

File Reference: SM001041- 48

September 21, 2016

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**Hand Delivered and Email**

The Honourable Justice Glen G. McDougall  
Supreme Court of Nova Scotia  
The Law Courts  
1815 Upper Water Street  
Halifax, NS B3J 1S7

My Lord:

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

We represent American Legend Cooperative ("**ALC**"), one of the significant secured creditors of the Applicants. Further to the appearance before Your Lordship on Friday, September 16, 2016 (the "**Hearing**"), please accept this letter as the submissions on behalf of ALC for the come-back hearing on Thursday, September 22, 2016.

ALC raised two concerns at the Hearing, being: (i) that no real need had been shown by the Applicants that interim financing was required; and (ii) the issue of a subordination and intercreditor agreement (the "**Intercreditor Agreement**") between ALC, North American Fur Auctions Limited ("**NAFA**"), Victory Farms Incorporated ("**Victory Farms**") and Jonathan L. Mullen and the provisions regarding payment from NAFA to ALC, pursuant to a loan provided to Victory Farms.

As set out in the submissions of ALC dated September 15, 2016 and raised before Your Lordship at the Hearing, NAFA has refused to make a final \$1,000,000 payment to ALC pursuant to the Intercreditor Agreement, and the expressed reason for the refusal was the pending insolvency of Victory Farms (see the affidavit of the undersigned sworn on September 15, 2016). Given that NAFA is the proposed interim financed lender, this has raised serious concerns and a potential double prejudice to ALC.

ALC does not take any significant issue with the relief being sought by the Applicants in the CCAA proceedings, other than as it may impact on any rights ALC may have under the Intercreditor Agreement against NAFA (pursuant to the loan to Victory Farms). ALC is not asking this Court to make any finding on the validity of the relief it may seek under the Intercreditor Agreement; however, should this Court grant the Order on the terms submitted last week, the Court will be, in essence, pre-deciding this matter. If the Order is granted on the initial terms, ALC may be foreclosed from pursuing any relief against NAFA under the Intercreditor Agreement.

ALC proposes that any Order issued by this Court avoid causing any harm to ALC and its rights under the Intercreditor Agreement. ALC requests that any Order contain the following term:

*Nothing in this Order or in any other Order in these proceedings shall be taken to restrict the ability of ALC and the DIP Lender to pursue their respective rights or to perform their respective obligations under the Subordination and Intercreditor Agreement dated October 19, 2015 between ALC, the DIP Lender, Victory Farms Incorporated and Jonathan L. Mullen (the "Intercreditor Agreement"). For greater certainty, to the extent the enforcement of any rights under the Intercreditor Agreement by any party shall be determined by a court of competent jurisdiction to require an Order from this Court in these proceedings, this clause shall be considered to be such Order without any further Order being required,*

ALC and counsel for the Applicant have been discussing this matter since the Hearing and discussions are on-going as to acceptable wording to present to the Court.

We would be pleased to respond to any questions which Your Lordship may have.

Respectfully,

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a vertical line and a short horizontal stroke at the bottom.

Maurice P. Chiasson, Q.C.

MPC/lms

cc. Tim Hill, Q.C.  
Pamela Branton  
Ben Durnford

Gina DiDiodato