is deemed adequate so that motion is properly returnable today and further service thereof is hereby dispensed with.

### Interpretation

2. All capitalized words used in this Order that are not otherwise defined in this Order have the meanings ascribed to them in the Initial Order.

### DIP Financing and Charge

3. The Initial Charging Order is amended in the following respect:
  - (a) Paragraph 3 thereof is amended so as to increase the allowed borrowings from \$1,500,000 to \$3,000,000;
  - (b) Paragraph 6 thereof is amended as follows:
    6. The DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the property of the Applicants limited to limited to a charge over the livestock (mink) of the Applicants, including breeding stock, the pelts derived therefrom ("the Mink"), but also including cash derived from advances from the DIP Lender and accounts receivable derived from the sale of the Mink ("the DIP Charged Property"), and the proceeds thereof, as security for any and all obligations of the Applicants under or pursuant to the DIP Facility and the DIP Term Sheet, which charge shall not exceed the aggregate amount owed to the DIP Lender under the DIP Facility and the DIP Term Sheet. The DIP Lender's Charge shall have the priority set out herein.
4. All other provisions of the Initial Order shall apply *mutatis mutandis*.

### Service and Notice

5. The Applicants and the Monitor shall serve a copy of this Order on all secured creditors of the Applicants and shall be at liberty to serve this Order on such other Persons as it determines is appropriate. All such service shall be made in accordance with the provisions of the Initial Order.

### General

6. The aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction outside Nova Scotia is hereby requested to give effect to this Order and to assist the Applicants, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, or regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
7. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
8. Any interested party, including the Applicants and the Monitor, may apply to this Court to vary or amend this Order on such notice provided for under the *Civil Procedure Rules* or on such notice as this Court may order.
9. This Order and all of its provisions are effective as of 12 a.m. Atlantic Standard Time on the 14<sup>th</sup> day of February, 2017.

Issued February 14, 2017

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Prothonotary



Schedule "D"

2016

Hfx. No. 454744

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch  
Limited for relief under the Companies' Creditors Arrangement Act

**Order Approving Extension of Stay**

Before the Honourable Justice Glen G. McDougall, in chambers

**Upon** Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants"), having made motion for an Order to extend the stay of proceedings originally granted by order of this Court dated August 31, 2016;

**An Upon** reading the Report of Deloitte Restructuring Inc. (the "Monitor"), the Affidavit of Jonathan Mullen, and the other materials on file herein;

**And Upon** hearing from counsel for the Applicants, the Monitor, and such other counsel as appeared;

**Now on** motion of the Applicants the following is ordered and declared:

It is ordered that:

**EXTENSION OF STAY OF PROCEEDINGS**

1. The stay of proceedings is extended commencing from and including the 17th day of February, 2017, to and including April 28, 2017.

**EFFECTIVE TIME & DATE**

2. This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

Issued February 14, 2017

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Deputy Prothonotary

## SCHEDULE "B"

### Employees

The following document summarizes the employees currently employed by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited. Staffing levels fluctuate throughout the year and additional part time employees are employed on an as needed basis. All employees excluding principles are paid on an hourly basis, vacation pay is paid weekly and no employer paid benefits are available.

<b>Victory Farms Incorporated</b>		
<b>Name</b>	<b>Rate</b>	<b>Full Time/Part Time</b>
Jonathan Mullen (Principle)	\$671/week	Full Time
Julie-Ann Mullen (Principle)	\$671/week	Full Time
Jennifer Gaudet (Manager)	\$18/hr	Full Time
Jeffrey Mullen (Manager)	\$20/hr	Full Time
Liewellyn Ward (Manager)	\$18/hr	Full Time
Patricia Maher (Book keeper)	\$20/hr	Full Time
Warren Meuse	\$17/hr	Full Time
Craig O'Neil	\$14/hr	Full Time
Shane Deman	\$14/hr	Part Time
Jonathan Gosson	\$18/hr	Part Time
Betty Melanson	\$13/hr	Part Time
Heman Mullen	\$16/hr	Part Time
Patricia Mullen	\$13/hr	Part Time
Daniel Sparks	\$15/hr	Part Time
Michael Thibeault	\$15/hr	Part Time
Dawn Ward	\$14/hr	Part Time
Victoria Brittain	\$13/hr	Part Time
Alexander Mullen	\$13/hr	Part Time
Joanne Mullen	\$13.5/hr	Part Time
Keith Sabine	\$18/hr	Part Time
Heather Saulnier	\$13/hr	Part Time
Charlie Ward	\$14/hr	Part Time
Esther Ward	\$14.5/hr	Part Time
Michael Ward	\$18/hr	Part Time

<b>Jonathan Mullen Mink Ranch</b>		
<b>Name</b>	<b>Rate</b>	<b>Full Time/Part Time</b>
Steven Jamieson (Manager)	\$20/hr	Full Time
Brian Gillis	\$14/hr	Part Time
Catlin Whynot	\$15/hr	Part Time

## SCHEDULE "C"

### Equipment

#### Machinery & Attachments:

- 2011 Norcar 670 DLA Feed Cart
- 2011 Norcar 810 DLA Feed Cart
- 2004 Doug Smith Feed Cart
- 2004 Kubota M8200 Tractor with Loader and Bucket (approx. 2,168 hrs)
- 2012 Norcar M601300 Feed Cart
- 2012 Norcar 660 Feed Cart
- 2011 Kobelco 215 SR 20 Ton Excavator with three buckets (approx. 878 hrs)
- HLA Tractor Fork
- HLA 3000 Horst Snow Blade (10 ft)
- Woods Bush Hog BB84
- 2011 HLA 3000 Horst Snow Blade (8 ft)

#### Vehicles:

- 2008 Chevrolet 3500 (Diesel)
- 2011 GMC Sierra Regular Cab (Diesel)
- 2011 Chevrolet Silverado LTZ (Diesel)

#### Trailers:

- 2000 Featherlite Stock Trailer Model #200
- 2006 LWL Gooseneck Tri-axle (20x8 ft)
- Mond 53ft Van Trailer

#### Equipment:

- Three - Hydra Works Gas Power Washers
- Lakefield Hydraulic Conveyor System
- Trade Master 5 Gallon Compressor
- Table Top Drill Press
- Bench Grinder
- Electric Cement Mixer
- 10 inch King Table Saw

#### Other:

- Mink Cages (Approximately 25,000)
- 20,000 lb Feed Silo
- 11,000 lb Feed Silo
- Kenmore washing machine
- Kenmore dryer
- Eight - 2,000 lb Insulated Fish Tubs with lids
- Three - Three wheel galvanized metal carts
- Five - Two wheel 40 box mink carts
- Two wheel metal cart
- Two - Wheel barrows
- Security System with DVR and Two Cameras
- Other Small Tools

## **SCHEDULE "D"**

### **Real Property with Permitted Encumbrances**

PID: 30344576: subject to mortgage in favour of Nova Scotia Farm Loan Board  
PID: 30145965: subject to mortgage in favour of Farm Credit Canada  
PID: 30145973: subject to mortgage in favour of Farm Credit Canada  
PID: 30273817: subject to mortgage in favour of Farm Credit Canada

### **Unencumbered Real Property**

PID: 30146070  
PID: 30146500  
PID: 30358329  
PID: 30358402  
PID: 30358410

## **SCHEDULE "E"**

### **Excluded Assets**

- 2014 New Holland T4.95A Tractor with 655TL Loader and Bucket (approx. 285 hrs)
- 2014 New Holland T4.95A Tractor with 655TL Loader and Bucket (approx. 525 hrs)
- 2013 Chevrolet Silverado Extended Cab LTZ

**SCHEDULE "F"**

Purchase Price Allocation

<u>Asset</u>	<u>Allocation of Purchase Price</u>
The following real property: PID: 30146070; PID: 30146500; PID: 30358329; PID: 30358402; PID: 30358410.	\$9,900 (the unencumbered real property amount)
The following real property: PID: 30344576; PID: 30145965; PID: 30145973; PID: 30273817:	The amounts due at closing on the mortgages in favour of Farm Credit Canada and Nova Scotia Farm Loan Board
Live mink, pelts, and the proceeds thereof	90% of purchase price, net of Pending AgriStability payment amount and the unencumbered real property amount
All Other personal property	10% of purchase price, net of Pending AgriStability payment amount and the unencumbered real property amount
Pending AgriStability payment	\$447,136, discounted at a 1% discount rate between the date of closing and the date of anticipated receipt (the Pending AgriStability payment amount)

**SCHEDULE "B"**  
**Monitor's Certificate**

2016

Hfx. No. 454744

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch  
Limited for relief under the Companies' Creditors Arrangement Act

**MONITOR'S CERTIFICATE**

RECITALS

A. Pursuant to an Order of the Supreme Court of Nova Scotia (the "Court") dated August 31, 2016, Deloitte Restructuring Inc. was appointed as the monitor (the "**Monitor**") of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "**Applicants**") in respect of these CCAA Proceedings.

B. Pursuant to an Order of the Court dated April 17, 2017 (the "**Sale Approval and Vesting Order**") the Court approved an asset sale transaction (the "**Transaction**") between the Applicants, as vendors, and North American Fur Auctions Inc., as the purchaser (the "**Purchaser**"), as reflected in a Stalking Horse Asset Purchase Agreement dated as at February 9, 2017 (the "**APA**"), for purchase and sale of the Applicants' right, title and interest in and to the assets and business undertaking of the Applicants described in the APA and the Sale Approval and Vesting Order (the "**Purchased Assets**"), foreclosed and forever barred as against the Purchased Assets and the Purchaser all "Claims" and "Encumbrances", (both terms as defined in the Sale Approval and Vesting Order and/or the Claims Procedure Order granted on April 7, 2017), and provided for the vesting in the Purchaser or the Purchaser's assignee, nominee or designate as the case may be, of the Applicants' right, title and interest in and to the Purchased Assets free and clear of any such Claims or Encumbrances, which foreclosure and vesting is to be effective with respect to the Purchased Assets upon the delivery to the Purchaser, or the Purchaser's assignee, nominee or designate as the case may be, of a certificate issued by the Monitor confirming (i) that



the conditions to closing as set out in the APA have been satisfied or waived by the Applicants and the Purchaser (as applicable); and (ii) the Transaction has been completed to the satisfaction of the Monitor.

C. Pursuant to the Sale Approval and Vesting Order, the Monitor may rely on written notice from the Applicants and the Purchaser regarding fulfilment of conditions to closing under the APA.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

**THE MONITOR CERTIFIES** the following:

1. The Purchaser, or the Purchaser's assignee, nominee or designate as the case may be, has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;
2. The Applicants and the Purchaser have each delivered written notice to the Monitor that all applicable conditions under the APA have been satisfied and/or waived, as applicable; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. The Purchaser's assignee, nominee or designate is \_\_\_\_\_.

This Certificate was delivered by the Monitor on \_\_\_\_\_, 2017 at \_\_\_ o'clock in the \_\_\_ noon.

Deloitte Restructuring Inc., in its capacity as Court appointed Monitor of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited and not in its personal or corporate capacity.

\_\_\_\_\_  
Per:

**SCHEDULE "C"**

**Encumbrances to be Expunged and Discharged as Against the Purchased Assets**

**Personal Property Security Act (Nova Scotia)**

VICTORY FARMS INCORPORATED

**American Legend Cooperative**

All personal property referred to in the following registration:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	14959589	2009-02-24 09:58	2014-02-24	SM001041.35
Amendment	16950461	2010-07-22 12:28	2014-02-24	SM001041.35
Renewal	21813316	2013-09-20 09:26	2019-02-24	

**Nova Scotia Farm Loan Board**

All personal property referred to in the following registration:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	17885872	2011-04-04 15:32	2026-04-04	11168
Renewal	19352442	2012-04-02 14:50	2027-04-04	

**North American Fur Auctions Inc.**

All personal property referred to in the following registrations:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	25043886	2015-10-14 16:35	2019-10-14	132400.006

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	26327759	2016-07-22 12:08	2022-07-22	134909

Workers' Compensation Board of Nova Scotia

All personal property referred to in the following registration:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	26029520	2016-05-31 14:28	2019-05-31	18208617

JONATHAN MULLEN MINK RANCH LIMITED**American Legend Cooperative**

All personal property referred to in the following registration:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	14959589	2009-02-24 09:58	2014-02-24	SM001041.35
Amendment	16950461	2010-07-22 12:28	2014-02-24	SM001041.35
Renewal	21613316	2013-09-20 09:26	2019-02-24	

**North American Fur Auctions Inc.**

All personal property referred to in the following registration:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	25043886	2015-10-14 16:35	2019-10-14	132400.006

**SCHEDULE "D"**

**Permitted Encumbrances**

VICTORY FARMS INCORPORATED

Real Property

**Recorded Interests**

<b>No.</b>	<b>PID</b>	<b>Interest Holder</b>	<b>Interest Holder Type</b>	<b>Type</b>	<b>Registration Date/ Instrument No.</b>
1.	30344576	Nova Scotia Farm Loan Board	Mortgagee	Mortgage	Apr 5, 2011/ 98076855
2.	30344576	Nova Scotia Farm Loan Board	Mortgagee	Mortgage	Mar 16, 2012/ 100292441

Together with all existing Burdens on the Registered Interests on PID 30344576

**FOR PURPOSES OF CLARITY**, the judgment in favour of the Nova Scotia Workers' Compensation Board registered in the Judgment Role for Digby County, Nova Scotia, on June 6, 2016, as Document Number 109046087, is not a Permitted Encumbrance.

Personal Property

**Farm Credit Canada**

All personal property referred to in the following registrations:

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19950286	2012-08-13 19:28	2018-08-13	1021.448943D

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20638359	2012-12-19 12:13	2018-12-19	1021.524625D

Bank of Nova Scotia

All personal property referred to in the following registration:

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	21653928	2013-08-13 17:06	2018-08-13	6258440

**Serial Numbered Collateral**

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKTE71DZ140701	Motor Vehicle	2013 Chevrolet Silverado 1500	21653928	

**CNH Industrial Capital Canada Ltd.**

All personal property referred to in the following registrations:

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	23159643	2014-08-08 11:26	2019-08-08	1489484-NH1
Amendment	23218381	2014-08-20 15:18	2019-08-08	1492233

**Serial Numbered Collateral**

Serial Number	Collateral Type	Description	Added By	Deleted By
ZEJT50884	Motor Vehicle	2014 NEWHOL T4.95A	23159643	

**Registration History**

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	23159650	2014-08-08 11:26	2019-08-08	1489485-NH1
Amendment	23218399	2014-08-20 15:19	2019-08-08	1492234

**Serial Numbered Collateral**

Serial Number	Collateral Type	Description	Added By	Deleted By
ZEJT50939	Motor Vehicle	2014 NEWHOL T4.95A	23159650	

JONATHAN MULLEN MINK RANCH LIMITED

Real Property

## Recorded Interests

<u>No.</u>	<u>PID</u>	<u>Interest Holder</u>	<u>Interest Holder Type</u>	<u>Type</u>	<u>Registration Date/ Instrument No.</u>
3.	30145965	Farm Credit Canada	Mortgagee	Mortgage	Oct 1, 2010/ 96917175
4.	30145973	Farm Credit Canada	Mortgagee	Mortgage	Oct 1, 2010/ 96917175
5.		Farm Credit Canada	Mortgagee	Mortgage	Oct 1, 2010/ 96917175

Together with all existing Burdens on the Registered Interests on PIDs 30145965, 30145973, 30273817, 30146070, 30146500, 30358329, 30358402, and 30358410.

## Personal Property

### Farm Credit Canada

All personal property referred to in the following registration:

#### Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19081413	2012-01-23 13:04	2018-01-23	0991.434323D