

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

THURSDAY, THE 28TH

MR. JUSTICE McEWEN

)

DAY OF NOVEMBER, 2019

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z
OO and NAFA POLSKA SP. Z OO

(the "Applicants")

STAY EXTENSION ORDER

THIS MOTION, made by the Applicants for an Order, *inter alia*: (a) extending the Stay Period (defined below) until and including January 31, 2020; (b) authorizing and directing the Applicants to sell, transfer, assign or dispose of certain assets, settle any indebtedness owed to the Applicants for a value not exceeding \$1,000,000, and return consigned goods upon request; (c) approving the actions of Deloitte Restructuring Inc., in its capacity as Court-appointed monitor of the Applicants (in such capacity, the "Monitor") as set out in the Monitor's reports; (d) sealing certain confidential exhibits, and certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Doug Lawson, sworn November 27, 2019 and the Exhibits thereto (the "**Lawson Affidavit**"), the Second Report of Deloitte Restructuring Inc., in its capacity as monitor for the Applicants (in such capacity, "**Monitor**"), and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the "**Agent**") for the lenders party (the "**Lenders**") to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the "**Credit Agreement**") from time to time, and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Jessica Wuthmann, sworn November 27, 2019, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of the Honourable Justice McEwen, dated October 31, 2019 (as amended and restated) (the "**Initial Order**").

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from November 29, 2019 until and including January 31, 2020.

ADDITIONAL AUTHORIZATIONS AND DIRECTIONS

4. **THIS COURT ORDERS** that the Applicants shall, in addition to the rights set out in the Initial Order, and subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Loan Agreement dated November 5, 2019, have the right to:
 - (a) sell, convey, transfer, lease, assign or dispose of any Kit Loans and Pelts subject to the SAGA Furs Transaction for consideration that is equal to or greater than that

which they would otherwise be receiving under the SAGA Furs Transaction, with the approval of the Monitor, the Agent and the DIP Lender;

- (b) settle or compromise any indebtedness owing to the Applicants in each case to a maximum of \$1,000,000 with the approval of the Monitor and the Agent; and
- (c) upon request of a consignor, return consigned goods of that consignor that are: (i) subject to the standard form consignment agreement (as attached as Exhibit "B" to the Lawson Affidavit), (ii) not in an intersorted lot, (iii) currently are in the possession of the Applicants, and (iv) not subject to any auction or other sale agreement, provided that the return of such consigned goods shall only be made with the approval of the Monitor, and upon receipt of payment by the applicable Applicant of any and all amounts owing by such consignors to the Applicants (including, without limitation, all outstanding Kit Loans, pelt advances and/or other loans and all applicable commissions, accrued interest, taxes, storage or insurance fees and other charges payable to the Applicants by such consignors), without any set-off, deduction, counterclaim or offset of any kind whatsoever.

APPROVAL OF MONITOR REPORTS AND ACTIONS

5. **THIS COURT ORDERS** that the Pre-filing Report of the Monitor, dated October 31, 2019, the First Report of the Monitor, dated November 7, 2019 (the "**Reports**"), and the actions, decisions and conduct of the Monitor as set out in the Reports are hereby authorized and approved.

SEALING OF CONFIDENTIAL EXHIBITS

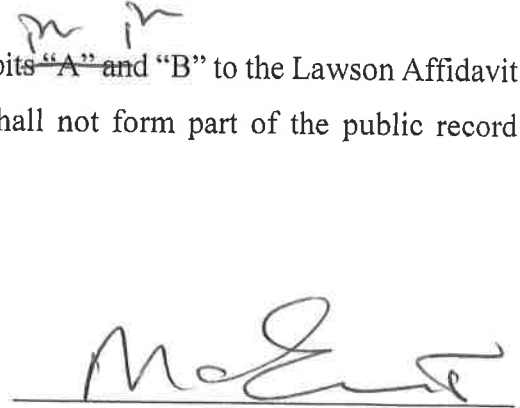
6. **THIS COURT ORDERS** that Confidential Exhibits ¹⁵ "A" and "B" to the Lawson Affidavit shall be and ~~are~~ hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

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PER / PAR:

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

Court File No. CV-19-00630241-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFFRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF U.A., NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO (the "Applicants")

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

David T. Ullmann (LSO # 423571)
Tel: (416) 596-4289
Fax: (416) 594-2437
Email: DUllmann@blaney.com

Alexandra Teodorescu (LSO #63889D)
Tel: (416) 596-4279
Fax: (416) 594-2506
Email: ATeodorescu@blaney.com

Jessica Wuthmann (LSO #72442W)
Tel: (416) 593-3924
Fax: (416) 594-3595
Email: JWuthmann@blaney.com

Counsel for the Applicants