

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*

AFFIDAVIT

I, Dale Theisen, of Renton, State of Washington, make oath and give evidence as follows:

1. I am President & CEO for American Legend Cooperative ("**ALC**"), one of the secured creditors of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "**Debtors**").
2. I have personal knowledge of the evidence sworn to in this affidavit except where otherwise stated to be based on information or belief.
3. I state, in this affidavit, the source of any information that is not based on my own personal knowledge, and I state my belief of the source.
4. Attached at Exhibit "A" is a copy of the Subordination and Intercreditor Agreement dated October 9, 2015 (the "**SIA**") between ALC, North America Fur Auctions Inc. ("**NAFA**") and Victory Farms Incorporated ("**Victory**") and Jonathan L. Mullen.
5. There is a continuing dispute between ALC and NAFA in relation to the interpretation and application of the SIA which dispute remains unresolved. Much of the evidence relevant to these issues has not been brought to the attention of this Court, nor to the attention of the Monitor.
6. Attached at Exhibit "B" is a copy of an assignment agreement dated August 21, 2014 (the "**Assignment**") pursuant to which Victory assigned to ALC its right to receive any and all payments under the AgriStability Program from the Federal Government (the "**AgriStability Program**").
7. Some time ago, ALC became aware that Victory made certain payments to NAFA from monies received from the AgriStability Program contrary to the terms of the Assignment.

- 8. Attached at Exhibit "C" is a copy of a demand letter (the "**ALC Demand Letter**") issued on May 1, 2017, 2017 by Miller Thomson LLP, legal counsel for ALC, to NAFA in relation to a dispute concerning the interpretation and application of various provisions of the SIA and also seeking the return of amounts paid to NAFA but originally assigned by Victory to ALC.
- 9. Attached at Exhibit "D" is a copy of a response from NAFA to the ALC Demand Letter dated May 12, 2017, 2017 from Blaney McMurtry LLP, counsel to NAFA.
- 10. If the dispute between ALC and NAFA in relation to the interpretation and application of the SIA and in relation to the Assignment is not resolved in the near future to the full satisfaction of ALC, it is the intention of ALC to proceed with litigation against NAFA to finally resolve the outstanding matters between them.
- 11. The resolution of the matters at issue between ALC and NAFA in relation to the SIA and the Assignment, either through negotiation or litigation, may have a significant impact on the interim distribution of proceeds proposed by the Monitor in the application currently before this Court.

Sworn to before me on the ____ day of August,)
 2017, at _____, State of)
 Washington, USA)
)
)

 A Notary Public in and for the State of
 Washington

2016

Hfx No. 454744

This is Exhibit "A" referred to in the
Affidavit of _____, sworn to
before me on August ____, 2017

A Notary Public in and for the State
of Washington

2016 Hfx No. 454744
This is Exhibit "B" referred to in the
Affidavit of _____, sworn to
before me on August ____, 2017

A Notary Public in and for the State
of Washington

2016 Hfx No. 454744
This is Exhibit "C" referred to in the
Affidavit of _____, sworn to
before me on August ____, 2017

A Notary Public in and for the State
of Washington

2016 Hfx No. 454744
This is Exhibit "D" referred to in the
Affidavit of _____, sworn to
before me on August ____, 2017

A Notary Public in and for the State
of Washington