

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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")

APPLICATION RECORD OF THE APPLICANTS

Date: October 31, 2019

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

David T. Ullmann (LSO # 42357I)
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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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")

SERVICE LIST

TO: DELOITTE LLP

Bay Adelaide Centre, East Tower
Suite 200, 22 Adelaide Street West
Toronto, Ontario M5H 0A9

Phil Reynolds

Tel: 416-956-9200
Fax: 416-601-6151
Email: philreynolds@deloitte.ca

Jorden Sleeth

Tel: 416-775-8858
Fax: 416-601-6151
Email: jsleeth@deloitte.ca

The Proposed Monitor

AND TO: BLAKE, CASSELS, & GRAYDON LLP

Barristers & Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Milly Chow

Tel: 416-863-2594
Fax: 416-863-2653
Email: milly.chow@blakes.com

Aryo Shalviri

Tel: 416-863-2962
Fax: 416-863-2653
Email: aryo.shalviri@blakes.com

Lawyers for Canadian Imperial Bank of
Canada (CIBC)

AND TO: **MILLER THOMSON**
Barristers and Solicitors
40 King Street West, Suite 5800
Toronto, Ontario M5H 3S1

Kyla Mahar

Tel: 416-597-4303
Fax: 416-595-8695
Email: kmahar@millerthomson.com

Lawyers for the Proposed Monitor

AND TO: **AIRD & BERLIS LLP**
Suite 200, 8 Adelaide Street West
Toronto, Ontario M5H 0A9

Sam Babe

Tel: 416-865-7718
Fax: 416-863-1515
Email: sbabe@airdberlis.com

Lawyers for Waygar Capital Inc.

AND TO: **FARM CREDIT CANADA**
1133 St. George Blvd, Suite 200
Moncton, New Brunswick E1E 4E1

AND TO: **KPMG CORPATE FINANCE**
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Katherine Forbes

Tel: 416-777-8107
Fax: 416-777-3364
Email: katherineforbes@kpmg.ca

Nick Brearton

Tel: 416-777-3768
Fax: 416-777-3364
Email: nbrearton@kpmg.ca

The Financial Advisor of the Company

AND TO: **DEPARTMENT OF JUSTICE**
Ontario Regional Office
130 King Street West
Suite 3400
Toronto, Ontario M5X 1K6

AND TO: **THORNTON GROUT FINNIGAN LLP**
Barristers & Solicitors
Suite 3200, 100 Wellington Street West
Toronto, Ontario M5K 1K7

Leanne M. Williams

Tel: 416-304-0060
Fax: 416-304-1313
Email: lwilliams@tgf.ca

Lawyers for Business Development Bank of
Canada

AND

TO: **ALVAREZ & MARSHAL**

Royal Bank Plaza, South Tower 200
Bay Street, Suite 2900, P.O. Box 22
Toronto, Ontario M5J 2J1

Doug McIntosh

Tel: 416-847-5150

Fax: 416-847-5201

Email: dmcintosh@alvarezandmarsal.com

Greg Karpel

Tel: 416-847-5170

Fax: 416-847-5201

Email: gkarpel@alvarezandmarsal.com

[The Financial Advisor for CIBC](#)

INDEX

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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**”)

I N D E X

Tab	Document
1	Notice of Application dated October 30, 2019
2	Affidavit of Doug Lawson sworn October 30, 2019
A	Third Amended and Restated Credit Agreement dated July 17, 2019
B	Officer’s Certificate dated August 28, 2019
C	Demand Letter and BIA Notice dated August 2, 2019
D	Forbearance Agreement dated August 14, 2019
E	Notice of Default Letter dated September 19, 2019
F	Two letters from the Dutch tax authorities dated September 11, 2019 (English Translation)
G	Fourth Amended and Restated Credit Agreement dated September 27, 2019
H	PPSA search results for 3306319, NAFA Properties, and NAFA
I	Property searches for the Toronto Properties
J	Draft Term Sheet for the DIP Facility
3	Draft Order

TAB 1

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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")



NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claims made by the Applicants appear on the following page.

THIS APPLICATION will come on for a hearing on October 31, 2019, at 10:00 a.m., at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date October 30, 2019
31

Issued by *Ray Williams* Ray Williams, Registrar
Local registrar

Address of 330 University Avenue
court office Toronto, Ontario M5G 1R7

TO: SERVICE LIST

APPLICATION

1. The Applicants make this application for an Order substantially in the form attached at Tab 3 of the Application Record, *inter alia*:
 - (a) abridging the time for service of this Notice of Application and dispensing with service on any person other than those served;
 - (b) declaring that the Applicants are parties to which *the Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") applies;
 - (c) appointing Deloitte Restructuring Inc. ("**Deloitte**") as an officer of this Court to monitor the assets, businesses and affairs of the Applicants (in such capacity, the "**Monitor**");
 - (d) staying all proceedings taken or that might be taken in respect of the Applicants, their directors and officers, or the Monitor (the "**Stay of Proceedings**");
 - (e) authorizing the Applicants to obtain and borrow under a debtor-in-possession credit facility (the "**DIP Facility**") to finance the harvesting of the current mink crop and other general corporate purposes and post-filing expenses and costs;
 - (f) approving a key employment retention plan (the "**KERP**") for the benefit of certain key executives and employees of the Applicants;
 - (g) granting the following charges over the property of the Applicants, listed in order of priorities:
 - (i) a charge in favour of counsel to the Applicants, the Monitor, counsel to the Monitor, the Financial Advisor (as defined below), and counsel to the directors and officers, if any (the "**Administration Charge**");

- (ii) a charge in favour of certain key employees to secure amounts owing to them under the KERP (the “**KERP Charge**”);
 - (iii) a charge in favour of the DIP Lender (as defined below) (the “**DIP Lender’s Charge**”); and
 - (iv) a charge in favour of the directors and officers of the Applicants, (the “**Directors’ Charge**”);
- (h) sealing certain Confidential Exhibits; and
- (i) such further and other relief as this Honourable Court may deem just.

2. The grounds for this application are:

Background

- (a) The Applicants are, collectively, in the business of farming, financing, preparing, grading and auctioning fur products, such as pelts and skins, for use in the garment industry. It is one of essentially three such companies in the world. The other two are based in Finland and Denmark.
- (b) The Applicants include foreign incorporated companies which facilitate the funding and collection of fur products in Europe and the United States for use at the auctions held in Canada. These entities are controlled from the Toronto head office of North American Fur Auctions Inc. (“**NAFA**”) and operate, along with the Canadian entities, as a cohesive unit whose main purpose is to provide furs to NAFA’s annual auctions held in Toronto.
- (c) The operational control for the Applicants occurs in Canada at the Company’s principal auction location and grading facility located in Toronto (the “**Head Office**”).

- (d) The Head Office (through Buyer Services and Logistics) is the shipping point for all buyer purchases acquired at auction and Head Office staff also pack, stage and co-ordinate shipments.
- (e) NAFA sells in excess of \$200,000,000 USD worth of fur products annually at the auctions it conducts. The Applicants employ in excess of 100 people worldwide at their Canadian and satellite offices, as well as a 300 seasonal workers worldwide from December to June.
- (f) NAFA also lends funds to farmers/ranchers who use those funds to fund the development of mink. Those farmers are then contractually bound to deliver those mink to NAFA for auction. These loans are referred to herein as “**Kit Loans.**”¹
- (g) The Head Office also controls and administers all Kit Loans finance, oversees all consignor accounts, and administers related consignor marketing activities for all the entities in the corporate structure.
- (h) The farmers who contract with NAFA for the Kit Loans are, once the loans are in place, completely dependent on NAFA for these funds to purchase necessities such as feed in order to grow the mink.
- (i) NAFA’s lending cycle ends around the end of November. Thereafter, the mink are harvested and turned into pelts for auction. The 2019 mink crop is nearing harvest, but it requires substantial funding for the next 3 to 6 weeks to complete the process.
- (j) The kits have little to no value to the Applicants or their creditors until the kits that are being funded are mature and can be converted into pelts. Once converted, the pelts are an

¹ Infant mink are called “Kits”.

internationally recognized and traded commodity with a high value, and the Kit Loans are almost 100% collectable.

- (k) The Applicants have historically bridged the gap between lending and harvest with bank financing. Its main lender, which is a syndicated lender led by the Canadian Imperial Bank of Commerce (collectively, the “**Syndicate**”), has provided credit facilities ranging between \$40,000,000 and \$60,000,000 depending on the time of year.
- (l) The Syndicate made demand in the summer of 2019 and ultimately stopped funding in late September.
- (m) The Applicants are facing a looming liquidity crisis and will be unable to meet their obligations, in particular their obligation to complete the funding of the Kit Loans, as they become due without protection under the CCAA.
- (n) The Applicants have determined that, in its business judgement and in consultation with its advisors, it is in the best interest of their business and stakeholders to file for CCAA protection.
- (o) The Applicants believe that the inherent flexibility of the CCAA and the oversight of the Monitor, is the only practical method to ensure that all stakeholders are treated as fairly as possible and that recoveries are maximized.
- (p) Deloitte has consented to act as the Monitor.

DIP Facility

- (q) The cash flow put forward by the Applicants, in consultation with the Monitor and the Company’s financial advisor, demonstrates that the Applicants likely require DIP financing to ensure that they are able to meet their obligations during the Stay of

Proceedings. Accordingly, the Applicants have sought and Waygar Capital Inc. (the “**DIP Lender**”) has advised it will provide the Applicants with a DIP Facility up to \$5 million (subject to certain conditions).

- (r) The DIP Lender requires an Initial Order of this Honourable Court under the CCAA providing for a super-priority charge on all of the assets and property of the Applicants (subject only to certain court-ordered charges) as security for the DIP Facility.
- (s) Without the DIP Facility, the Company will likely be unable to meet its immediate cash flow requirements and its advisors concur that it is prudent to have this DIP Facility available.
- (t) It is contemplated that the DIP Facility will be repayable within 90 days and is a short term arrangement as the Applicants do not anticipate a long term need for DIP financing once the immediate liquidity crises in relation to the Kit Loans has been managed.
- (u) The Company is negotiating in real time with the Syndicate and the DIP Lender the terms under which the funding can be provided.

SAGA Furs Transaction

- (v) To address their liquidity needs, the Applicants have sought and received from SAGA Furs (one of their principal competitors) an LOI to allow SAGA Furs to acquire certain of the Kit Loans in October and November on certain terms (the “**SAGA Furs Transaction**”).
- (w) If completed, the SAGA Furs Transaction will provide immediate liquidity which, assuming the Syndicate allows the Applicants to access those proceeds and the Applicants receive DIP funding, will allow the Applicants to harvest the current mink crop and thereafter to reconsider their business operations.

- (x) The Applicants have determined, in consultation with the Syndicate and their advisors, that in their business judgement, it is in the best interest of the business and the stakeholders to pursue the SAGA Furs Transaction.
- (y) The Applicants have, on notice to the Syndicate, already undertaken and begun processing the Kit Loans in accordance with the SAGA Furs Transaction and funding from the first of these purchased loans are expected this week in the amount of several million dollars USD.

KERP

- (z) The Applicants, along with their advisors, have developed a KERP to facilitate and encourage the continued participation of senior management and other key employees of the Applicants in the business and the restructuring.
- (aa) The KERP provides appropriate incentives for the Applicants' key employees to remain in their current positions and ensures that they are properly compensated for their assistance in the restructuring process as has been reviewed by the proposed Monitor.

Financial Advisor

- (bb) The Applicants are seeking the Court's approval for the continued engagement of KPMG Inc. and KPMG Corporate Finance as financial advisor to the Applicants (the "**Financial Advisor**").
- (cc) The Financial Advisor's expertise and experience has benefited the Applicants in their restructuring efforts to date, and the Applicants will require the Financial Advisor's assistance in connection with upcoming steps in these proceedings.

Stay of Proceedings

- (dd) The Applicants require the Stay of Proceedings and the other relief sought to permit the Applicants to continue operating as they pursue restructuring options including reorganization and a potential sale of some of the Kit Loans in order to maximize enterprise value.
- (ee) It is necessary and in the best interests of the Applicants that the Applicants be afforded the “breathing space” provided by the CCAA as they attempt to restructure their business.

Other Grounds

- (ff) The Applicants are insolvent.
- (gg) The Applicants are all debtor companies and/or affiliated companies to which the CCAA applies.
- (hh) The claims against the Applicants exceed \$5 million; the Applicants are indebted to the Syndicate, led by CIBC, in excess of \$30,000,000. All of the Applicants (other than 2) are either borrowers or guarantors of that debt.
- (ii) The Applicants have material unsecured creditors beyond the amounts owing to the Syndicate, and several real properties with real property mortgages. These amounts are in likely in excess of \$25,000,000.
- (jj) The cash flows and economic analysis provided in the confidential appendices are confidential in nature and contain confidential business information, the public disclosure of which would materially and negatively impact the ability of the Applicants to restructure.

- (kk) The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.
 - (ll) Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
 - (mm) Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended.
 - (nn) Section 10 and 11 of the CCAA.
 - (oo) Such further and other grounds as are set out in the Application Record and as counsel may advise and this Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of Doug Lawson sworn October 29, 2019 and the exhibits attached thereto;
 - (b) consent of the proposed Monitor; and
 - (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

Date: October 30, 2019

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

David T. Ullmann (LSO # 42357I)
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

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., NAFFRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, 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

Notice of

APPLICATION

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

TAB 2

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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**")

AFFIDAVIT OF DOUG LAWSON

I, **DOUG LAWSON**, of the City of Toronto, in the Province of Ontario, **AFFIRM AND SAY**:

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc. (the "**Company**" or "**NAFA**") and as such have knowledge as to the matters which I hereinafter depose. To the extent I am recounting information provided to me by others, I have stated the source of that information and verily believe it to be true.
2. I swear this affidavit in support of an Application by the Applicants seeking protection from their creditors pursuant to the provisions of the *Companies' Creditors Arrangement Act* (the "**CCA**").

3. All currency references in this affidavit are in USD, the primary operating currency for the Applicants, unless otherwise noted.
4. The Applicants' key lending syndicate (the "**Syndicate**") has advised that it will no longer provide further funding to the Applicants. As such, the Applicants unable to meet certain of their key liabilities as they fall due, in particular their obligation to provide funding to more than 50 farmers around the world who rely on those funds to grow and harvest animals (mainly mink) for sale by NAFA. As a result, the Applicants seek the following urgent relief to:
 - a. ensure continuity of management control (albeit in a public process supervised by a court officer);
 - b. receive priority debtor in possession ("**DIP**") financing ("**DIP Financing**") to allow the Applicants to maintain operations and address the funding needs of their farming clients;
 - c. pursue a transaction for the refinancing of their obligations; and
 - d. have "breathing space" within which to formulate a restructuring plan satisfactory to the stakeholders.
5. In the last week, the Company has entered into an arrangement with one of its competitors that provides it with immediate liquidity which, in combination with some short term DIP Financing described herein, should provide the Applicants with the necessary breathing space to consider their options and obligations to stakeholders.

Company Background and Recent Events

6. NAFA has a corporate lineage, in one corporate incarnation or another, which is approximately 350 years long. It is the direct corporate descendant of the original Hudson

Bay Fur Trading Company and later the Hudson's Bay Company ("**HBC**"). Its logo recounts that it has been in business since the year 1670:



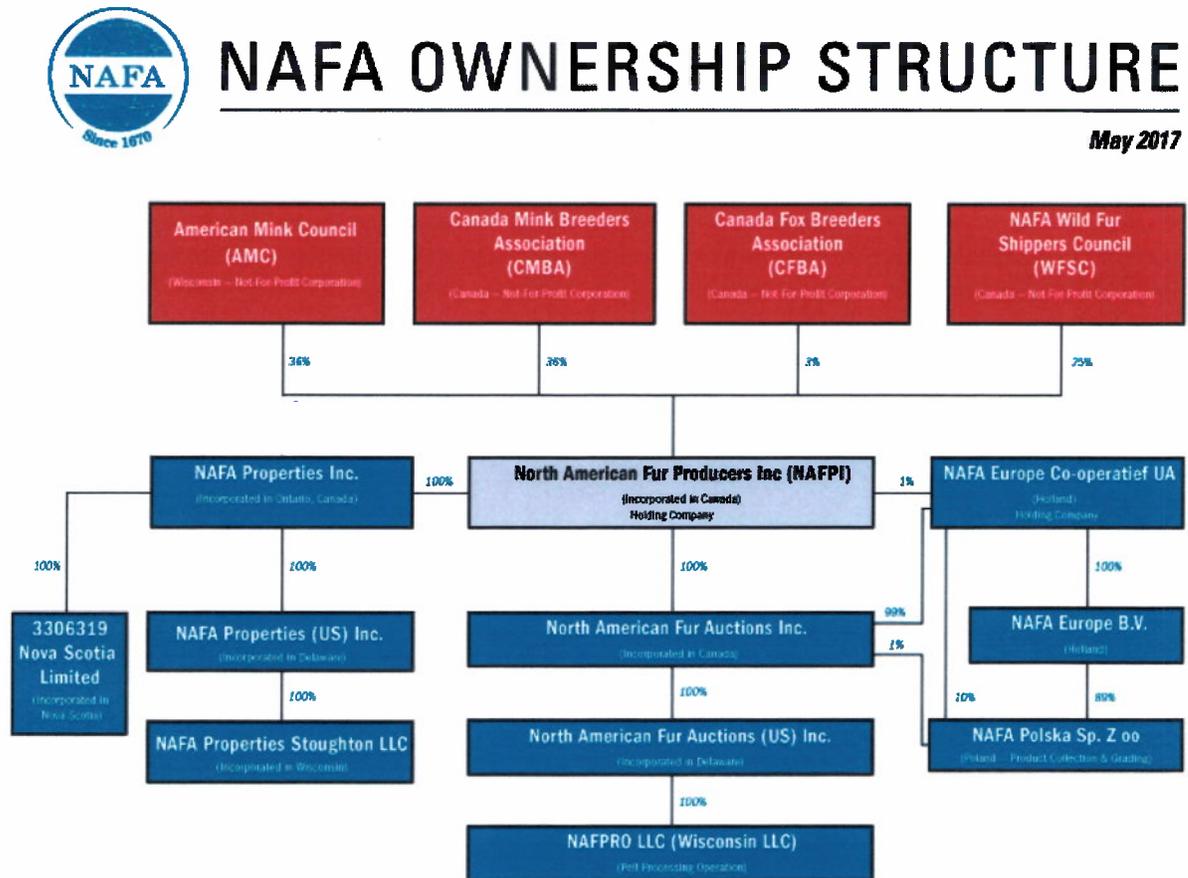
7. NAFA is in the business of farming, financing, preparing, grading and auctioning fur products, such as raw fur Pelts ("**Pelts**"), for use in the garment industry. It is one of essentially three such companies in the world that operate in this industry with similar size and scale. The other two are based in Finland and Denmark. There is no material North American competitor that provides these services.
8. NAFA sells in excess of \$200,000,000 worth of fur products annually at the auctions it conducts, as described in greater detail below. It employs in excess of 100 people worldwide through the Canadian and foreign subsidiaries, as well as approximately 300 seasonal workers worldwide from December to June annually.
9. NAFA had lending facilities with the Syndicate in the amount of approximately \$50,000,000 to \$80,000,000, depending on the time of year (as explained below). It is currently indebted to the Syndicate in the amount of approximately \$32,000,000 as at October 28, 2019.

Corporate Structure and Business of the Applicants

10. NAFA has two principal sources of revenue. It collects interest and fees on loans it makes into the fur farming industry, and it collects consignor and buyer commissions and related auction charges, and amounts due from those loans, when it conducts its auctions to sell those fur products.
11. In addition, NAFA makes loans to farmers to support those businesses in excess of and separate from the Kit Loans (as defined below). NAFA also includes 3306319 Nova Scotia Limited (“3306319”), which owns one mink farm in Nova Scotia. 3306319 generates 48,000 Pelts annually worth approximately \$1,500,000 CAD.
12. The Company also provides storage facilities for furs from around the world for entities which have purchased and not collected furs from previous auctions or for parties who wish to store fur pending future auctions. The Company also stores furs provided to it for an auction but which have failed to sell, with instructions to sell those furs at a future auction.
13. Between the NAFA owned furs and the furs in storage, NAFA currently has approximately 1,000,000 Pelts worth approximately \$25,000,000 on hand. Less than \$250,000 worth of these Pelts are NAFA’s inventory, while the remainder are furs that NAFA is storing on behalf of their owners as described above.
14. The Applicants, although located in different countries, are principally controlled by and do business through the Canadian operations of NAFA. The Canadian operations conduct the auctions, oversee the lending operations, and have central command and control over the material decisions made at the subsidiaries. All business of the Applicants is focused on the delivery of Pelts to the Canadian operations centralized around NAFA to be auctioned at NAFA’s Head Office (as defined below) in Toronto. All funding of loans, collection of loans,

and receipt of proceeds are also conducted at the Head Office location and by the staff in Canada, as further set out below.

15. The corporate structure of the Applicants is set out in the chart below:



16. In addition to the entities in the above corporate chart, there is an additional entity in Poland named Daikoku Sp.Z oo (“**Daikoku**”), which is a direct subsidiary of NAFA.
17. Operational control for the entities in this corporate structure is conducted from the head office located at 65 Skyway Avenue, Toronto, which is also the Company’s principal auction location and grading facility (the “**Head Office**”). The Company’s principal distribution facility is located at 500 Carlingview Drive, Toronto. All buyer services, marketing services, buyer

logistics, storage of sold goods and related activities are carried out within these two buildings.

18. The Head Office staff control and administer all consignor loans finance, oversee all consignor accounts, and administer related consignor marketing activities for all the entities in the corporate structure. The Head Office deals with soliciting ranch mink, ranch fox and wild fur within Canada. It is a major receiving depot (receiving individual Pelts into accounts, ticketing for identification, and CITES¹ registration and administration) for both wild fur and ranched fur.
19. The Head Office (through Buyer Services and Logistics) is the shipping point for all buyer purchases acquired at auction and staff at the Head Office pack, stage and co-ordinate shipments. NAFA is the major staging location and co-ordination facility for intercompany shipments between NAFA Europe B.V. ("**NAFA Europe**") and North American Fur Auctions (US) Inc. ("**NAFA USA**").
20. North American Fur Producers Inc. ("**NAFPI**") is the holding company for the producer associations. The producer association shareholders appoint the NAFPI Board of Directors, who in turn, nominate the directors for NAFA.
21. NAFA Properties Inc. ("**NAFA Properties**") is wholly owned by NAFPI. It owns and maintains various properties located within Canada, including the Carlingview property.
22. 3306319 is a fur farm operation located in Nova Scotia and owned by NAFA Properties.
23. NAFA USA is wholly owned by the Company. NAFA USA performs all soliciting functions within the United States, administers the American consignor accounts, serves as a receiving deposit for the American goods, and serves as a major grading depot for ranch mink and wild fur. The two facilities in the United States commonly receive and grade mink

¹ Convention on International Trade of Endangered Species of Wild Flora and Fauna.

and varying types of wild fur. NAFA USA is also currently storing Pelts. It also owns one of the two properties located in Stoughton, Wisconsin. This building is used primarily as the USA head office and grading facility (also containing the former NAFPRO LLC (Wisconsin LLC) ("**NAFPRO**") facility).

24. NAFA Properties (US) Inc. ("**NAFA Properties US**") is wholly owned by NAFA Properties. It owns a warehouse in Stoughton, Wisconsin, through NAFA Properties Stoughton LLC, that was under a graduated development as an eventual replacement building for all Stoughton operations, but is currently used primarily for cold storage, packing, and wild fur receiving.
25. NAFPRO is wholly owned by NAFA US. Its function was to receive "green" mink Pelts and process them into dry, raw and stable Pelts suitable for grading. This operation has been, or is in the process of being, closed and will not operate in the 2019/2020 season.
26. The Pelts that are being processed through NAFPRO and are currently graded and stored through NAFA USA and NAFA Properties US will ultimately be shipped to Canada to be sold at NAFA's auctions held at the Head Office.
27. NAFA Europe ran the Western European office, which has since been closed. It administered and paid for all non-Polish solicitors working outside of Poland and in countries including the Netherlands and Denmark. It also administered account proceeds for all European Consignor Auction revenue. As set out above, the accounts for consignor auctions handled through NAFA Europe were ultimately coordinated and controlled by the staff at the Head Office. These operations have now been closed and transitioned to NAFA Polska (as defined below).
28. NAFA Polska Sp. Z oo ("**NAFA Polska**") is the company tasked with the collection and grading of European origin ranch mink for delivery to the Canadian auction. NAFA Polska

serves a cold storage function for 805,000 Pelts and provides the facility for much of the NAFA team located in Europe to operate from. NAFA Polska's grading capacity is about 8,000,000 Pelts per year. These furs are also ultimately shipped to and auctioned in Canada.

29. Diakoku is a fur farm operation located in Poland.
30. NAFA Europe Co-operatief UA ("**NAFA Co-op**") is a holding company for all NAFA entities in Europe.
31. NAFA also operates the largest wild fur auction house in North America. Annually, NAFA facilitates the sale of approximately \$25,000,000 worth of wild fur.²
32. This part of NAFA's business is extremely important to the North American wild fur industry, particularly to the aboriginal community that uses NAFA's wild fur auction house as an important way of selling their furs.
33. NAFA's wild fur business administration also assists the Canadian Ministry of Natural Resources and Forestry to monitor the catching and trapping of animals across Canada, including with respect to the limits related to endangered species.
34. The Applicants own or lease the following real estate:
 - a. NAFPI – 65 Skyway Avenue, Toronto, Ontario (lease);
 - b. NAFA Properties – 500 Carlingview Avenue, Toronto (owned);
 - c. NAFA USA - 205 Industrial Circle, Stoughton, Wisconsin, U.S.A. (owned);
 - d. NAFA Properties Stoughton LLC - 1600 Williams Drive, Stoughton, Wisconsin (owned);

² "Wild fur" are furs trapped in the traditional sense as opposed to farm raised furs which make up the majority of the fur industry.

- e. NAFA Polska - ul. Granitowa 10 in Goleniow, Poland (composed of 0.8916 hectares of land and development erected thereon) (owned);
 - f. NAFA Polska – ul Produkcyjna in Goleniow, Poland (composed of 0.8003 hectares of land and development erected thereon) (owned);
 - g. 3306319 – 569 Middle Cross Road, Roxville, N.S.;
 - h. 3306319 – 241 Riverdale Road, Riverdale, N.S.; and
 - i. Daikoku - 72-100 Lozienica, Poland (a farm that is leased).
35. NAFA conducts three auctions a year, which are held at its Head Office location. The last of these auctions was just concluded successfully on August 27, 2019. The next auction is currently scheduled to be held in March, 2020.
36. During the period between July and March, the Applicants have traditionally had access to bank financing to fund the growing cycle for their product, which I understand to be similar to other agricultural businesses.
37. In particular, from the period of July until November in most years, including this one, NAFA borrows in excess of \$45,000,000, a portion of which is lent to farmers/ranchers who use those funds to fund the development of mink. Those farmers are then contractually bound to deliver those mink to NAFA for auction. These loans are referred to herein as “**Kit Loans**”.³
38. The farmers who contract with NAFA for the Kit Loans are, once the loans are in place, completely dependent on NAFA for these funds to purchase necessities such as feed in order to grow the mink.

³ Infant mink are called “Kits”.

39. NAFA's lending cycle ends around the end of November each year. Thereafter, the mink are harvested and turned into Pelts for auction.
40. NAFA's lenders, and in particular the Syndicate, have made loans to NAFA to fund this farming cycle for decades (since the late 1980's).
41. This year, in both May and July, the Syndicate confirmed its willingness to do so again (subject to certain terms) and entered into a new loan agreement with NAFA in July, as further described below.

Dealings with the Syndicate

42. In 2018, NAFA decided to delay its third auction in 2019 (which would usually have been in July) to the end of August. This decision was made in April of 2018 and was made known to the Canadian Imperial Bank of Commerce ("**CIBC**" or the "**Agent**"), the Agent for the Syndicate, at that time.
43. The other two 2019 auctions were scheduled to take place in March and June 2019.
44. Although the results from the auctions held in March and June 2019 were acceptable competitively and relative to the current market, the results of the auctions were materially below projections.
45. The auction results in June were depressed, in part, by changes in the worldwide price for mink and other furs, which trade as commodities and are subject to the volatility as other internationally traded commodities.
46. At the end of June, I voluntarily approached CIBC and advised my principal bank contact that due to the poor outcome of the auction in June, and the fact that the auction normally held in July was taking place in August, NAFA would not have sufficient cash to fund the Kit Loans in July and August without assistance from the Syndicate.

47. In particular, NAFA calculated that it would require a bulge facility from the Syndicate in the amount of up to \$20,000,000. The Company had previously requested and received bulge facilities from the Syndicate in prior years.
48. At that time, the total amount owing to the Syndicate was approximately \$45,000,000.
49. The Agent was advised that NAFA intended to hold its auction in August (as scheduled) and that when it did so, it was expected that it would return to a more usual level of debt with the Syndicate.
50. On July 8, 2019, a meeting was held between the Agent's Special Loans group, its financial advisors, the Company's financial advisors, and representatives from the other lenders from the Syndicate and counsel to canvass options and concerns.
51. Following that meeting, the Company and the Syndicate entered into a new credit agreement whereby the Syndicate agreed to provide funding to the Company for the period from July 17, 2019 up to and including the current date and beyond. A copy of that Credit Agreement (the "**Credit Agreement**") is attached hereto and marked as **Exhibit "A"**.
52. The Credit Agreement is extremely dense and complex, reflecting the size and complexity of the loan products used in the NAFA business. I will not describe it in detail here. I will note that, as was confirmed in July of this year, all of the Applicants (with the exception of Daikoku, NAFA Europe and NAFA Co-op) were either borrowers or guarantors under the Credit Agreement, with the guarantors guaranteeing the entire amount of the debt, jointly and severally.
53. In the Credit Agreement, CIBC affirmed that it would continue to provide funding to ensure that the Kit Loan payments were made. In reliance on this fact, NAFA made it known to their farmers that they could reasonably expect to continue to receive the Kit Loans for this growing season.

54. Attached as Schedule "1.1.23" of the Credit Agreement was a cash flow forecast which strictly limited the Company's disbursements and the Company covenanted to follow it.
55. The new Credit Agreement was focused on three new business points:
- a. First, the Company would diligently follow the cash flow, which would be closely monitored by the parties and their financial advisors;
 - b. Second, the Company would engage in an aggressive program to sell the business, or part of it, and would immediately hire KPMG Corporate Finance ("**KPMG Corporate**") to spearhead that initiative; and
 - c. Third, the Company would conduct the August auction in the usual course and ensure maximum recovery from those assets.
56. The cash flow forecast was prepared after careful and detailed review by KPMG Inc. ("**KPMG**") (our auditor and financial advisors), the Agent, its counsel and their financial advisor, Alvarez & Marsal Canada ULC ("**Alvarez**").
57. Pursuant to the cash flow forecast, the Syndicate did allow for funding to be made to pay the Kit Loans and the Company did so. Thereafter, the Kit Loans were generally kept current to the farmers until October 17, 2019, as further described below.
58. The Company held its auction in August, 2019 as agreed.
59. The Company was obliged, pursuant to its credit and other arrangements with the Syndicate, to certify by August 30th that the receipts from that auction were at least \$53,000,000. In fact the auction proceeds were in excess of \$55,600,000, as certified in the certificate provided to the Syndicate, which is attached hereto and marked as **Exhibit "B"**.
60. As required by the Credit Agreement, the Company hired KPMG Corporate in July 2019, who began the process of seeking sale or refinance opportunities for the Company.

Immediately after being retained, KPMG Corporate advised the Company and CIBC that while a strategic sale of some or all of the Company was possible, the deadlines set out in the Credit Agreement were unrealistic in its view.

61. The Syndicate made demand on the Company on August 2, 2019 and issued notices of intent to enforce under the *Bankruptcy and Insolvency Act* (“**BIA**”), largely because the Company had failed to meet the sales guidelines. Attached hereto and marked as **Exhibit “C”** are copies of the demand letters and BIA notice.
62. By August 14, 2019, the Syndicate had agreed to a forbearance with the Company and the Syndicate agreed to new timelines for the sale process which were supported by KPMG Corporate (“**Forbearance Agreement**”). A copy of the Forbearance Agreement is attached hereto and marked as **Exhibit “D”**.
63. The Company continued to follow its cash flow forecast (as amended from time to time with the agreement of the Syndicate) and delivered the first SAGA LOI (described below) within the timeline provided in the Forbearance Agreement.
64. The Company has substantially lived up to its obligations under the Credit Agreement and the Forbearance Agreement (as amended) except in regards to certain covenants to sell certain assets and/or enter into merger transactions within the timeframes that proved to be unrealistic.
65. On September 19, 2019, the Syndicate issued a default letter purportedly terminating the Forbearance Agreement and the Credit Agreement. While I did not agree that there had been a default which entitled the Syndicate to issue the default letter, the Forbearance Agreement expired in any event on September 19, 2019 and so NAFA did not contest it as it seemed a moot point. Attached hereto and marked as **Exhibit “E”** is the default letter, dated September 19, 2019 from counsel to CIBC.

66. Since September 19, 2019, the Syndicate has not made any further cash advances to NAFA.

The Waygar Refinancing Transaction and First Interim Funding

67. In accordance with the sale process sanctioned by the Credit Agreement and subsequent forbearances, the Company solicited and received a letter of intent from Waygar Capital Inc. ("**Waygar**") on or about August 27, 2019, under which Waygar expressed its intent to finance the Company.
68. Waygar advised of its intent to advance \$60,000,000 in loan repayment and working capital by mid-October, 2019.
69. At a conference call attended by Waygar, the Agent, and all of the advisors on September 19, 2019, Waygar advised that it had delayed moving forward with its loan until the Company made the majority of the payments owing by it to parties who had supplied furs to NAFA on consignment for the August auction from the proceeds of that auction. As a result, Waygar advised that it would now not be able to meet its planned advance date to retire the Syndicate's indebtedness, upon which the Company had relied. Those payments were made, as scheduled, on September 17, 2019.
70. On or about September 18, 2019, the Company was advised by the tax authorities in the Netherlands that they had sequestered funds (ultimately totalling approximately 1.2 million Euros – subsequently reduced to 830,000 Euros, which has been transferred to the Dutch Tax authorities as security and approximately 100,000 Euros held in a Rabobank account) due to suspicion that, in the past, funds which were payable to certain consignors of furs to the three major fur auction companies in Europe (including NAFA), were part of a tax fraud scheme being perpetrated by the intended recipients. The investigation is going to go back in time approximately fourteen years.

71. No allegation was made specifically against NAFA in this regard, but the suspension of the funds further depleted the availability of funds for NAFA and further complicated NAFA's ability to make payments of any kind into Europe. Two letters from the Dutch tax authority dated September 11, 2019 are attached hereto and marked as **Exhibit "F"** along with a translation.
72. Following this, the Agent advised the Company on Saturday, September 21, 2019 that it intended to place the Company into receivership.
73. In response, on Sunday, September 22, 2019, the Company arranged for interim funding from Waygar.
74. In particular, Waygar agreed to advance, and the Syndicate agreed to allow, up to \$8,000,000 to fund operations until the closing of the \$60,000,000 financing with Waygar, which was to take place on October 17, 2019.
75. Waygar provided the interim financing through Waygar joining the Syndicate, as set out in the agreement attached hereto and marked as **Exhibit "G"**.
76. The key terms of the advance between Waygar and the Syndicate were that Waygar would advance the funds and would have first priority to repayment of those funds. The funding was principally to be used to fund Kit Loan obligations. That funding closed on September 27, 2019.
77. It was my understanding, based on multiple conversations which I attended with the Agent and/or its advisors (along with NAFA's advisors) that the Syndicate recognized the utility in making this funding to the farmers in order to ensure the further development of the kits into harvestable product.
78. I believe that it is understood among the Company, the Syndicate and our respective advisors, that under-funded and under fed kits are essentially valueless.

79. By comparison, it is estimated by our advisors that the conservative market value of the kits, which are subject to Kit Loans, and anticipated to be converted into Pelts would be in excess of \$90,000,000 once harvested. Based on the terms of the current 2019 Kit Loans, approximately \$65,000,000 would be payable to the Company to repay those loans upon those animals being pelted, auctioned and sold (assuming NAFA completed its loans to all of these farmers).

Termination of the \$60,000,000 refinance Waygar Transaction

80. On October 14, 2019, Waygar advised the balance of the Syndicate (the “**Original Syndicate**”) and the Company that it was no longer prepared to enter into long term funding with the Company or provide the \$60,000,000.
81. Confronted with the fact that the Company was going to be unable to fund its Kit Loans or other obligations beyond day-to-day operations after October 17, 2019, the Company approached each of Waygar and the Original Syndicate members to seek interim funding to allow it to finish the Kit Loans and operate.
82. The Agent advised the Company, at an all parties meeting on October 15, 2019, that the Syndicate was unwilling to provide any further funding to the Company. On the other hand, the Agent advised that the Syndicate might be willing to consider allowing for the Company to consume certain easy to liquidate assets, if that might provide it some runway before it ran out of funds.
83. CIBC also advised that it would not allow for further DIP funding from Waygar to come in ahead of the Original Syndicate.
84. Further, CIBC advised that in its opinion, there may not be sufficient value in the current business to even repay the \$8,000,000 due to Waygar in priority to the Original Syndicate. I disagree with this statement.

85. The Agent strongly encouraged the Company to seek a transaction with its competitors to see if that might either solve the liquidity issues or provide a basis for a merger, transaction or wind-down.
86. Waygar, confirmed on October 18 and October 20, 2019, that it was prepared to provide DIP Financing to allow the Company to meet its Kit Loan obligations. As set out below, Waygar has provided a term sheet outlining a DIP funding transaction which, if approved by the Court, will provide the Company with the funding to move forward.
87. In the interim, while continuing to operate in the normal course (subject to its extreme cash constraints), the Company has pursued a transaction with its competitor, SAGA Furs ("**SAGA**"), to address these liquidity issues.

The SAGA Furs Transaction

88. Since July of this year, NAFA has been engaged in negotiations with SAGA about a possible transaction. The transaction was sourced and organized by KPMG Corporate in accordance with the mandate provided to it pursuant to the Credit Agreement. Various iterations of the transaction were vetted and considered from time to time by KPMG Corporate and reported to the Syndicate and Alvarez.
89. SAGA provided the Company with an LOI to allow it to acquire certain of the Kit Loans in August (the "**August LOI**"), but that transaction was not pursued at that time because of the opportunity provided by the anticipated transaction with Waygar which NAFA thought would retire the Original Syndicate loan or provide the business with a path forward.
90. On October 20, 2019, the Company and KPMG Corporate solicited and received a new LOI from SAGA (the "**SAGA LOI**"). A copy of the SAGA LOI is attached hereto as **Confidential Exhibit "A"** to this affidavit.

91. Fundamentally, the SAGA LOI proposes a transaction which allows for NAFA to receive some or all of the present value of the outstanding Kit Loans, without having to wait to recover those amounts from auction proceeds which would not otherwise be available until March, 2020 or later. In exchange for this, NAFA is surrendering the right to auction these kits at its March auction, and foregoing the profit it would make from conducting such an auction.
92. The SAGA LOI sets out the following deal terms:
- a. SAGA would provide immediate funding to NAFA with respect to certain farmers in Europe who had outstanding Kit Loans, up to the amount of those loans (which certain advances made by it would be repaid to NAFA). In accordance with the terms of SAGA LOI, these farmers are referred to as the “**Schedule 1 Farmers.**”
 - b. SAGA would fund the balance of the requirements owing under the Kit Loans for the balance of the season for the Schedule 1 Farmers, thereby relieving NAFA of the obligation to do so.
 - c. SAGA would take over funding the pelting, grading and auctioning of the kits subject to Kit Loans.
 - d. SAGA would also make offers to acquire the balance of the European Kit Loans from the other European farmers, which are referred to as the “**Schedule 2 Farmers**”. In respect of these farmers, SAGA would provide NAFA with an amount equal to 85% of the past market price averages. The balance due for these Kit Loans would be paid when the kit Pelts were auctioned by SAGA.
 - e. To the extent NAFA was owed anything from the farmers beyond the payment contemplated in sub-paragraphs a) or b) above to be financed by SAGA, it would have a second secured position over the Pelts which were the subject of the Kit

Loans and would be paid the balance owing to them from the proceeds realized at auction.

- f. SAGA also offered a similar structure for NAFA's North American Kit Loans, but on a less immediate basis.
- g. A commission fee would be payable to NAFA in connection with the Pelts to be sold at auction provided through this structure (the "**SAGA Furs Transaction**").

Immediate Cash Flow Impact of the SAGA Furs Transaction

- 93. On October 21, 2019, the Company, in consultation with KPMG provided to the Syndicate and Alvarez two cash flow forecasts for the period of October 11 to December 13, 2019, which assumed the SAGA Furs Transaction would be performed and the Company could utilize some or all of that cash to meet its remaining Kit Loan obligations and operational obligations. Those cash flows are attached hereto as **Confidential Exhibit "B1"** and **"B2"** to this affidavit.
- 94. These illustrative cash flow forecasts are no longer current as the Company has continued to work with KPMG to prepare a cash flow forecast for these CCAA proceedings. Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as proposed monitor for the Applicants (the "**Proposed Monitor**") is currently working with the Company and KPMG to review and finalize the cash flow forecasts, as discussed below.
- 95. The Company, with the assistance of KPMG, also reviewed and provided an analysis of the benefit of the SAGA Furs Transaction to the Syndicate and Alvarez. A copy of this analysis is attached hereto and marked as **Confidential Exhibit "C"**. The analysis was positive.
- 96. Having reviewed the SAGA Furs Transaction with KPMG Corporate, KPMG, the Syndicate and its advisors, and with particular regard to the fact that the Syndicate was unwilling to

provide any further bridge funding or any funding at all, the Company determined that the SAGA Furs Transaction was the best available option to support the Company and its obligations to its stakeholders. The Board also supported and authorized that the Company proceed with this transaction.

97. The SAGA Furs Transaction will, if completed on schedule, provide sufficient liquidity to allow NAFA to harvest the current mink crop and thereafter to reconsider its business operations.
98. Under the SAGA Furs Transaction, it is likely the case that NAFA will not hold an auction in March 2020 as it is expected that the remaining Pelts consigned to NAFA could be directed to be auctioned by SAGA. It is unclear what role, if any, the existing NAFA staff would play in conjunction with those products.
99. It is my hope that once the Company gets through the immediate cash crunch related to the completion of the 2019 Kit Loans, it will then be able to review with its advisors what future business, if any, might be performed by NAFA or its personnel both in Canada and or in its satellite offices to further support the fur industry. For example, SAGA and the Company have also discussed the possibility of a transaction in the future whereby SAGA will assist NAFA to fund the Kit Loans and assist with operations in North America.
100. Attached hereto and marked as **Confidential Exhibit "D"** to this affidavit is the NAFA/SAGA Furs Rancher Visitation Schedule and Estimate Valuation, which shows a summary of the Kit Loans and the corresponding next farm visit and payment, as at October 28, 2019. As set out therein, certain loans have already been assigned to SAGA, and more than \$3 million is expected to arrive by the end of the week.

101. It is anticipated by the Company in its Cash Flow Forecast (as defined below) that the Syndicate will allow the Company to use these proceeds to fund operations, but the Syndicate has not committed to this position.
102. I have advised SAGA of the Company's intention to seek protection under the CCAA and have been advised by Juha Huttunen, the CFO of SAGA, that the CCAA filing will not impact SAGA's desire to complete the SAGA Furs Transaction.

Financial Impact of the SAGA Furs Transaction

103. The cash flow at B1 assumed the SAGA Furs Transaction will be performed entirely on an expedited basis and with the best outcome for all assumptions. On this cash flow, the Company would have sufficient liquidity to meet its obligations, including the ability to complete the remaining Kit Loan funding, without the need for further DIP Financing over that period.
104. On October 21, 2019, counsel for Waygar, CIBC and the Company, KPMG/KPMG Corporate, and Alvarez had a call in which the Company expressed its belief that while it was possible, based on the best case scenario cash flow, that the Company would be able to operate without any further funding from the Syndicate, it was of the view that it was prudent to have a DIP Financing facility of \$5,000,000 given the potential risk surrounding the timing of the assumption of the loans by SAGA (as the cash flow at Confidential Exhibit B1 outlined a doable but optimistic time frame).
105. By comparison, the cash flow at Confidential Exhibit B2 assumes there will be some greater difficulty in completing the anticipated SAGA Furs Transaction with the various farmers which causes a greater period of time to pass before the first or significant funds are provided by SAGA. Under this forecast, the Company requires \$5,000,000 from Waygar immediately (i.e. on or before November 1, 2019) to allow it to maintain funding to the Kit

Loans while the SAGA Furs Transaction matures and generates material funds a week later.

106. Both cash flow forecasts also include material repayments to the Syndicate and the continuation of current payments in accordance with the existing security and lending arrangements. A delay or “holiday” in those payments could improve the Company’s cash position going forward, but it would not provide the additional liquidity the Company immediately needs in order to keep the Kit Loans current. The Company is reviewing the appropriateness of these pay downs during the period of the cash flow.
107. As the cash flow demonstrates, after nearly 4 months of carefully managed and occasional acrimonious negotiations and funding, the Company is, according to projections, literally within only a few weeks of being able to complete the funding of the Kit Loans (with the proceeds from the SAGA Furs Transaction) and see the benefit of those loans turning into collectable assets.
108. The Company has now commenced the process of contacting farmers and implementing the SAGA Furs Transaction (even prior to receiving final documentation from SAGA) and it is optimistic it will provide the much needed liquidity to the Applicants. I personally flew to Finland on October 23rd and remained there until October 27th to help coordinate this process. My initial report is that the contact with the first group of farmers by SAGA proceeded well and I am optimistic the balance of the transaction will proceed equally well.
109. The negotiations with our single largest customer and debtor, the Van Ansem Group (“**VAG**”), are ongoing and to date have proven somewhat difficult. The Company’s business dealings with VAG are complex and relatively large (with VAG owing in excess of \$16,000,000 to NAFA and NAFA owing \$7,000,000 to VAG from the most recent auction) which may not be resolved as quickly as the above cash flow forecasts had projected. I am confident that a resolution will be found shortly.

110. In the interim, the Company, in conjunction with KPMG have determined that it is prudent to have a DIP Financing facility in place to ensure there is no further interruption of funding to the kit farmers or to NAFA operations. The Company is prepared to only draw on that funding as needed and if needed. The Company is working on a cash flow with the Proposed Monitor which anticipates the availability of this DIP.
111. CIBC rejected providing the required \$5,000,000 standby facility at an all counsel call on October 21, 2019. Waygar confirmed it would provide that funding on that call, but only on a priority basis.
112. At an all hands meeting on October 28, 2019, CIBC and Waygar confirmed this remained their respective positions. CIBC also confirmed its position that the Company should vigorously pursue the SAGA Furs Transaction to resolve its liquidity issues, which the Company confirmed it was doing (and is doing) in any event.

Current Circumstances of the Company

113. On October 23, 2019, the Company met with its employees in Toronto to discuss the challenges being faced by the Company. In the circumstances, the Company advised that it may not have the funds necessary to pay any statutory termination pay or other notice amounts owing to these individuals. The employees were also advised that all wages were current until October 31, 2019. The Company is also not engaging the seasonal workers it would usually engage at this time of year.
114. The Company is being pursued by its creditors. My staff is in daily communication, of increasing frequency, with consignors looking for their outstanding payments, customers looking for their deferred proceeds, parties looking to repossess inventory that remains under NAFA's control following the last auction, and parties seeking Kit Loans or related loan funding.

115. We have not been able to provide satisfactory answers to most of these inquiries and I suspect that some or all of these parties are going to seek legal recourse against the Company with respect to their perceived breaches of NAFA's obligations to them.
116. The Company is still current with its salary and other current expenses. Its payroll is paid until the end of October, but the Company is struggling to meet other employee liabilities, including accrued vacation pay. As at October 29, 2019, the outstanding vacation pay liability was approximately \$100,000.

Assets

117. According to the most recent analysis of KPMG, based on up-to-date information and audited financial statements, the Company has assets with a book value in excess of \$129,000,000. This is materially more than the Syndicate is owed.
118. Attached as **Confidential Exhibit "E"** is a Net Realization Analysis ("**NRA**") from the Company and reviewed and revised by KPMG as at October 18, 2019. Similar ones with similar asset classes was prepared during the negotiations of the Credit Agreement in July and in relation to the Forbearance Agreement in August. As set out therein, the principal assets of the Company are:
- a. Accounts receivable owing from parties who purchased goods at auction;
 - b. Kit Loans which remain outstanding;
 - c. Other loans to consignors (i.e. capital loans to support Farm operations not directly tied to Kits);
 - d. Inventory; and
 - e. Real estate assets.

119. As set out therein, the Company has in excess of \$53,000,000 worth of Kit Loans. The collectability of these assets increases dramatically if the final payments are made to the farmers so that the kits reach full size and can be converted into Pelts.
120. If that occurs, even on a liquidation basis, it is estimated that NAFA will recover approximately \$39,000,000 from the Kit Loans, which alone is substantially more than the Syndicate is owed. I understand that the Proposed Monitor is reviewing the NRA with KPMG.
121. On a going concern basis, I believe that these loans will be nearly 100% collected. In my experience, we have had a less than 1% loan loss rate on these loans. On a going concern basis, the Kit Loans would be worth approximately \$52,000,000.
122. Also, on a going concern basis, NAFA has in excess of \$12,000,000 worth of loans owing by farmers separate and apart from the Kit Loans and loans from previous years of approximately \$11,000,000 which are still outstanding, which in the ordinary course would have some value. On a liquidation basis, it is estimated that these will not be collected for any material value.
123. In addition, I note that the NRA does not provide a value for the Company's intellectual property (in particular, trademarks), which I believe could have some material value.
124. In terms of its fixed assets, the Company is in the process of completing a sale of its Carlingview property, which will provide a further pay down of the Syndicate's indebtedness of approximately \$5,000,000 possibly within the next two weeks. That transaction is quite advanced, and the Syndicate is fully informed of and approves that transaction. It is estimated that the balance of the Company's real estate holdings could, on a liquidation, generate a further \$5,000,000 to \$6,000,000 in realizations.

125. On or about October 28, 2019, the Company was provided with a revised purchase agreement for the Carlingview property for a reduced price. If accepted, the transaction is due to close within two weeks. The agreement does not currently include a provision from the purchaser requiring a vesting order or court approval.
126. As at October 18, 2019, the total indebtedness of the Company to the Syndicate, inclusive of the \$8,000,000 DIP already advanced by Waygar, was approximately \$32,000,000
127. As set out in the Confidential Exhibit, assuming the Kit Loans are funded to maturity, it is reasonable to expect the Company to have a liquidation value which is more than \$20,000,000 in excess of its current indebtedness to the Syndicate and Waygar (before repayment of the additional \$5,000,000 DIP described below).
128. The financial statements for each of the Applicants from 2018 will be provided at the hearing. The financial statements were audited by KPMG.
129. But for the indebtedness to the Syndicate which NAFA directly owes and the other Applicants (with the exception of Daikoku, NAFA Europe and NAFA Co-op) jointly and severally guaranteed, the businesses are otherwise solvent.

Creditors

130. Attached hereto and marked as **Exhibit "H"** are PPSA searches for each of the Canadian Applicants. As set out therein, the entities with registrations against the Company are:
- a. CIBC – NAFA Properties, NAFA, and 3306319;
 - b. Business Development Bank of Canada ("**BDC**") – NAFA Properties and NAFA;
 - c. Farm Credit Canada ("**FCC**") – NAFA Properties, NAFA, and 3306319;
 - d. National Leasing Group Inc. – NAFA;

- e. Xerox Canada Ltd. – NAFA; and
- f. CNH Industrial Capital Canada Ltd. – 3306319.

131. There are also inter-company secured loans subordinated to the Syndicate, the details of which we are assembling for review by the Proposed Monitor during the CCAA proceedings.
132. Each of BDC and FCC have specific loans on real property. BDC holds a mortgage on the Skyway property lease interest. FCC holds a first mortgage on the Carlingview property and the Nova Scotia Farm.
133. Neither real property lender has taken any material steps to enforce their security although both are aware of the default notice provided by CIBC. Attached hereto and marked as **Exhibit “I”** are the property searches for the two properties in Toronto. The Company is in the process of completing searches of the Nova Scotia properties.
134. BDC did contact Company counsel by letter and by phone to express its concern with the apparent issues with the Company. They have taken no further steps.
135. There has been no communication from FCC.
136. Outside of secured creditors with security over its real estate, the only material secured creditor for NAFA is the Syndicate. As at October 28, 2019, the Syndicate was owed approximately \$32,000,000. Of that amount approximately \$8,000,000 is a result of the interim financing provided by Waygar.
137. Since July 2019, the amount owing to the Syndicate has been reduced from approximately \$60,000,000 to under \$25,000,000 (not including the \$8,000,000 loaned by Waygar).

Government Remittances and Unsecured Creditors

138. All government remittances are up to date to the best of my knowledge and no amounts are owed for source deductions. The Company routinely files HST and from time to time is in a deficit or refund position. Currently, it is expected that there is a small refund for HST owing to the Company.
139. The Company owes approximately \$7,000,000 to its buyers for "Buyer Credits", which are credits that the Company has agreed to provide to buyers who have provided funds for future purchases, provided back up collateral against future amounts, or are entitled to commissions/rebates that they earned on prior sales that they have not applied to purchases.
140. The Company owes in excess of \$11,500,000 (out of which \$7,000,000 is owing to VAG) to its consignors who have not yet received funds derived from the sale of their goods in the August auction. Those payments were interrupted by CIBC when it issued its default letter on September 19, 2019. Approximately 7,500 consignors are owed funds.
141. Beyond the consignors, the Company has the ordinary unsecured creditors expected of an enterprise of this size. I estimate the debts to those creditors to amount to approximately \$8,000,000 to \$9,000,000, but I have not had the opportunity to properly itemize the Company's obligations to its ordinary unsecured creditors at this time.
142. Beyond this, NAFA is obliged to provide in excess of \$13,000,000 (the "**Deferred Proceeds**") to various parties who were owed funds from previous auctions, but who for one reason or another, have not collected them and or had asked that they continue to be held at NAFA pending direction from those parties. The total number of parties with Deferred Proceeds from NAFA are approximately 50.

Employees

143. NAFA also employs in excess of 70 full-time employees in Canada, and 35 full-time employees around the world at its satellite offices. There is no union for these employees. It is my understanding at this time that the employment, severance and termination of these employees are governed by the laws of Canada, the United States, the Netherlands and Poland.
144. NAFA's Canadian employees are all a part of a defined contribution pension plan with Sun Life Financial (the "Plan"). The Company pays into the Plan on a monthly basis. The Company does not have any obligations with the Plan which are in arrears at this time.
145. Approximately 7 Canadian employees are also part of a HBC Legacy Fund. These were former employees of HBC who joined NAFA in 1987 when NAFA acquired the fur business from HBC. At HBC, these employees were part of a pension plan.
146. It is my understanding that as a result of a promise under which these employees joined NAFA, the Company provides these employees an additional pension payment ranging from approximately \$400 per month to \$2000 per month after their retirement until their death. Five of the seven employees have already retired and have been paid monthly as required. Two have yet to retire and are still employees.
147. Currently, it is my understanding that the Company's projected obligations in respect of this HBC Legacy Fund are in the amount of approximately \$1,000,000 (CDN), but NAFA does not have a recent actuarial report to certify that liability.
148. We are in the process of accumulating information about the Applicant's obligations and options in various foreign jurisdictions.

DIP Loan Agreement Key Terms

149. Having regard to the cash flows at Confidential Exhibits B1 and B2, the Company has asked and Waygar has offered to provide a DIP Financing facility available to the Company, which is conditional on Court approval (the “**DIP Facility**”).
150. Attached hereto and marked as **Exhibit “J”** is a draft term sheet for the DIP Facility dated October 29, 2019 (“**Term Sheet**”). I expect to have an executed Term Sheet by the time of the CCAA hearing date which will be provided to the Court.
151. The key provisions of the proposed DIP Facility are as follows:
- a) The DIP Facility will be in the amount of no more than \$5,000,000;
 - b) The DIP Facility may be drawn as needed but will not revolve;
 - c) The Interest rate will be 12% per annum, payable monthly in arrears;
 - d) There is a set-up fee charged in the amount of 2%;
 - e) The DIP Facility matures within 60 days from execution of the DIP loan agreement or upon completing milestones related to the Kit Loan refinancing;
 - f) Waygar, in its capacity as lender under the DIP Facility (in such capacity, the “**DIP Lender**”), must be granted a Court ordered first priority charge over all of the property, assets and undertakings of the Applicants; and
 - g) The terms of the Initial Order must be satisfactory to the DIP Lender.
152. I have reviewed the terms of the DIP Facility with Company counsel as well as KPMG. I understand that the Proposed Monitor is reviewing the DIP Facility and will provide its views in their Pre-Filing Report.

Need for DIP Funding to Fund Kit Loans

153. It is estimated that the total number of mink kits which were sired, acquired and raised in reliance on promises from NAFA to fund the carrying costs of those animals is approximately 3,400,000 animals worldwide. Kit Loans are required to ensure these mink reach maturity and the farmers have the resources to process them properly and humanely.
154. The historic loss rate on these Kit Loans is less than 1%. Over my tenure at NAFA the total amount lent in this fashion has exceeded \$1 billion.
155. If the Kit Loans are terminated suddenly, most of the farmers have no ability to seek alternate funding quickly, and the minks would starve to death or they would have to be euthanized by their ranchers. The immature Pelts have no value.
156. The farmers will have, as of Wednesday, October 29, 2019, been without funding since October 17, 2019 when the \$8,000,000 financing from Waygar was exhausted by NAFA. It is therefore critical that funding be re-established immediately to ensure the health of the kits.
157. It is not an exaggeration to say that a significant portion of the worldwide mink ranching business is wholly dependent on the flow of funds from NAFA. If these funds are not provided on a timely basis, these minks will starve, cannibalize their siblings, or will not mature or grow in a normal manner, causing the farmers to suffer a material loss from which they may not recover.
158. As noted above, it is a condition of the Kit Loans that the ranchers who take on these loans deliver their minks to NAFA for auction. In this fashion, by making these loans, NAFA ensures that it has inventory to sell at its auction.

159. Although NAFA takes security for its loans from the ranchers, the principal way that NAFA collects on these loans is by offsetting the amounts owing to NAFA against the obligations owing to these farmers from their product which is sold at auction.
160. Although some of the Kit Loans are to be assumed by SAGA under the SAGA Furs Transaction, not all of them are and the ones that are may not be done immediately.
161. If NAFA fails to pay its Kit Loans when due and the mink in question are killed or not made available for sale it makes collection of the loans much more difficult or even unlikely.
162. It is also reasonable to expect that any mink rancher who does not receive the funding agreed to be provided to it by NAFA will assert a cause of action against NAFA which might nullify any amount owing by that farmer to NAFA. In any event, collection would be materially more difficult, if not impossible.
163. It is also the case that many of these farmers (approximately 70%) are located in Europe, which further complicates enforcement.

Current Cash Flow Forecast

164. The Applicants, with the assistance of KPMG, are preparing a cash flow forecast from the current week to the week ending December 13, 2019 (the "**Cash Flow Forecast**"). The Cash Flow Forecast is in the process of being finalized and I understand that it will be attached to the Proposed Monitor's Pre-Filing Report and that the Proposed Monitor will review the Cash Flow Forecast and comment on it in its report.

Relief Sought under the Initial Order

165. The Applicants likely do not have adequate means to maintain going concern operations (including funding the Kit Loans) without commencing a CCAA proceeding, along with

authorization to enter into the DIP Facility. The Applicants are unable to meet their obligations as they come due and are therefore insolvent. I believe that the Applicants will benefit from the granting of an Initial Order under the CCAA. Below, I have outlined the key components of the proposed Initial Order.

Stay of Proceedings for Canadian and Foreign Entities

166. In order to provide breathing space to the Applicants while they restructure and to continue to allow them to operate as a going concern, the Applicants require a stay of proceedings. The Applicants are concerned about the potential termination of contracts and the potential claims that may be made against them by farmers and other creditors arising out of the Applicants' insolvency and the application for protection under the CCAA.
167. The Applicants include foreign entities in the United States and Europe, as well as the Canadian corporations. The operations of the Applicants are intertwined in terms of their auction and consignee accounts, as further described above. The inclusion of the entire NAFA structure, including the American and European subsidiaries, is, in my view, appropriate and necessary to ensure the enterprise can continue to operate as a cohesive unit to maintain stability and value in the CCAA process.
168. The stay will allow management to develop and oversee an orderly restructuring of the business with minimal disruption which will protect the interests of the Applicants' employees, landlords, customers, farmers and lenders. I believe that the granting of a stay of proceeding is in the best interests of the Applicants and their stakeholders.

DIP Financing

169. As a result of the Applicants' immediate need to fund the Kit Loans, as described above, and as set out in the cash flow, the Applicants require interim financing pursuant to the DIP

Facility to provide stability and ensure that the value of the Applicants' business is not eroded.

170. As part of the Applicants' consideration of strategic alternatives for funding, Waygar was canvassed on its willingness to provide DIP Financing. In the view of the Applicants and KPMG, Waygar would be in the best position to provide DIP Financing in a timely manner as it was already familiar with the Applicants' unique business and lending structure. Given the immediate need for funding, any non-current lender would likely be unable to conduct due diligence and provide committed DIP Financing in the timeline required.
171. The funds available under the DIP Facility will be used to meet the Applicants' funding requirements in respect of the Kit Loans in the short-term in accordance with the Cash Flow Forecast to be filed.
172. It is proposed that the DIP Facility will be secured by a Court-ordered charge on all of the present and future assets, property and undertaking of the Applicants in favour of the DIP Lender (the "**DIP Lender's Charge**"). This is a condition precedent to the funding under the DIP Facility being made available by the DIP Lender to the Applicants. The DIP Lender's Charge will be subordinate to the Administration Charge and the KERP Charge (as defined below), but in advance of the Directors' Charge (as defined below).
173. The DIP Facility and the DIP Lender's Charge are critical to the successful restructuring as they will provide the Applicants with the necessary liquidity to maintain the going concern value of the Kit Loans, which is a substantial asset for the Applicants. Absent an injection of cash in accordance with the DIP Facility, the Kit Loans will significantly deteriorate and may not be collectable, which will be detrimental to the Applicants' stakeholders, including the Syndicate.

Monitor

174. It is proposed that Deloitte will act as Monitor in these CCAA proceedings if the proposed Initial Order is issued. Deloitte has consented to act as the Monitor of the Applicants.

KERP

175. The proposed Initial Order includes approval of a key employee retention plan (the “**KERP**”) and the granting of a charge up to a maximum aggregate amount of \$150,000 as security for payments made to key employees under the KERP (“**KERP Charge**”). The KERP Charge will be subordinate to the Administration Charge (as defined below), but in priority to the DIP Lender’s Charge and the Directors’ Charge (as defined below).

176. I am of the view that our labour force, especially our executive team, is quite mobile and will, given the uncertainty, potentially flee to other opportunities (albeit perhaps out of the fur industry) or safer options once we make this public declaration of insolvency.

177. The staff and key executives, including myself, have indicated their intention to resign if a receiver is appointed or the business pursues a path that is not for the benefit of the Applicants’ stakeholders as a whole. I continue to be of the belief that the retention of key staff is essential to maximizing recovery for those stakeholders.

178. I have consulted with our counsel and KPMG and have been advised that in restructurings staff can be provided with incentives to encourage staff retention in the form of the KERP.

179. In consultation with KPMG, I have created the attached schedule of such KERP payments which I believe will materially enhance the restructuring process, which is attached hereto and marked as **Confidential Exhibit “F.”** The KERP will provide the key employees with a bonus equal to 50% of their ordinary salary over three months, which will be paid provided they remain engaged with the Company until at least January 15, 2020.

180. The KERP also includes payment to me in the amount of my full RRSP contribution for 2019. This is part of my ordinary compensation and will be fully earned as of October 31, 2019 in the ordinary course. I have deferred paying any of this amount to myself due to cash constraints. This amount will only be payable to me if I remain engaged with the Company until at least January 15, 2020.
181. By December 15, 2019, the Applicants should have managed much of the transition necessary to ensure that the 2019 harvest of mink has been converted into Pelts and a decision will have been made how, either under the SAGA Fur Transaction or otherwise, those Pelts will be converted into cash.
182. The KERP was developed to facilitate and encourage the continued participation of senior management and other key employees who are required to guide the business through the restructuring process and preserve the value of the business for the stakeholders. These employees have significant experience and specialized knowledge of the business that cannot be easily replicated or replaced. Furthermore, these employees will be faced with a significantly increased workload during the restructuring and will likely have other, more stable employment opportunities they could pursue.
183. Assuming that the Applicants are able to retain all of the key employees, the total amount payable to these employees under the KERP would be a maximum of \$150,000, which is reasonable given the value that these employees will provide to the enterprise.

Administration Charge

184. In accordance with the Credit Agreement, the Applicants retained KPMG Corporate to assist with a potential sale of the business in July 2019. KPMG also acts as NAFA's auditor and financial advisor. It is contemplated that, given KPMG's role to date and KPMG Corporate's involvement in the SAGA Furs Transaction, KPMG and KPMG Corporate would continue to

act as the Applicants' financial advisor during the CCAA process (in such capacity, the "**Financial Advisor**"). The Applicants are seeking Court approval of the continued engagement of the Financial Advisor.

185. I believe that the Financial Advisor's significant investment banking expertise, its extensive experience running sales processes both outside the context of and within insolvency proceedings and its capabilities of debt restructurings have benefited the Applicants in their sale efforts to date. I believe the Applicants will continue to benefit from the Financial Advisor's advice as they continue to work towards closing the SAGA Furs Transaction and during the CCAA process.
186. If the Applicants were required to retain a new financial advisor, it would likely take a significant amount of time for a new firm to acquire a working knowledge of the Applicants' unique business and would slow down the Applicants' restructuring efforts.
187. In connection with its appointment, it is proposed that the Monitor, along with its counsel, counsel for the Applicants, the Financial Advisor, and counsel for the Applicants' board of directors will be granted a charge on all of the present and future assets, property and undertaking of the Applicants as security for their respective fees and disbursements relating to the services rendered in connection with this CCAA proceeding up to a maximum of \$500,000 (the "**Administration Charge**"). The Administration Charge is proposed to have priority over all other charges and security interests.
188. These professionals are required to provide assistance and guidance to the Applicants as they navigate the CCAA process and liaise with the various stakeholders during their restructuring efforts. I am of the view that the Administration Charge is fair and reasonable given the complexity of the business and the value that the professionals will contribute to the restructuring.

Directors' and Officers' Protection

189. In my view, the board of directors and management, including myself, are necessary to the successful restructuring. The continued participation of the Applicants' directors and management are essential to the viability of the Applicants' continuing business and the preservation of its value.
190. I have a significant amount of institutional knowledge in respect of the Applicants' business, as I have already demonstrated in dealing with the SAGA Furs Transaction. The directors are generally members of the fur industry who are uniquely situated to provide advice on how to restructure the business.
191. I held a meeting with the Board of Directors on October 28, 2019 to discuss the insolvency process. The directors have authorized the Applicants to proceed with the CCAA filing.
192. The directors advised at that meeting that they are particularly concerned that the assets be realized for the highest and best possible value to ensure the greatest possible recovery to the stakeholders. They believe that a creditor driven receivership will not create the highest or best value and are worried there would be wholesale discounting of assets to drive in cash quickly rather than prudently.
193. On the other hand, the directors and I are keenly aware that liabilities can accrue to us, either in respect of our past actions, or the actions which follow. I understand that directors can be held liable for certain obligations of a company owing to employees and government agencies, such as unpaid wages and unremitted taxes.
194. I also understand, and I have discussed with the Board of Directors, that the liabilities being faced by Board members in different countries may be materially different than in Canada. In particular, I am advised by Company counsel that criminal penalties can be sought against Board members related to these liabilities in Poland, but that these liabilities and

remedies might be mitigated by a CCAA filing in Canada and an eventual plan of arrangement.

195. Many of the directors have considered resigning, as I myself have.
196. I am advised by our counsel that the Applicants' present and former directors and officers may be the beneficiaries under a liability insurance policy held by the Applicants (the "**D&O Policy**"). A copy of the insurance policy will be made available to this Court at the hearing, if requested. Pursuant to the summary of the D&O Policy, I understand the policy is a "claims made" policy with limits of \$10,000,000 CAD for liability, \$1 million CAD for punitive damages, and \$1 million CAD for defence costs.
197. However, I have not been provided with an opinion that insurance coverage under the D&O Policy either universally applies or is sufficient to pay all possible liabilities, and I understand there are various exceptions, exclusions and carve-outs where coverage may not be available. I am also very concerned about possible liabilities in other jurisdictions outside of Canada.
198. Moreover, the D&O Policy upon which the directors rely will expire on November 1, 2019. The financial situation of the Company makes renewal complicated and uncertain. It is also not yet clear that the renewal of the D&O Policy will be funded.
199. I am advised by our counsel and the Proposed Monitor that it is usual that there be a stay of claims against directors and a charge in favour of the directors from which the Company can honour its obligation to indemnify the directors for post-filing obligations.
200. In light of the potential liabilities and the uncertainty surrounding available indemnities and insurance, I and the other directors and officers have indicated to counsel for the Applicants that our continued service and involvement in this CCAA proceeding is conditional upon the granting of an Order under the CCAA which grants a charge in favour of the directors and

officers in the amount of \$1,000,000 (**Directors' Charge**) and provides a stay of all claims pending a plan or the end of the CCAA process. It is contemplated that the Directors' Charge will rank behind the other court ordered charges being sought.

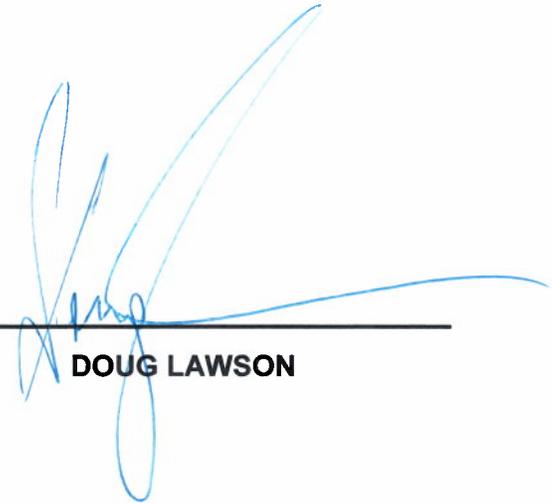
201. It is my hope that once the immediate pressure of managing the realization of the 2019 harvest is completed, the Applicants will be in a position to turn their attention to considering and formulating a plan of arrangement which will be acceptable to the Applicants' stakeholders.

202. I make this affidavit in support of an application by the Applicants for protection under the CCAA and for no other or improper purpose.

SWORN before me at the City of)
Toronto, in the Province of Ontario)
on the 30th day of October 2019)
)
)

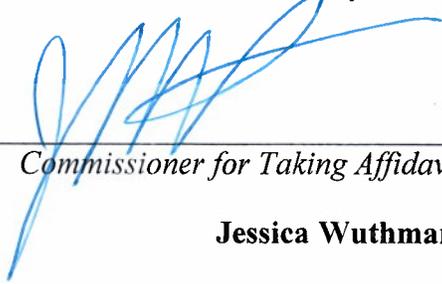


A commissioner, etc.



DOUG LAWSON

This is Exhibit "A" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.



Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

EXECUTION VERSION

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

between

**CANADIAN IMPERIAL
BANK OF COMMERCE,**
as Agent, Lead Arranger & Sole Bookrunner and
Administrative Agent

and

**NORTH AMERICAN FUR
AUCTIONS INC.,**
as Borrower

*and the Lenders from time
to time parties hereto*

dated as of July 17, 2019

Blakes

TABLE OF CONTENTS

ARTICLE 1 - INTERPRETATION

- 1.1 Defined Terms
- 1.2 Accounting Terms
- 1.3 General
- 1.4 Currency
- 1.5 Schedules
- 1.6 Law of Contract
- 1.7 Evidence of Indebtedness
- 1.8 General Provisions as to Certificates and Opinions, etc

ARTICLE 2 - THE CREDITS AND DRAWDOWNS

- 2.1 Continuance of Credits
- 2.2 Utilization of the Operating Credit
- 2.3 Utilization of the Tranche A Credit
- 2.3 Making of Loans under Operating Credit
- 2.5 Commitments
 - (1) Operating Credit Commitments
 - (2) [Intentionally Deleted]
 - (3) Supplementary Credit Commitment
- 2.6 Drawdown Notice
- 2.7 Borrowings
- 2.8 Funding of Borrowings
- 2.9 Swingline Loans.
- 2.10 Rollover Drawdowns
- 2.11 Equalization of Exposures
- 2.12 Evidence of Indebtedness

ARTICLE 3 - REPAYMENT AND TERMINATION OF THE CREDITS

- 3.1 Operating Credit
- 3.2 Mandatory Prepayments
- 3.3 [Intentionally Deleted]
- 3.4 Hedge Credit
- 3.5 VISA Credit

ARTICLE 4 - INTEREST, FEES, LETTERS OF CREDIT AND HEDGING CONTRACTS

- 4.1 Interest

- 4.2 U.S. Dollar LIBOR Loans
- 4.3 Default Interest
- 4.4 Agent's Certificate
- 4.5 Standby Fee
- 4.6 Other Fees
- 4.7 Letters of Credit
- 4.8 Hedging Contracts

ARTICLE 5 - PAYMENTS

- 5.1 Place and Manner of Payments
- 5.2 Net Payments, etc

ARTICLE 6 - CHANGE IN CIRCUMSTANCES AND INDEMNITIES

- 6.1 Increased Costs
- 6.2 Unlawful, etc
- 6.3 Currency Indemnity
- 6.4 Environmental Indemnity
- 6.5 General Indemnity
- 6.6 Third Party Beneficiaries
- 6.7 Agent and Lenders Not Liable
- 6.8 Security
- 6.9 Survival

ARTICLE 7 - CONDITIONS PRECEDENT

- 7.1 Closing
- 7.2 Conditions Precedent to Closing
- 7.3 Conditions Precedent to Drawdowns

ARTICLE 8 - REPRESENTATIONS AND WARRANTIES

- 8.1 Representations and Warranties of the Borrower

ARTICLE 9 - COVENANTS

- 9.1 Borrower
- 9.2 Accounting, Financial Statements and Other Information

ARTICLE 10 - DEFAULT AND ENFORCEMENT

- 10.1 Events of Default
- 10.2 Deferral
- 10.3 Legal Proceedings
- 10.4 No Prejudice, etc
- 10.5 Set Off
- 10.6 Appropriation of Moneys Received

ARTICLE 11 - THE AGENT

- 11.1 Appropriation of Moneys Received
- 11.2 Limitation of Duties of Agent
- 11.3 Lack of Reliance on the Agent
- 11.4 Certain Rights of the Agent
- 11.5 Reliance by Agent
- 11.6 Indemnification of Agent
- 11.7 The Agent in its Individual Capacity
- 11.8 May Treat Lender as Owner
- 11.9 Successor Agent
- 11.10 Defaulting Lenders
- 11.11 Security

ARTICLE 12 - MISCELLANEOUS

- 12.1 Payment of Expenses
- 12.2 Assignment
- 12.3 Waivers; Amendments
- 12.4 Communication
- 12.5 Survival of Representations and Warranties of the Borrower
- 12.6 Further Assurances
- 12.7 Conflict
- 12.8 Severability
- 12.9 Non-Merger
- 12.10 Confidentiality
- 12.11 Waiver of Jury Trial
- 12.12 Time
- 12.13 Entire Agreement

EXECUTION VERSION**THIRD AMENDED AND RESTATED CREDIT AGREEMENT**

THIS AGREEMENT is dated as of July 17, 2019 and is entered into among **Canadian Imperial Bank of Commerce**, as Agent, **North American Fur Auctions Inc.**, as Borrower, and the Lenders from time to time parties hereto.

Background

Canadian Imperial Bank of Commerce, as agent, North American Fur Producers Marketing Inc. (now North American Fur Auctions Inc.) (the "Borrower"), and Canadian Imperial Bank of Commerce and HSBC Bank Canada, as lenders, entered into a senior operating credit agreement (the "Original Credit Agreement") dated as of June 12, 2000, pursuant to which certain credits were established in favour of the Borrower;

The Original Credit Agreement was the subject of a number of amendments prior to being amended and restated in the form of that certain amended and restated credit agreement (the "First Restated Credit Agreement") dated as of April 8, 2011 among Canadian Imperial Bank of Commerce, as agent, the Borrower and the lenders from time to time party thereto;

The First Restated Credit Agreement was the subject of a number of amendments prior to being amended and restated in the form of that certain second amended and restated credit agreement (the "Second Restated Credit Agreement") dated as of November 26, 2014 among Canadian Imperial Bank of Commerce, as agent, the Borrower and the lenders from time to time party thereto;

The Second Restated Credit Agreement has been the subject of a number of amendments (the Second Restated Credit Agreement, as amended to date, being hereinafter referred to as the "Existing Credit Agreement"), and the parties hereto wish to further amend the Existing Credit Agreement by way of an amendment and restatement of the Existing Credit Agreement;

Now therefore, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

Article 1 - Interpretation

1.1 **Defined Terms.** In this Agreement or any amendment hereto or supplement hereof, unless the context otherwise requires, the following words and phrases will have the meanings set forth below.

1.1.1 "Acceptable Bid" means a Binding Offer that (i) is acceptable to the Agent in its sole discretion, or (ii) provides for (a) the indefeasible payment in full by no later than August 19, 2019 of all amounts owing to the Agent and the Lenders under this Agreement and

- 2 -

the other Documents, (b) a deposit of the lesser of 5% of the total purchase price or U.S.\$2,000,000, and (c) conditions to closing acceptable to the Lenders, in their sole discretion.

1.1.2 “Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

1.1.3 “Agent” means CIBC, in its capacity as Agent for the Operating Lenders hereunder, or any successor Agent appointed pursuant to Section 11.9.

1.1.4 “Aggregate Credit Limit” means at any time the aggregate maximum principal amount of the Credits at such time.

1.1.5 “AML Legislation” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” applicable laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.

1.1.6 “Applicable Laws” means, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and all applicable official directives, rules, consents, approvals, authorizations and orders of any Governmental Authority or Person having authority over such Person, property, transaction or event (whether or not having the force of law).

1.1.7 “Applicable Percentage” means, with respect to any Operating Lender, the percentage of the total Operating Credit Commitments represented by such Operating Lender’s Operating Credit Commitment. For the purposes of Section 2.11(i), an Operating Lender’s Applicable Percentage of the total Swingline Exposure will equal the percentage of the total Swingline Commitment which such Operating Lender is required to acquire from the Swingline Lender pursuant to Section 2.11(i). For the purposes of Section 2.11(ii), a Supplementary Credit Participating Lender’s Applicable Percentage of the total Supplementary Credit Exposure will equal the percentage of the total Supplementary Credit Commitment which such Supplementary Credit Participating Lender is required to acquire from the Swingline Lender pursuant to Section 2.11(ii).

1.1.8 “Auditors” means (i) KPMG LLP, Chartered Accountants, or (ii) a firm of chartered accountants who at the relevant time (a) are the duly appointed auditors of the Borrower, (b) are in fact independent of the Borrower, and (c) have been approved in writing by the Agent, such approval not to be unreasonably withheld.

1.1.9 “Authorized Credit Amount” means (i) U.S.\$58,000,000, (ii) commencing on August 2, 2019, provided that the Authorized Credit Amount Milestone Conditions have been satisfied, as confirmed by the Agent in writing, U.S.\$60,000,000, and (iii) commencing on September 6, 2019 (or such later date as may be agreed by the Lenders in writing), U.S.\$50,000,000. Any extension of the September 6, 2019 date shall be subject to (i) the receipt of a business plan from the Borrower, including updated cash flow projections covering the period to the proposed extended date, in each case in form and substance satisfactory to the Lenders, in their sole discretion, and (ii) each Lender’s internal credit approval processes.

- 3 -

1.1.10 “Authorized Credit Amount Milestone Conditions” means the satisfaction of each of the following conditions:

- (1) the Borrower shall have received an Acceptable Bid on or before August 2, 2019;
- (2) all accrued and unpaid fees and expenses of Lenders’ legal counsel and its consultant, Alvarez & Marsal Canada ULC, shall have been paid by the Borrower;
- (3) the Agent shall have received from the Borrower a Borrowing Base Certificate calculated on a pro forma basis as of the requested Drawdown Date;
- (4) the Agent shall have received a Drawdown Notice from the Borrower; and
- (5) the Sale Milestones set forth in Section 9.1(37)(i) to (iv) that are required to have been satisfied by the effective date of any increase in the Authorized Credit Amount shall have been satisfied to the satisfaction of the Agent in its sole discretion.

1.1.11 “Banking Day” means any day on which the Agent is open for business in Toronto, Ontario and, in the case of a U.S. Dollar LIBOR Loan, any day on which banks are open for euro and eurodollar business in New York, New York and London, U.K. but, in any event, shall not include a Saturday, Sunday or statutory or legal holiday in Ontario or, in the case of a U.S. Dollar LIBOR Loan, New York or London, U.K.

1.1.12 “Bankruptcy Event” means, with respect to any Person, the occurrence of any one or more of the following events:

- (i) such Person passes a resolution or institutes proceedings for its winding-up, liquidation, or dissolution or consents to the filing of any petition with respect thereto or files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under any Applicable Law or consents to the filing of any such petition or to the appointment of a receiver, receiver-manager, manager, liquidator or trustee or similar officer of itself or any part of its property or makes an assignment for the benefit of creditors or is unable, or admits in writing its inability, to pay its debts as they become due or otherwise acknowledges its insolvency or is deemed for the purposes of any Applicable Law to be insolvent or voluntarily suspends transaction of its usual business or any action is taken by such Person in furtherance of any of the aforesaid purposes or if such Person takes any action pursuant to the *Winding-Up Act* (Canada) or any similar statute; or
- (ii) any application or proposal is made with respect to such Person under the *Companies’ Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any legislation seeking reorganization, readjustment, arrangement, composition or similar relief for such Person under any other Applicable Law, or a proceeding is instituted for the winding up, liquidation or dissolution of such Person or seeking an order adjudging such Person insolvent or the appointment of any receiver, receiver-manager, manager, liquidator or trustee of such Person or over all or any part of its property or a petition in

- 4 -

bankruptcy is presented against such Person under a bankruptcy or similar statute.

1.1.13 “Base Rate” means, for any day, the rate of interest per annum equal to the greater of (i) the per annum rate of interest which the Agent quotes or establishes for such day as its reference rate of interest for loans in U.S. Dollars in Canada to its Canadian borrowers; and (ii) the Federal Funds Rate plus 50 basis points per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to the Borrower or any other Person.

1.1.14 “Base Rate Loan” means a U.S. Dollar advance or overdraft loan on which interest is calculated by reference to the Base Rate.

1.1.15 “Binding Offer” has the meaning given in Section 9.1(37)(iv).

1.1.16 “Borrower” means North American Fur Auctions Inc. and its permitted successors and assigns.

1.1.17 “Borrowing Base” means the aggregate, without duplication, of clauses (i) through (x) below less both (A) Priority Payables of the Borrower and any of its Subsidiaries and (B) 75% of Demand Deferred Proceeds:

- (i) 75% of outstanding Eligible Buyer Accounts Receivable which are not fully secured by a Buyer L/C or insured by Export Development Canada;
- (ii) 90% of outstanding Eligible Buyer Accounts Receivable which are fully secured by a Buyer L/C;
- (iii) 90% of outstanding Eligible Buyer Accounts Receivable which are insured by Export Development Canada;
- (iv) 85% of Insured Kit Loans which have been outstanding less than 225 days, with no single Insured Kit Loan exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Insured Kit Loan in excess of U.S.\$750,000), provided that the maximum permitted contribution to the Borrowing Base pursuant to this clause (iv) is U.S.\$25,500,000;
- (v) the lesser of:
 - (a) 90% of outstanding North American Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single North American Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such North American Rancher Livestock Loan in excess of U.S.\$750,000); and

- 5 -

- (b) U.S.\$12,500,000;
- (v.1) the lesser of:
 - (a) 90% of outstanding Foreign Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single Foreign Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Foreign Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (b) U.S.\$15,000,000
- (vi) 90% of outstanding Shipper Pelt Loan Advances;
- (vii) 90% of outstanding HST refund claims of the Borrower which are acceptable to the Agent;
- (viii) the lesser of:
 - (a) 50% of the amount that is calculated by subtracting Priority Supplier Accounts Payable of the Borrower from Eligible Inventory less than 240 days; and
 - (b) U.S.\$15,000,000;
- (ix) 50% of Eligible Accounts Receivable; and
- (x) 50% of Eligible Buyer Accounts Receivable greater than 120 days and less than 180 days, where a deposit of 25% has been received and the Borrower has possession of the consigned pelts.

1.1.18 “Borrowing Base Certificate” means a certificate of a Senior Officer of the Borrower in the form of Schedule 1.1.18.

1.1.19 “Buyer” means any Person which buys pelts from the Borrower or any of its Subsidiaries.

1.1.20 “Buyer Accounts Receivable” means an account receivable relating to the purchase price of pelts purchased by a Buyer at auction or by private treaty plus all carrying charges and other costs incurred by the Borrower or any of its Subsidiaries in respect of such pelts for which such Buyer is responsible.

1.1.21 “Buyer L/C” means an irrevocable letter of credit or bank guarantee issued by a financial institution satisfactory to the Agent and on terms satisfactory to the Agent, acting reasonably.

- 6 -

- 1.1.22 “Carlingview Property” means the property located at 500 Carlingview Drive, Toronto, Ontario.
- 1.1.23 “Cash Flow Forecast” means a cash flow forecast from the Borrower for the period of July 7, 2019 to September 6, 2019, as attached to this Agreement as Schedule I.1.23, as such forecast may be amended or extended (including by the March 2020 Cash Flow Forecast if acceptable to the Lenders in their sole discretion) from time to time with the Lenders’ prior written consent, in their sole discretion.
- 1.1.24 “Cash Flow Variance Report” has the meaning given in Section 9.2(3)(x)(a).
- 1.1.25 “Cash Taxes” means, for any period, the aggregate taxes paid in cash during such period.
- 1.1.26 “CCC Agreement” has the meaning given in Section 7.2(20).
- 1.1.27 “Cdn. Dollars”, “Cdn. \$” and “\$” mean lawful currency of Canada.
- 1.1.28 “CDOR Rate” means, on any date, the annual rate of interest which is the rate based on an average rate applicable to Cdn. Dollar bankers’ acceptances for a term of 30 days appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. definitions, as modified and amended from time to time) at approximately 10:00 a.m. (Toronto time), on such date, or if such date is not a Banking Day, then on the immediately preceding Banking Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such date as contemplated, then the CDOR Rate on such date shall be based on an average rate applicable to Cdn. Dollar bankers’ acceptance for a term of 30 days appearing on the “Telerate Screen CDOR Page” at approximately 10:00 a.m. (Toronto time), on such date, or if such date is not a Banking Day, then on the immediately preceding Banking Day, provided that if such rate does not appear on the Telerate Screen CDOR Page on such date as contemplated, then the CDOR Rate on such date shall be calculated as the arithmetic mean of the rates for the term referred to above applicable to Cdn. Dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. (Toronto time) on such date or, if such date is not a Banking Day, then on the immediately preceding Banking Day.
- 1.1.29 “Change in Law” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any new Applicable Law after the date of this Agreement, (b) any change in any existing Applicable Laws or in the administration, interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) the making or issuance of any requests, rules, regulations, guidelines and directives by any Governmental Authority. All requests, rules, regulations, guidelines and directives under, or issued in connection with, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* or promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision pursuant to Basel III (or any successor or similar authority or any United States, Canadian or foreign regulatory authority), all interpretations and applications thereof, and any compliance by any Lender with any request or directive relating

- 7 -

thereto, shall be deemed a “Change in Law” regardless of the date enacted, adopted, applied or issued.

1.1.30 “CIBC” means Canadian Imperial Bank of Commerce and its successors.

1.1.31 “Collateral” means all property, of whatsoever nature and kind, which is the subject of any Security Interest created pursuant to any of the Documents comprising the Security.

1.1.32 “Commitments” means, collectively, the Operating Credit Commitments, the Swingline Commitment and the Supplementary Credit Commitment.

1.1.33 “Compliance Certificate” means a certificate in the form of Schedule 1.1.33 executed by a Senior Officer of the Borrower.

1.1.34 “Contaminant” means any pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, toxic substance, hazardous waste, hazardous material, hazardous substance, nuclear material or contaminant, or like substance including any of the foregoing as defined in any Environmental Law.

1.1.35 “Control” means, in respect of a particular Person, the ownership of voting securities of such Person carrying (i) more than 51 per cent of the votes for the election of directors of such Person, and (ii) sufficient votes, if exercised, to elect a majority of the board of directors of such Person. “Controlling” and “Controlled” have meanings correlative thereto.

1.1.36 “Credit Parties” means, collectively, the Borrower and the Guarantors, and “Credit Party” means any one of them.

1.1.37 “Credits” means, collectively, the Operating Credit and the Tranche A Credit.

1.1.38 “Current Ratio” means, at any time, the ratio of current assets at such time to current liabilities at such time, all on a consolidated basis and as defined by and determined in accordance with GAAP unless otherwise specified herein. For the purposes of this definition, current liabilities shall include scheduled principal amortization payments due within 12 months of the date as of which the Current Ratio is being calculated.

1.1.39 “Default” means an event which, with the giving of notice and/or lapse of time and/or a determination being made under the relevant provisions of this Agreement, would constitute an Event of Default.

1.1.40 “Defaulting Lender” means any Lender that has:

- (i) failed to fund any portion of its Commitments or its participations in Letters of Credit within one Banking Day of the date required to be funded by it hereunder;
- (ii) notified the Borrower in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect

- 8 -

that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit;

(iii) failed, within one Banking Day after request by the Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit; or

(iv) otherwise failed to pay over to the Agent or any other Lender any other amount required to be paid by it hereunder within one Banking Day of the date when due unless the subject of a good faith dispute,

provided that a Lender shall cease to be a Defaulting Lender when none of the aforementioned criteria apply to it any longer.

1.1.41 “Defined Benefit Plan” means a “registered pension plan”, as that term is defined in subsection 248(1) of the *Income Tax Act* (Canada), which is or was sponsored, administered or contributed to, or required to be contributed to by, the Borrower or under which the Borrower has any actual or potential liability, and which contains a “defined benefit provision”, as defined in subsection 147.1 of the *Income Tax Act* (Canada).

1.1.42 “Demand Deferred Proceeds” means cash amounts received by the Borrower from Buyers constituting amounts which are to be paid by the Borrower to Ranchers in satisfaction of amounts payable by the Borrower to Ranchers in respect of consigned pelts provided to the Borrower by Ranchers for sale to Buyers in the ordinary course of the operation of the Borrower’s business provided that, for the purposes of Section 1.1.17, Demand Deferred Proceeds shall not include any such cash amounts received which the Rancher to whom such cash amounts would otherwise be paid has agreed may be treated as term credit extended by such Rancher to the Borrower, the term credit period (as agreed to by such Rancher) of which has not expired.

1.1.43 “Designated Branch” means the Canadian Imperial Bank of Commerce, Main Branch, Commerce Court, Toronto, ON, M5L 1G9, or such other branch of the Agent as may be designated from time to time.

1.1.44 “Documents” means this Agreement, the Security and all certificates and other documents delivered or to be delivered to the Agent pursuant hereto or thereto including all Letter of Credit applications signed by the Borrower and all Hedging Contracts.

1.1.45 “Drawdown” means the availment by the Borrower of any of the Credits and includes a Loan, a Letter of Credit, a Hedging Contract and a Rollover Drawdown.

1.1.46 “Drawdown Notice” means a notice substantially in the form of Schedule 1.1.46.

1.1.47 “EBITDA” means, for any period, the sum of: (i) net income for such period, plus (ii) Interest Expense for such period, plus (iii) income taxes, whether paid or deferred, which are deducted in determining net income for such period, if any, plus (iv) depreciation and amortization expense for such period, all on a consolidated basis and as defined by and determined in accordance with GAAP unless otherwise specified herein.

1.1.48 “Eligible Accounts Receivable” means each account receivable of the Borrower or any of its Subsidiaries, other than Buyer Accounts Receivable, Rancher Livestock Loan Advances, Shipper Pelt Loan Advances and GST refund claims, which meets each of the following requirements:

- (i) it arose as a result of goods sold or services rendered by the Borrower or any of its Subsidiaries in the ordinary course of business;
- (ii) it is not subject to any Security Interest other than a Security Interest in favour of the Agent or in favour of any of the Subordinated Lenders;
- (iii) the Security Interest in favour of the Agent in respect thereof is perfected or otherwise registered in accordance with the laws of the jurisdiction in which the account debtor is located;
- (iv) it is evidenced by an invoice (dated not later than the date of performance and having payment terms not more favourable to the account debtor than those payment terms which are standard in the industry of the Borrower) rendered to such account debtor, and it is not evidenced by any instrument or chattel paper;
- (v) no invoice evidencing such account receivable is unpaid 60 days after the date of such invoice;
- (vi) the account receivable does not arise from a sale to or rendering of services to an affiliate of the Borrower or to an employee, shareholder, or director of the Borrower or an affiliate of the Borrower;
- (vii) the account debtor obligated on the account receivable has not suspended business, made a general assignment for the benefit of its creditors, consented to or applied for the appointment of a receiver, trustee, custodian, liquidator for itself or any of its property and no petition has been filed by or against the account debtor under any bankruptcy or reorganization law; and
- (viii) the Agent has not, by written notice to the Borrower, excluded such account receivable or accounts receivable owing by the account debtor or accounts receivable relating to the sale or service giving rise to such account receivable.

1.1.49 “Eligible Buyer Accounts Receivable” means all Buyer Accounts Receivable which are:

- (i) outstanding less than 90 days from the Prompt Date; or
- (ii) outstanding for 90 days or longer from the Prompt Date but less than 120 days where the deposit received from the Buyer for the pelts to which the Buyer Accounts Receivable relates is maintained at an amount equal to 25% or more of the Buyer Accounts Receivable; or
- (iii) outstanding for any period and which are fully secured by a Buyer L/C,

- 10 -

provided that in each of (i) and (ii) the Borrower or any of its Subsidiaries has possession of the pelts which gave rise to the Buyer Accounts Receivable and the terms of the sale giving rise to the Buyer Accounts Receivable state that the Buyer may not take delivery of the pelts purchased without making payment in full of the Buyer Accounts Receivable relating to such pelts, except that such pelts may be delivered to a dresser at the request of the Buyer provided that such dresser acknowledges the title of the Borrower or any of its Subsidiaries to and the Security Interest of the Agent in such pelts by executing a written acknowledgement.

1.1.50 “Eligible Export Development Canada Insured Receivables” means each account receivable of the Borrower or any of its Subsidiaries which is either an Eligible Account Receivable or a Buyer Account Receivable and the payment of which has been insured through the Export Development Canada.

1.1.51 “Eligible Inventory” means all Inventory of the Borrower which meets each of the following requirements:

- (i) it is not subject to any Security Interest other than a Security Interest in favour of the Agent or in favour of any of the Subordinated Lenders;
- (ii) the Security Interest in favour of the Agent in respect thereof is perfected or otherwise registered in accordance with the laws of the jurisdiction where the Inventory is located;
- (iii) if the Inventory is located at a leased property, such consents of the landlord and any prior mortgagees as are required by the Agent have been obtained;
- (iv) it is not work-in-process; and
- (v) it is adequately insured.

1.1.52 “Environmental Activity” means any past, present or future activity, event or circumstance in respect of a Contaminant, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil, surface water or groundwater.

1.1.53 “Environmental Law” means any and all Applicable Laws relating to the environment or any Environmental Activity.

1.1.54 “Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing.

1.1.55 “Event of Default” has the meaning given in Section 10.1.

1.1.56 “Exchange Equivalent” in respect of one currency means, at the date of determination, the amount of such currency (the “new currency”) that the Agent could purchase, in accordance with its normal practice, with a specified amount of the other currency (the “original currency”) based upon the applicable Bank of Canada noon spot rate on such date.

1.1.57 “Existing Credit Agreement” is defined in the “Background” section on page 1 of this Agreement.

1.1.58 “FCC (Ontario) Intercreditor Agreement” means the intercreditor agreement dated as of June 16, 2017 between the Agent, Farm Credit Canada and the applicable Credit Parties, as such agreement may be amended, restated or otherwise modified from time to time.

1.1.59 “Federal Funds Rate” means, for any day, the per annum rate equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System of the United States of America arranged by Federal funds brokers, as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Board of New York, or, if such rate is not so published for any day which is a Banking Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

1.1.60 “Fixed Charge Coverage Ratio” means, for any period, the ratio of:

- (i) EBITDA for such period plus any discretionary special consignor rebates approved and declared by the Borrower’s Board of Directors and accrued during the period and thereafter consented to be paid in the following period by the Agent and the Lenders, less the aggregate of Unfunded Capital Expenditures and Cash Taxes for such period, to
- (ii) the aggregate of (A) principal repayments and payments of interest, in both cases as required hereunder, during such period, and (B) any dividends or discretionary special consignor rebates approved by the Borrower’s Board of Directors and accrued during the period and thereafter consented to be paid in the following period by the Agent and the Lenders (with the timing of the payment in the following period being subject to the approval of the Agent and the Lenders with reasonable notice of any such payment to be provided to the Agent and the Lenders by the Borrower).

1.1.61 “Foreign Rancher Livestock Loan Advances” mean Rancher Livestock Loan Advances made to a Rancher located in a member state of the European Union.

1.1.62 “GAAP” means Accounting Standards for Private Enterprises and the related statements and interpretations (if applicable) issued by the Canadian Institute of Chartered Accountants or any successor body in effect from time to time unless otherwise stated herein.

1.1.63 “Goleniow Premises” means, collectively, the real property owned by NAFA Polska sp. z o.o. located at (i) ul. Granitowa in Goleniow, Poland, (composed of 0.8916 hectares of land and development erected thereon), and (ii) ul. Produkcyjna in Goleniow, Poland, (composed of 0.8003 hectares of land and development erected thereon).

1.1.64 “Goleniow Premises Mortgages” means, collectively (i) any and all mortgage security over the Goleniow Premises in favour of the Agent or any Lender or any combination of any one or more of them, as well as (ii) any and all security interests over all proceeds of any sale, lease or other disposition thereof and all insurance proceeds in connection therewith.

1.1.65 “Governmental Authority” means any nation or government (including Canada and the United States), any provincial, municipal, state or other political subdivision thereof, and any entity exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

1.1.66 “Group Parties” means, collectively, NAFA Parent, the Credit Parties and each Subsidiary thereof, and “Group Party” mean any one of them.

1.1.67 “GST” means the tax imposed pursuant to Part IX of the *Excise Tax Act* (Canada).

1.1.68 “Guarantor” means any Person that has guaranteed the obligations of the Borrower under this Agreement and the other Documents. As of the Restatement Date, the Guarantors are NAFA Parent, North American Fur Auctions (US) Inc., a Delaware company, NAFPRO LLC, a Wisconsin limited liability company, NAFA Polska Sp. Z oo, a Polish company, NAFA Properties, NAFA US, NAFA Stoughton, and NAFA NS.

1.1.69 “Hedge Credit” means the credit established by Section 2.1(ii).

1.1.70 “Hedging Contract” means a spot, forward or other foreign exchange rate contract entered into between the Borrower and the Supplementary Credit Lender.

1.1.71 “HSBC” means HSBC Bank Canada and its successors.

1.1.72 “Indebtedness” of any Person includes, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits (other than customer deposits in the ordinary course) or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable, accrued expenses and deferred rent expense, in each case incurred in the ordinary course of business), (f) all guarantees by such Person of Indebtedness of others, (g) all capital lease obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of Letters of Credit, (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, and (j) the net amount of obligations of such Person (determined on a marked-to-market basis) under hedging agreements or any similar agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general or limited partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For certainty, Indebtedness does not include amounts payable

by the Borrower to a Rancher in respect of the sale of pelts consigned by such Rancher to the Borrower.

1.1.73 “Indemnified Persons” has the meaning given in Section 6.5(1).

1.1.74 “Insolvent Defaulting Lender” means any Defaulting Lender that (a) has been adjudicated as, or determined by a Governmental Authority having regulatory authority over such Person or its assets to be, insolvent, (b) becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding, or (c) becomes the subject of an appointment of a receiver, receiver and manager, monitor, trustee or liquidator under the *Bank Act* (Canada) or any applicable bankruptcy, insolvency or similar law now existing or hereafter enacted; provided that a Lender shall not be an Insolvent Defaulting Lender solely by virtue of the ownership or acquisition by a Governmental Authority of an instrumentality thereof of any Equity Securities in such Lender or a parent company thereof.

1.1.75 “Insured Kit Loans” means loans made by the Borrower or any of its Subsidiaries to any Rancher, the full repayment of which is insured by the Red Rock Insurance Policy.

1.1.76 “Interest Expense” means, for any period, the aggregate of interest charges, finance charges and other debt service charges paid, payable or accrued in respect of such period, all on a consolidated basis and as defined by and as determined in accordance with GAAP unless otherwise specified herein.

1.1.77 “Inventory” means all inventory determined in accordance with GAAP, including goods held for sale or lease, goods furnished or to be furnished to any Person under contracts of lease, consignment or service, goods which are raw material or work-in-process, goods used in or procured in the processing, packaging, or shipping of the same, and all finished goods which are held as inventory and excluding inventory which is no longer saleable and goods of another Person held on consignment.

1.1.78 “Issuing Bank” means CIBC, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity.

1.1.79 “Kit Loans” means loans made by the Borrower to any Rancher (and includes, for greater certainty, Insured Kit Loans and Rancher Livestock Loan Advances).

1.1.80 “Kit Loans List” has the meaning given in Section 7.2(18).

1.1.81 “LC/LG Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

1.1.82 “LC/LG Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC/LG Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

1.1.83 “Lenders” means, collectively, the Operating Lenders, the Supplementary Credit Lender and the Tranche A Credit Lender, and “Lender” has a corresponding meaning.

- 14 -

1.1.84 “Letter of Credit” means a letter of credit or letter of guarantee issued by the Issuing Bank at the request and for the account of the Borrower in such currency, in such amount and of such term as may be agreed by the Borrower and the Issuing Bank.

1.1.85 “LIBOR Interest Period” means, in relation to a U.S. Dollar LIBOR Loan, the period of one, two, three or six months selected by the Borrower for computing interest from time to time on such U.S. Dollar LIBOR Loan provided that the last day of each LIBOR Interest Period shall be determined in accordance with the practice of the London interbank market as from time to time in effect.

1.1.86 “Loan” means a Base Rate Loan, a U.S. Dollar LIBOR Loan or a Prime Rate Loan.

1.1.87 “LOI” has the meaning given in Section 9.1(37)(iii).

1.1.88 “Losses” has the meaning given in Section 6.5(1).

1.1.89 “March 2020 Cash Flow Forecast” has the meaning given in Section 9.1(42).

1.1.90 “Material Contracts” means, collectively, (i) each contract listed in Schedule 1.1.90 to this Agreement and (ii) each other contract to which the Borrower is now or hereafter becomes a party and which is at any time on or after the date hereof (a) material to the business of the Borrower or (b) designated or accepted by the Agent, in the sole discretion of the Agent or any Lender, as a material contract, in each case whether oral or written, and in each case as the same may be amended, supplemented or otherwise modified and in effect from time to time.

1.1.91 “NAFA Farms” means the farming property located in Nova Scotia owned by NAFA NS.

1.1.92 “NAFA NS” means 3306319 Nova Scotia Limited, a Nova Scotia company.

1.1.93 “NAFA Parent” means North American Fur Producers Inc., a Canadian federal corporation.

1.1.94 “NAFA Properties” means NAFA Properties Inc., an Ontario corporation.

1.1.95 “NAFA Stoughton” means NAFA Properties Stoughton LLC, a Wisconsin limited liability company.

1.1.96 “NAFA US” means NAFA Properties (US) Inc., a Delaware company.

1.1.97 “Net Proceeds” means, (i) with respect to any sale, transfer or other disposition (whether voluntary or involuntary) of any assets (other than Inventory or non-material assets sold in the ordinary course of business for fair market value (a “Sale”), the gross amount received by any Group Party from such Sale, minus the sum of (a) the amount, if any, of all Taxes paid or payable by any Group Party directly resulting from such Sale (including the amount, if any, estimated by the Borrower in good faith at the time of such Sale for Taxes payable by any Group Party on or measured by net income or gain resulting from such Sale) assuming the application

- 15 -

of any Tax losses or credits available (or to be available) to any Group Party at the time such Taxes are payable that are not used to offset other income or gains), (b) the reasonable out of pocket costs and expenses incurred by any Group Party in connection with such Sale (including reasonable brokerage fees paid to a Person other than another Group Party or an Affiliate of any Group Party), and (c) any other Indebtedness secured by a Security Interest ranking in priority to the Security Interest created under the Security on the assets which are subject to the Sale and required to be repaid as a result of the Sale, and (ii) with respect of any proceeds of any insurance policies received by any Group Party in connection with any assets of any Group Party and amounts received by any Group Party pursuant to any expropriation proceeding or condemnation proceeding in connection with any assets of any Group Party, the gross amount received by any Group Party from such insurance policies or any expropriation, minus any other Indebtedness secured by a Security Interest ranking in priority to the Security Interest created under the Security on the assets which are the subject of the insurance proceeds or subject to the expropriation or condemnation and required to be paid to such priority Security Interest ahead of the Lenders.

- 1.1.98 “Non-Defaulting Lender” has the meaning given in Section 11.10.
- 1.1.99 “North American Rancher Livestock Loan Advances” means Rancher Livestock Loan Advances made to a Rancher located in North America.
- 1.1.100 “Operating Credit” means the credit established by Section 2.1(i).
- 1.1.101 “Operating Credit Commitments” is defined in Section 2.5(1).
- 1.1.102 “Operating Credit Exposure” means, with respect to any Lender at any time, the sum at such time of the outstanding principal amount of such Lender’s Operating Loans.
- 1.1.103 “Operating Credit Maturity Date” means November 30, 2019.
- 1.1.104 “Operating Lenders” means CIBC, HSBC and Export Development Canada and their successors and assigns, in their capacities as lenders under the Operating Credit.
- 1.1.105 “Operating Loan” is defined in Section 2.3.
- 1.1.106 “Outstanding Drawdown” has the meaning given in Section 2.10(i).
- 1.1.107 “Overdraft” means a Prime Rate Loan or a Base Rate Loan, as applicable, under the Operating Credit made by way of overdraft on the Borrower’s U.S.\$ and Cdn.\$ general deposit accounts with the Swingline Lender pursuant to Section 2.9.
- 1.1.108 “Permitted Encumbrances” means, with respect to any property or asset of the Borrower or any Subsidiary, any of the following Security Interests:
- (i) liens for taxes, rates, assessments or governmental charges or levies not delinquent or being contested in good faith by appropriate action properly initiated and diligently conducted;

- 16 -

- (ii) undetermined or inchoate liens, privileges, charges or encumbrances arising in the ordinary course of business, claims for which have not been filed or registered pursuant to law or of which notice in writing has not been given or which relate to obligations not due and delinquent;
- (iii) reservations and exceptions contained in or implied by statute in the original disposition from the Crown and grants made by the Crown of interests so reserved or excepted;
- (iv) minor title defects, restrictive covenants or irregularities in relation to title or tenure to any property which are of a minor nature and, in the aggregate with all such other defects and irregularities then existing, will not materially impair the value or use of the property subject thereto for the purpose for which it is held;
- (v) any permit, right-of-way, easement, licence or other right or privilege in the nature of an easement heretofore granted or conveyed relating to the assets now owned by the Borrower or any Subsidiary or any permit, right-of-way, easement, licence or other right or privilege in the nature of an easement granted or conveyed after the date hereof relating to assets now owned or hereafter acquired by the Borrower or any Subsidiary which are of a minor nature and, in the aggregate with all other permits, rights of way, easements, licences or other rights or privileges will not materially impair the value or use of the assets subject thereto for the purpose for which they are held;
- (vi) liens of less than \$100,000 arising under any judgments rendered (including any executions filed in respect thereof) against the Borrower or any Subsidiary which are being actively and diligently contested in good faith by proper legal proceedings;
- (vii) liens arising in respect of claims filed against the Borrower or any Subsidiary which shall be actively and diligently contested in good faith by proper legal proceedings and for which security satisfactory to the Agent, acting reasonably, has been posted;
- (viii) security given in the ordinary course of business by the Borrower or any Subsidiary to a public utility or any municipality or governmental or public authority in connection with operations of the Borrower or any Subsidiary other than in connection with borrowed money;
- (ix) the encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings or to secure workers' compensation, unemployment insurance or other similar types of payments, surety or appeal bonds and costs of litigation when required by law;
- (x) Security Interests in favour of the Agent as security for the obligations of the Borrower to the Agent and the Lenders hereunder and under the Security, including, for greater certainty, the Goleniow Premises Mortgages, or from time to time expressly approved by the Agent in writing;

- 17 -

- (xi) properly perfected purchase money security interests securing liabilities of the Borrower or any Subsidiary, provided that (a) no such purchase money security interest secured by any one asset is in excess of \$100,000, (b) the aggregate outstanding amount of all such purchase money security interests shall not exceed \$1,000,000 at any time, and (c) no such purchase money security interest is secured by land;
- (xii) Security Interests in favour of the Subordinated Lenders;
- (xiii) a mortgage in favour of Farm Credit Canada on the freehold interest held by NAFA Properties on the Carlingview Property in the principal amount of \$7,000,000, and Security Interests in favour of Farm Credit Canada from the Borrower, NAFA Properties and NAFA Parent, in each case, to secure the FCC (Ontario) Financing;
- (xiv) a mortgage in favour of Business Development Bank of Canada on the leasehold interest held by NAFA Properties on the property located at 65 Skyway Avenue, Toronto in the principal amount of \$7,240,000, and Security Interests in favour of Business Development Bank from NAFA Properties, the Borrower and NAFA US, in each case, to secure the BDC Financing;
- (xv) a mortgage in favour of Farm Credit Canada on the freehold interest held by NAFA NS in NAFA Farms in the principal amount of \$1,800,000, and Security Interests in favour of Farm Credit Canada from NAFA NS, in each case, to secure the FCC (NS) Financing;
- (xvi) a mortgage in favour of the Borrower on the freehold interest held by NAFA NS in NAFA Farms, which mortgage is subordinated in favour of the Agent; and
- (xvii) a mortgage in favour of 464676 B.C. Ltd. on the freehold interest on the property located at 1600 Williams Drive, Stoughton in the principal amount of \$1,500,000, originally in favour of NAFA Properties and assigned to 464676 B.C. Ltd.

1.1.109 “Permitted Interest Payment” means a payment of interest under any Subordinated Debt Document as in effect on the date of this Agreement which is made when no Default or Event of Default exists hereunder and the payment of which will not itself result in a Default or Event of Default hereunder, payment of which is subject at all times to the Cash Flow Forecast.

1.1.110 “Permitted Pelt Supplier Payments” means payments which (i) are made on account of membership fees or similar amounts charged by a Subordinated Lender (other than NAFA Parent) to a Rancher, and (ii) are paid by the Borrower to a Subordinated Lender at the request of the relevant Rancher from the proceeds of sale of pelts consigned by such Rancher for sale by the Borrower or a Subsidiary of the Borrower at an auction conducted by the Borrower in the ordinary course of the Borrower’s business, payment of which is subject at all times to the Cash Flow Forecast.

- 18 -

- 1.1.111 “Person” includes an individual, a partnership, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.
- 1.1.112 “Potential Bidders” means Copenhagen Fur and Saga Furs.
- 1.1.113 “Prime Rate” means, on any day, the annual rate of interest equal to the greater of (i) the annual rate of interest announced by the Reference Bank and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Cdn. Dollar-denominated commercial loans made in Canada, and (ii) the annual rate of interest equal to the sum of (A) the CDOR Rate in effect on such day, plus (B) 1.00%.
- 1.1.114 “Prime Rate Loan” means a Cdn. Dollar advance or overdraft loan on which interest is calculated by reference to the Prime Rate.
- 1.1.115 “Priority Payables” means all statutory liens, deemed trusts and preferred claims of any Person arising under any statute having jurisdiction over the Borrower, including claims for employee wages, vacation pay, termination or severance pay, employee withholdings, pension plan contributions, workers’ compensation assessments and municipal Taxes, and claims by public utilities.
- 1.1.116 “Priority Supplier Accounts Payable” means accounts payable to a supplier of Inventory which are unpaid up to 30 days after the date of invoice for such Inventory.
- 1.1.117 “Prompt Date” means the date set by the Borrower on which payment is due by auction Buyers, which shall be no more than 21 days after the last day of the auction to which the Prompt Date relates.
- 1.1.118 “Rancher” means a Person which is a mink or fox rancher and which supplies mink and/or fox pelts to the Borrower or any of its Subsidiaries in the ordinary course of the Borrower’s business.
- 1.1.119 “Rancher Livestock Loan Advances” means loan advances made by the Borrower or any of its Subsidiaries to any Rancher provided that:
- (i) such loan advances are made pursuant to documents in the forms attached hereto as Schedule 1.1.119 (subject to immaterial revisions having no adverse impact on the interests of the Agent and the Lenders under the Documents);
 - (ii) advances to each Rancher will not exceed 50% of the expected value (based on the lower of the previous year’s average price per pelt and the current price per pelt) of the progeny to be consigned to the Borrower or any of its Subsidiaries by such Rancher;
 - (iii) the Agent shall have reviewed and approved annually the credit established by the Borrower for each such Rancher;

- (iv) such advances are secured by properly executed first-ranking chattel mortgages, security agreements or similar agreements in respect of the financed livestock and pelts, which chattel mortgages, security agreements or similar agreements shall be assigned to the Agent (as acknowledged, in the case of each advance in excess of U.S.\$1,500,000 or any equivalent thereof in another denomination, by the relevant Rancher in the form of the relevant acknowledgement of assignment included at Schedule 1.1.119) and properly perfected or otherwise registered (it being agreed that the Borrower shall have 60 days from the Restatement Date to deliver the Rancher acknowledgements required by this clause 1.1.119(iv)); and
- (v) such advances and/or the livestock and pelts financed thereby are adequately insured by the Rancher or the Borrower by insurance acceptable to the Agent, acting reasonably.

1.1.120 “Receivable Value” means, at any time, the aggregate of all Eligible Buyer Accounts Receivable, Foreign Rancher Livestock Loan Advances, North American Rancher Livestock Loan Advances, Shipper Pelt Loan Advances and Eligible Accounts Receivable.

1.1.121 “Red Rock Insurance Policy” means a policy of insurance, in form and substance satisfactory to the Agent, issued by Red Rock Insurance Services Ltd. to the Borrower for the benefit of the Borrower and its Subsidiaries and insuring the repayment to the Borrower or, as applicable, any Subsidiary of the Borrower of Insured Kit Loans, North American Rancher Livestock Loan Advances and European Rancher Livestock Loan Advances in a minimum aggregate principal amount of U.S.\$30,000,000.

1.1.122 “Reference Bank” means, for so long as CIBC is a party hereto, CIBC, and, thereafter, HSBC for so long as HSBC is a party hereto.

1.1.123 “Release” includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun, has a similar meaning.

1.1.124 “Reporting Quarter” is defined in Section 9.2(3)(ii).

1.1.125 “Restatement Date” means July 17, 2019 or such other date as the parties may agree upon in writing.

1.1.126 “Required Lenders” means, at any time:

- (i) when there are two or less Lenders, all of the Lenders, and
- (ii) when there are more than two Lenders, Lenders having Operating Credit Exposures, Swingline Exposure and unused Commitments representing more than 66 ⅔% of the sum of the total Operating Credit Exposures, Swingline Exposure and unused Commitments at such time.

1.1.127 “Rollover Drawdown” has the meaning given in Section 2.10.

1.1.128 “Sale Milestones” has the meaning given in Section 9.1(37).

1.1.129 “Sale Process” has the meaning given in Section 7.2(19).

1.1.130 “Sample Kit Loans” means, collectively, the loan and security documentation, including registration documents, relating to each of the top five (5) Kit Loans (measured by kit volume) outstanding in each of Canada, the United States and Europe as at the date of this Agreement.

1.1.131 “Security” means the documents and instruments referred to in clauses (i) and (ii) of Section 7.2(1) and any and all other agreements or instruments now or hereafter executed and delivered by any Credit Party as security (including by way of guarantee) for the payment or performance of the obligations of the Borrower under this Agreement, as any of the foregoing may have been, or may hereafter be, amended, modified or supplemented from time to time.

1.1.132 “Security Interest” means any mortgage, hypothec, title retention, pledge, lien, right of set-off, charge, security interest, assignment or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

1.1.133 “Senior Officer” means, in respect of any Person, the chairman, the president, the senior vice-president or the chief financial officer of such Person or any person holding a similar office.

1.1.134 “Shipper” means any Person, including any Rancher, dealer or trapper, which consigns pelts to the Borrower or any of its Subsidiaries for sale by the Borrower or any of its Subsidiaries.

1.1.135 “Shipper Pelt Loan Advances” means loan advances made by the Borrower or any of its Subsidiaries to any Shipper on receipt by the Borrower or any of its Subsidiaries of pelts consigned to the Borrower or any of its Subsidiaries by such Shipper and includes Letters of Credit as provided in Section 4.7(7), provided that:

- (i) such advances do not exceed 60% of the current market price for such pelts;
- (ii) such advances are not made prior to actual receipt and inspection by the Borrower or any of its Subsidiaries of such pelts;
- (iii) if the aggregate amount of Shipper Pelt Loan Advances to any Shipper exceed U.S.\$25,000, such advances to such Shipper are secured in a manner acceptable to the Agent, acting reasonably; and
- (iv) such advances have not remained outstanding for more than 240 days from the relevant date of advance.

1.1.136 “Subordinated Debt” means the principal amount of Indebtedness of the Borrower to a Subordinated Lender fully subordinated and postponed to the indebtedness of the Borrower to the Agent and the Lenders hereunder on terms satisfactory to the Agent and the Lenders, in their sole discretion.

- 1.1.137 “Subordinated Debt Document” means any agreement, promissory note or other document or instrument evidencing Subordinated Debt.
- 1.1.138 “Subordinated Lenders” means, collectively, North American Wild Fur Shippers Council, American Mink Council, Canada Fox Breeders’ Association, Canada Mink Breeders Association, North American Fur Association and NAFA Parent.
- 1.1.139 “Subsidiary” has the meaning given in the *Canada Business Corporations Act*.
- 1.1.140 “Supplementary Credit Commitment” is defined in Section 2.5(3).
- 1.1.141 “Supplementary Credit Exposure” means, at any time, the outstanding aggregate principal amount of all Indebtedness of the Borrower under the VISA Credit and the Hedge Credit, in each case at such time.
- 1.1.142 “Supplementary Credit Lender” means CIBC, in its capacity as grantor of all credit to the Borrower under the Supplementary Credits.
- 1.1.143 “Supplementary Credit Participating Lender” means each Lender specified on Schedule 2.5(3).
- 1.1.144 “Supplementary Credits” means, collectively, the VISA Credit and the Hedge Credit.
- 1.1.145 “Swingline Commitment” is defined in Section 2.5(4).
- 1.1.146 “Swingline Exposure” means, at any time, the sum of the outstanding principal amount of (i) all Swingline Loans, and (ii) all LC/LG Exposure, in each case at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.
- 1.1.147 “Swingline Lender” means CIBC, in its capacity as lender of Swingline Loans hereunder.
- 1.1.148 “Swingline Loan” means a Loan made pursuant to Section 2.3(ii), and “Swingline Loans” has a corresponding meaning.
- 1.1.149 “Tangible Net Worth” means (i) the consolidated shareholders’ equity of the Borrower (net of, for certainty, intangibles and goodwill), plus (ii) the Subordinated Debt.
- 1.1.150 “Tax” or “Taxes” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, fees, deductions, compulsory loans or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any

Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.

1.1.151 “Third Auction” means the third auction to be conducted by the Borrower in Toronto, Ontario, from August 23, 2019 to August 27, 2019.

1.1.152 “this Agreement”, “herein”, “hereof”, “hereto” and similar expressions mean and refer to this agreement and include any instrument amending or supplementing the same, and the expressions “Article”, “Section” and “Schedule” followed by a number or letter mean and refer to the specified Article, Section or Schedule of this Agreement.

1.1.153 “Tranche A Credit” means the credit created pursuant to Section 2.1(iv).

1.1.154 “Tranche A Credit Commitment” is defined in Section 2.5(5).

1.1.155 “Tranche A Credit Exposure” means, with respect to the Tranche A Credit Lender at any time, the sum at such time of the outstanding principal amount of such Tranche A Credit Lender’s Tranche A Loan.

1.1.156 “Tranche A Credit Lender” means Export Development Canada.

1.1.157 “Tranche A Credit Maturity Date” means April 30, 2023.

1.1.158 “Tranche A Loan” is the amount outstanding under the Tranche A Credit from time to time.

1.1.159 “Unfunded Capital Expenditures” means, during any period, capital expenditures made during such period which are not specifically financed with long term debt.

1.1.160 “U.S. Dollar LIBOR Loan” means a U.S. Dollar advance on which interest is calculated by reference to the U.S. Dollar LIBOR Rate.

1.1.161 “U.S. Dollar LIBOR Rate” means, with respect to any U.S. Dollar LIBOR Loan for any LIBOR Interest Period, either (a) the interest rate per annum shown on the Reuter Monitor Screen which displays the ICE Benchmark Administration Interest Settlement Rate or any successor page as the composite offered rate for London interbank deposits of U.S. Dollars with a period comparable to the LIBOR Interest Period for such U.S. Dollar LIBOR Loan, as shown under the heading “USD” at 11:00 a.m. (London, England time) two Banking Days prior to the first day of such LIBOR Interest Period, or (b) if the rate in paragraph (a) of this definition is not shown for any particular day, the interest rate per annum offered to the Agent in the interbank LIBOR market for U.S. Dollar deposits, for delivery in immediately available funds on the first day of such LIBOR Interest Period, of amounts comparable to the principal amount of the U.S. Dollar LIBOR Loan to which such LIBOR is to apply with maturities comparable to the LIBOR Interest Period for which such LIBOR will apply as of approximately 11:00 a.m. (London, England time) two Banking Days prior to the commencement of such LIBOR Interest Period.

1.1.162 “U.S. Dollars”, “US\$” and “U.S.\$” means lawful currency of the United States of America.

1.1.163 “VISA Credit” means the credit established by Section 2.1(iii).

1.2 Accounting Terms. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of any Document, including, without limitation, for the purposes of any determination of the financial ratios set out in Section 9.1(18), such determination or calculation shall, to the extent applicable and except as otherwise specified herein or therein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a basis consistent with those in effect at the date hereof.

1.3 General. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Any reference in this Agreement to any Act or Statute or any section thereof shall be deemed to be a reference to such Act, Statute or section as amended or re-enacted from time to time. Unless the context otherwise requires, words importing the singular number include the plural and vice versa. Unless the context otherwise requires, any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. Any reference in this Agreement to a party to this Agreement shall include the successors and permitted assigns of such party. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. For the avoidance of doubt, any reference to a Permitted Encumbrance shall not serve to subordinate or postpone any Security Interest created by any Security to such Permitted Encumbrance.

1.4 Currency. All statements of or references to dollar amounts (without more) in any Document shall mean U.S. Dollars.

1.5 Schedules. The following are the Schedules annexed hereto, incorporated by reference and deemed to be part hereof:

Schedule 1.1.18	-	Borrowing Base Certificate
Schedule 1.1.23	-	Cash Flow Forecast
Schedule 1.1.33	-	Compliance Certificate
Schedule 1.1.46	-	Drawdown Notice
Schedule 1.1.90	-	Material Contracts
Schedule 1.1.119	-	Rancher Advance Documentation
Schedule 2.5(1)	-	Operating Credit Commitments
Schedule 2.5(3)	-	Supplementary Credit Commitments
Schedule 2.5(4)	-	Swingline Commitments
Schedule 2.5(5)	-	Tranche A Credit Commitments
Schedule 4.7	-	Shipper Letter of Credit Agreement

- 24 -

Schedule 8.1(5)	-	Ownership of Subsidiaries
Schedule 8.1(21)	-	Insurance Particulars
Schedule 8.1(22)	-	Rancher Livestock Loan Advances Exceeding U.S.\$1,500,000
Schedule 8.1(23)	-	Registration Procedures for Rancher Livestock Loan Security
Schedule 8.1(40)	-	Bank Accounts
Schedule 9.1(5)(iv)	-	Payment Policies
Schedule 9.1(15)(v)	-	Existing Loans to Farmers
Schedule 9.1(15)(vi)	-	Loans to Ranchers as Financing
Schedule 9.1(17)	-	Executive Salaries

1.6 **Law of Contract.** Unless otherwise specified therein, all Documents shall be deemed to be contracts and/or instruments made pursuant to the laws of the Province of Ontario and the laws of Canada applicable therein and shall be governed by and construed in accordance with such laws.

1.7 **Evidence of Indebtedness.** Any statement as to any amount due to the Agent or any Operating Lender under any Document which is certified as being correct by an officer of the Agent shall, unless otherwise provided herein, be *prima facie* evidence that such amount is in fact due and payable.

1.8 **General Provisions as to Certificates and Opinions, etc.** Each certificate of the Auditors and each officers' certificate furnished to the Agent or any Operating Lender pursuant to any provision of any Document, shall specify the Section or Sections under which such certificate is furnished and shall include a statement that the Person making such certificate has read the provisions of such Document relevant thereto. Each such certificate which evidences, attests to or confirms compliance with any condition precedent provided for in any Document shall, in addition, include a statement to the following effect:

- (i) that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such condition precedent has been complied with; and
- (ii) that, in the opinion of such Person, such condition precedent has been complied with.

Whenever the delivery of a certificate or opinion is a condition precedent to the taking of any action by the Agent or any Lender under any Document, the truth and accuracy of the facts and opinions stated in such certificate or opinion shall in each case be conditions precedent to the right of the Borrower to have such action taken, and each statement of fact contained therein shall be deemed to be a representation and warranty of the Borrower for the purposes of this Agreement.

Article 2 - The Credits and Drawdowns

- 2.1 **Continuance of Credits.** Subject to the terms and conditions hereof:
- (i) the Operating Lenders hereby confirm the continuance of an operating credit facility (the "Operating Credit") in favour of the Borrower, in a maximum aggregate principal amount equal at any time to (A) the lesser of (a) the Authorized Credit Amount at such time, and (b) the amount of the Borrowing Base then in effect, and (B) the amount outstanding at such time, whether on account of principal, interest, fees or otherwise, in respect of Indebtedness permitted by Section 9.1(11)(vi). The Borrowing Base in effect at any time shall be that reported in the Borrowing Base Certificate most recently delivered to and accepted by the Agent pursuant to Section 9.2(3)(i), provided that if the Borrower has not delivered a Borrowing Base Certificate when required by Section 9.2(3)(i) or the Borrowing Base Certificate delivered by the Borrower has not been accepted by the Agent, acting reasonably, the Borrowing Base shall be that determined by the Agent, acting reasonably and with the concurrence of each Lender. The Operating Credit shall be utilized by the Borrower solely to fund the disbursements in accordance with the Cash Flow Forecast as set out herein;
 - (ii) the Supplementary Credit Lender hereby confirms the continuance in favour of the Borrower of a revolving operating facility available by way of Hedging Contracts, having a maximum aggregate "at risk" amount (determined in accordance with Section 4.8(4)) of U.S.\$5,000,000 outstanding at any time (the "Hedge Credit") for the purposes of managing (but not speculating with respect to) currency exchange risk; provided that, notwithstanding any other provision herein, the Borrower shall not request a Hedging Contract from and after the Restatement Date;
 - (iii) the Supplementary Credit Lender hereby confirms the continuance in favour of the Borrower of a revolving credit (the "VISA Credit") in an aggregate principal amount of Cdn.\$150,000 which is available through the use of one or more employee expense VISA cards issued by the Supplementary Credit Lender. The VISA Credit shall be utilized by the Borrower only for employee business expenses and shall be subject to the Supplementary Credit Lender's standard VISA documentation; and
 - (iv) the Tranche A Credit Lender hereby confirms the continuance of a non-revolving term credit facility (the "Tranche A Credit") in favour of the Borrower, in a maximum aggregate principal amount equal to US\$5,500,000. The Tranche A Credit shall be utilized by the Borrower only to support the Borrower's operations in Poland, the sole permitted Drawdown of which occurred in November 2018.

- 2.2 **Utilization of the Operating Credit.** Subject to the terms and conditions hereof, the Borrower may avail itself of the Operating Credit by way of Base Rate Loans

- 26 -

(including by way of overdrafts), U.S. Dollar LIBOR Loans, Prime Rate Loans (including by way of overdrafts), Swingline Loans and Letters of Credit provided that:

- (i) the maximum aggregate amount of all Letters of Credit outstanding from time to time shall not exceed U.S.\$2,000,000 and no Letter of Credit shall have a term longer than twelve months unless the Agent shall have otherwise agreed in writing (and shall not in any event extend beyond the Operating Credit Maturity Date); provided that, notwithstanding any other provision herein, the Borrower shall not request a Letter of Credit from and after the Restatement Date;
- (ii) each U.S. Dollar LIBOR Loan shall be for a term of approximately one, two, three or six months (but in any event no such term shall extend beyond the Operating Credit Maturity Date);
- (iii) each U.S. Dollar LIBOR Loan, Prime Rate Loan and Base Rate Loan shall be in a minimum amount of U.S.\$1,000,000;
- (iv) the proceeds of each such Drawdown are used for the purposes set out in Section 2.1(i);
- (v) no Default or Event of Default has occurred and is continuing;
- (vi) all Letters of Credit issued under this Agreement shall constitute availments of the Swingline Commitment;
- (vii) each Swingline Loan shall be made by the Swingline Lender only; and
- (viii) notwithstanding any other provision herein, the Borrower may not avail itself of the Operating Credit by way of U.S. Dollar LIBOR Loans from and after the Restatement Date, and each existing U.S. Dollar LIBOR Loan shall automatically, and without any further action on the part of the Borrower, convert into a Base Rate Loan on the last day of the applicable LIBOR Interest Period.

For greater certainty, all amounts outstanding on the Restatement Date under the Existing Credit Agreement (including, without limitation, in respect of the Corporate Expense VISA Card and Foreign Exchange Contingent Liability credits thereunder) shall, on and as of the Restatement Date, be deemed to be outstanding hereunder. All such amounts outstanding under the Existing Credit Agreement in the form of (A) Prime Rate loans shall be continued as Prime Rate Loans hereunder, (B) U.S. Base Rate loans shall be continued as Base Rate Loans hereunder, (C) U.S. Dollar LIBOR Loans shall be continued as U.S. Dollar LIBOR Loans hereunder, (D) Canadian dollar or foreign currency L/Cs shall be continued as Letters of Credit issued hereunder in the applicable currency, and (E) overdrafts shall be continued as Overdrafts hereunder.

2.3 **Utilization of the Tranche A Credit.** Subject to the terms and conditions hereof, the Borrower may avail itself of the Tranche A Credit by way of U.S. Dollar LIBOR Loans provided that:

- 27 -

- (i) each U.S. Dollar LIBOR Loan shall be for a term of approximately three months (but in any event no such term shall extend beyond the Tranche A Credit Maturity Date);
- (ii) no Default or Event of Default has occurred and is continuing; and
- (iii) notwithstanding any other provision herein, the Borrower may not avail itself of the Tranche A Credit by way of U.S. Dollar LIBOR Loans from and after the Restatement Date, and each existing U.S. Dollar LIBOR Loan shall automatically, and without any further action on the part of the Borrower, convert into a Base Rate Loan on the last day of the applicable LIBOR Interest Period.

2.3 **Making of Loans under Operating Credit.** Subject to the terms and conditions and relying on the representations and warranties contained herein, (i) each Operating Lender severally agrees to make to the Borrower Operating Loans (each, an "Operating Loan") in Cdn. Dollars or U.S. Dollars pursuant to its Operating Credit Commitment on any Banking Day requested by the Borrower from and after the date hereof but prior to the Operating Credit Maturity Date in an aggregate principal amount that will not result in (a) such Operating Lender's Operating Credit Exposure exceeding such Operating Lender's Operating Credit Commitment, or (b) the sum of the total Operating Credit Exposures exceeding the Operating Credit Commitments, and (ii) the Swingline Lender agrees to make to the Borrower revolving loans (each, a "Swingline Loan") in Cdn. Dollars or U.S. Dollars pursuant to its Swingline Commitment on any Banking Day on or after the date hereof but prior to the Operating Credit Maturity Date. For greater certainty, the Operating Credit Commitments of the Operating Lenders and the Swingline Commitment of the Swingline Lender, taken together, are limited by the Borrowing Base.

2.4 **Making of Loans under Tranche A Credit:** Subject to the terms and conditions and relying on the representations and warranties contained herein, the Tranche A Credit Lender agrees to make to the Borrower Tranche A Loans (each, a "Tranche A Loan") in U.S. Dollars pursuant to its Tranche A Credit Commitment on any Banking Day requested by the Borrower from and after the date hereof but prior to the Tranche A Credit Maturity Date in an aggregate principal amount that will not result in the Tranche A Credit Lender's Tranche A Credit Exposure exceeding the Tranche A Credit Lender's Tranche A Credit Commitment.

2.5 **Commitments.**

(1) **Operating Credit Commitments.** Subject to Section 2.12, each Operating Lender's Operating Credit Exposure shall not exceed at any one time the amount set forth opposite such Operating Lender's name on Schedule 2.5(1) under the caption "Operating Credit Commitments" (as such amount may be modified from time to time pursuant to Section 12.2, such Operating Lender's "Operating Credit Commitment"; the Operating Credit Commitments, taken together, of all of the Operating Lenders being hereinafter collectively referred to as the "Operating Credit Commitments"). Subject to the foregoing restrictions and the conditions set

- 28 -

out in Article 7, the Borrower may obtain borrowings of Operating Loans, repay or prepay such Operating Loans (subject to the payment of breakage costs), and reborrow such Operating Loans.

(2) [Intentionally Deleted].

(3) Supplementary Credit Commitment. The Supplementary Credit Lender's Supplementary Credit Exposure shall not exceed at any one time the amount set forth opposite the Supplementary Credit Lender's name on Schedule 2.5(3) with respect to the applicable Supplementary Credit (as such amount may be modified from time to time pursuant to Section 12.2, the Supplementary Credit Lender's "Supplementary Credit Commitment").

(4) Swingline Credit Commitment. The Swingline Lender's Swingline Exposure shall not exceed at any one time the amount set forth opposite the Swingline Lender's name on Schedule 2.5(4) under the caption "Swingline Commitment" (as such amount may be modified from time to time pursuant to Section 12.2, the Swingline Lender's "Swingline Commitment"). Subject to the foregoing restrictions and the conditions set out in Article 7, the Borrower may obtain borrowings of Swingline Loans, repay such Swingline Loans, and reborrow such Swingline Loans. For greater certainty, no notice is required in respect of a repayment or prepayment of any Swingline Loan.

(5) Tranche A Credit Commitment: The Tranche A Credit Lender's Tranche A Credit Exposure shall not exceed at any one time the amount set forth on Schedule 2.5(5) (as such amount may be modified from time to time pursuant to Section 12.2, the "Tranche A Credit Commitment"). Subject to the foregoing restrictions and the conditions set out in Article 7, and 30 days' prior written notice to the Tranche A Credit Lender, the Borrower may prepay borrowings of Tranche A Loans, in whole or in part, in a principal amount of US\$137,500 or a whole multiple thereof, at any time after the first principal repayment date. Amounts prepaid by the Borrower shall not be available for re-borrowing.

2.6 Drawdown Notice

(1) Notice re: Prime Rate and Base Rate Loans. When requesting any Drawdown by way of a Prime Rate Loan or a Base Rate Loan the Borrower shall deliver a Drawdown Notice to the Agent no later than 10:00 a.m. (Toronto time) one Banking Day prior to the date on which the Borrower wishes to receive such Drawdown.

(2) Notice re: U.S. Dollar LIBOR Loans. When requesting any Drawdown by way of U.S. Dollar LIBOR Loan or Letter of Credit the Borrower shall deliver a Drawdown Notice to the Agent no later than 10:00 a.m. (Toronto time) three Banking Days prior to the day on which the Borrower wishes to receive such Drawdown.

(3) Notice by Agent. The Agent shall promptly (*i.e.*, on the Banking Day of the Agent's receipt of a Drawdown Notice) give each Operating Lender facsimile or telephonic notice (and, in the case of telephonic notices, confirmed by facsimile or otherwise in writing) of the proposed borrowing, of such Operating Lender's Applicable Percentage thereof and of the other matters covered by each Drawdown Notice. The Borrower and Operating Lenders hereby waive the right to dispute the Agent's record of the terms of such telephonic notice, absent manifest error.

(4) Notice re: Tranche A Loans. When requesting the single permitted Drawdown of the Tranche A Credit the Borrower shall deliver a Drawdown Notice to the Tranche A Credit Lender no later than 10:00 a.m. (Toronto time) three Banking Days prior to the date on which the Borrower wishes to receive such Drawdown, provided that the Tranche A Credit is only available by way of a single Drawdown, which Drawdown occurred in November 2018.

2.7 Borrowings.

(1) Each Operating Loan shall be made as part of a borrowing consisting of Operating Loans made by the Operating Lenders rateably in accordance with their respective Operating Credit Commitments. Each Swingline Loan or deemed availment of the Swingline Commitment shall be made in accordance with the procedures set out in Section 2.9 or Section 4.7, as applicable.

(2) The failure of any Operating Lender to make any Operating Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Operating Credit Commitments of the Operating Lenders are several and no Operating Lender shall be responsible for any other Operating Lender's failure to make Operating Loans as required by this Agreement.

2.8 Funding of Borrowings.

(1) Each Operating Lender shall make, continue or rollover, as applicable, each Prime Rate Loan, Base Rate Loan and U.S. Dollar LIBOR Loan to be made, continued or rolled over by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Toronto time, to the account of the Agent most recently designated by the Agent for such purpose by notice to the Operating Lenders; provided that Swingline Loans shall be made as provided in Section 2.9. The Agent will make such Operating Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to account 03722-47-01216 (Cdn.\$) and account 03722-02-20116 (U.S.\$) maintained by the Borrower with the Agent at the Designated Branch.

(2) Unless the Agent shall have received notice from an Operating Lender prior to the proposed date of any Loan that such Operating Lender will not make available to the Agent such Lender's share of such Loan, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.8(1) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, and if an Operating Lender has not in fact made its share of the applicable Loan available to the Agent, then the relevant Operating Lender and the Borrower severally agree to pay to the Agent forthwith on demand (it being agreed that such demand shall first be made of the relevant Operating Lender and then of the Borrower in the absence of immediate payment by the relevant Operating Lender) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at the Prime Rate if the applicable Loans is denominated in Cdn. Dollars or at the Base Rate if the applicable Loans is denominated in U.S. Dollars. If such Operating Lender pays such amount to the Agent, then the principal portion of such amount shall constitute such Lender's Loan included in such borrowing.

(3) The Tranche A Credit Lender shall make each U.S. Dollar LIBOR Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Toronto time, to the account of the Borrower by crediting the amounts to account 03722-02-20116 (U.S.\$) maintained by the Borrower with the Agent at the Designated Branch.

2.9 Swingline Loans.

(i) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower by way of Overdraft from time to time up to (but not including) the Operating Credit Maturity Date, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans plus the aggregate principal amount of outstanding Letters of Credit exceeding U.S.\$5,000,000, (ii) the aggregate of the Operating Credit Exposures plus the Swingline Exposure exceeding the total Operating Credit Commitments plus the Swingline Lender's Swingline Commitment, or (iii) the aggregate of the Swingline Lender's Operating Credit Exposure plus the Swingline Exposure exceeding the total of the Swingline Lender's Operating Credit Commitment plus the Swingline Lender's Swingline Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans. The Swingline Lender's commitment to make Swingline Loans and to issue Letters of Credit is in addition to the Operating Credit Commitment of the Swingline Lender.

(ii) The Swingline Lender shall make each Swingline Loan available to the Borrower by means of an Overdraft on the U.S.\$ or Cdn.\$, as applicable, general deposit account of the Borrower with the Swingline Lender on the date of such Swingline Loan. Each Swingline Loan shall be either a Prime Rate Loan or a Base Rate Loan. Swingline Loans shall bear interest at a rate per annum equal to the rate applicable to a Prime Rate Loan or a Base Rate Loan, as applicable. The interest payable on Swingline Loans is solely for the account of the Swingline Lender (subject to Section 2.11).

2.10 Rollover Drawdowns. The Borrower may at any time deliver a Drawdown Notice to the Agent requesting one or more Drawdowns (the "Rollover Drawdown") the proceeds of which will be used to retire one or more outstanding Drawdowns, provided that:

- (i) the notice identifies the outstanding Drawdown or Drawdowns to be retired (the "Outstanding Drawdown");
- (ii) the Borrower complies with each provision hereof relating to the obtaining of a Drawdown in the form requested including, without limitation, those relating to notice;
- (iii) the aggregate principal amount of the Rollover Drawdown then requested is not greater than the aggregate principal amount of the Outstanding Drawdown;
- (iv) the entire proceeds of the Rollover Drawdown are used to retire in full the Outstanding Drawdown;

- 31 -

- (v) each Rollover Drawdown is made contemporaneously with the retirement of the Outstanding Drawdown;
- (vi) if the Rollover Drawdown under the Operating Credit is to be outstanding in a currency different from that of the Outstanding Drawdown, the amount of the Rollover Drawdown shall be the Exchange Equivalent of the Outstanding Drawdown;
- (vii) if the Outstanding Drawdown is a U.S. Dollar LIBOR Loan, the Rollover Drawdown must be made on the last day of the LIBOR Interest Period; and
- (viii) the Borrower shall have no rights pursuant to this Section if the exercise thereof could preclude or otherwise impair the Borrower's ability to meet its repayment obligations pursuant to this Agreement.

2.11 Equalization of Exposures.

(i) Swingline Loans. At any time when an Event of Default has occurred and is continuing, and provided further that at such time the aggregate principal amount of Indebtedness outstanding in respect of the Operating Credit is less than the aggregate of all Operating Credit Commitments at such time, the Swingline Lender may by written notice given to the Agent not later than 10:00 a.m., Toronto time, on any Banking Day require the Operating Lenders to acquire participations on such Banking Day in all or a portion of the Swingline Loans and the Letters of Credit outstanding, and only to the extent necessary so that, upon such acquisition, the Operating Credit Exposure and the Swingline Exposure, taken together, of each Operating Lender will be that proportion of the aggregate of all Operating Credit Exposure and all Swingline Exposure, taken together, of all Operating Lenders, taken together, which is equal to such Operating Lender's Operating Credit Commitment (taken together with, in the case of the Swingline Credit Lender only, the Swingline Credit Lender's Swingline Credit Commitment prior to such participations) divided by the aggregate of all Operating Credit Commitments and all Swingline Commitments (taking into account such participations) of all Operating Lenders, taken together, provided, however, that the operation of this sentence shall in no event result in an Operating Lender's aggregate Operating Credit Exposure and Swingline Exposure, taken together, exceeding such Operating Lender's Operating Credit Commitment (taken together with, in the case of the Swingline Credit Lender only, the Swingline Credit Lender's Swingline Credit Commitment prior to such participations). Such notice shall specify the aggregate amount of Swingline Loans and Letters of Credit in which the Operating Lenders will participate (which amount shall not exceed the positive result obtained when the aggregate principal amount of Indebtedness outstanding in respect of the Operating Credit is subtracted from the aggregate of all Operating Credit Commitments at such time). Promptly upon receipt of such notice, the Agent will give notice thereof to each Operating Lender, specifying in such notice such Operating Lender's Applicable Percentage of such Swingline Loan or Loans and of such Letters of Credit. Each Operating Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Agent, for the account of the Swingline Credit Lender, such Operating Lender's Applicable Percentage of such Swingline Loan or Loans and of such Letters of Credit. Each Operating Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans and Letters of Credit pursuant to this Section 2.11(i) is

absolute and unconditional and shall not be affected by any circumstance whatsoever, including (i) the reduction or termination of the Operating Credit Commitments or Swingline Credit Commitment, and (ii) any amendment, renewal or extension of any Letter of Credit, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Operating Lender shall comply with its obligation under this Section 2.11(i) by wire transfer of immediately available funds with respect to (i) outstanding Swingline Loans and (ii) each LC/LG Disbursement made by the Issuing Bank at any time after such notice which is not immediately reimbursed by the Borrower or in respect of which a reimbursement payment is required to be refunded to the Borrower for any reason, and the Agent shall promptly pay to the Swingline Credit Lender the amounts so received by it from the Operating Lenders. The Agent shall notify the Borrower of any participations in any Swingline Loans or any Letter of Credit acquired pursuant to this Section 2.11(i), and thereafter payments in respect of such Swingline Loan or any LC/LG Disbursement shall be made to the Agent and not to the Swingline Credit Lender. Any amounts received by the Swingline Credit Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan or any Letter of Credit after receipt by the Swingline Credit Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Agent; any such amounts received by the Agent shall be promptly remitted by the Agent to the Operating Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Credit Lender, as their interests may appear. The purchase of participations pursuant to this paragraph shall not relieve the Borrower of any default in the payment of any Indebtedness of the Borrower so purchased.

(ii) Supplementary Credits. At any time when an Event of Default has occurred and is continuing, the Supplementary Credit Lender may by written notice given to the Agent not later than 10:00 a.m., Toronto time, on any Banking Day require the Supplementary Credit Participating Lenders to acquire participations on such Banking Day in all or a portion of all actual (but not contingent) Indebtedness (net of all amounts due to the Borrower under then matured Hedging Contracts) of the Borrower under the Supplementary Credits to the extent (if any), and only to the extent (if any), necessary so that, upon such acquisition, the Supplementary Credit Exposure (taking into account only actual (but not contingent) Indebtedness (net of all amounts due to the Borrower under then matured Hedging Contracts) of the Borrower under the Hedge Credit), of each Supplementary Credit Participating Lender will be that proportion of the aggregate of all Supplementary Credit Exposure of all Supplementary Credit Participating Lenders, which is equal to such Supplementary Credit Participating Lender's Supplementary Credit Commitment (prior to such participations) divided by the aggregate of all Supplementary Credit Commitments (taking into account such participations) of all Supplementary Credit Participating Lenders; provided, however, that the operation of this sentence shall in no event result in a Supplementary Credit Participating Lender's aggregate Supplementary Credit Exposure exceeding such Supplementary Credit Participating Lender's Supplementary Credit Commitment. Such notice shall specify the aggregate amount of Indebtedness of the Borrower under the Supplementary Credits in which the Supplementary Credit Participating Lenders will participate. Promptly upon receipt of such notice, the Agent will give notice thereof to each Supplementary Credit Participating Lender, specifying in such notice such Supplementary Credit Participating Lender's Applicable Percentage of Indebtedness of the Borrower under the Supplementary Credits. Each Supplementary Credit Participating Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Agent, for the account of the Supplementary Credit Lender, such Supplementary Credit Participating Lender's

- 33 -

Applicable Percentage of such Indebtedness of the Borrower under the Supplementary Credits. Each Supplementary Credit Participating Lender acknowledges and agrees that its obligation to acquire participations in Indebtedness of the Borrower under the Supplementary Credits pursuant to this Section 2.11(ii) is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the reduction or termination of the Supplementary Credit Commitment, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Supplementary Credit Participating Lender shall comply with its obligation under this Section 2.11(ii) by wire transfer of immediately available funds with respect to outstanding Indebtedness of the Borrower under the Supplementary Credits, and the Agent shall promptly pay to the Supplementary Credit Lender the amounts so received by it from the Supplementary Credit Participating Lenders. The Agent shall notify the Borrower of any participations in any Indebtedness of the Borrower under the Supplementary Credits acquired pursuant to this Section 2.11(ii), and thereafter payments in respect of such Indebtedness of the Borrower under the Supplementary Credits shall be made to the Agent and not to the Supplementary Credit Lender. Any amounts received by the Supplementary Credit Lender from the Borrower (or other party on behalf of the Borrower) in respect of any Indebtedness of the Borrower under the Supplementary Credits after receipt by the Supplementary Credit Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Agent; any such amounts received by the Agent shall be promptly remitted by the Agent to the Supplementary Credit Participating Lender that shall have made their payments pursuant to this paragraph and to the Supplementary Credit Lender, as their interests may appear. The purchase of participations pursuant to this paragraph shall not relieve the Borrower of any default in the payment of any Indebtedness of the Borrower so purchased.

2.12 **Evidence of Indebtedness.** The Agent shall open and maintain on its books accounts evidencing the indebtedness of the Borrower hereunder. The Agent may debit therein the amount of all such indebtedness and credit therein each payment on account of such indebtedness by appropriate entries. The accounts kept by the Agent shall constitute *prima facie* evidence of the indebtedness of the Borrower to the Agent and the Lenders hereunder, the date each Drawdown was made by the Borrower and the amounts from time to time paid by the Borrower on account of such indebtedness.

Article 3 - Repayment and Termination of the Credits

3.1 **Operating Credit.**

(1) **Revolving.** Amounts borrowed under the Operating Credit may be repaid at any time subject to U.S. Dollar LIBOR Loan, Letter of Credit and Hedging Contract maturities, and amounts repaid may be reborrowed from time to time in accordance with the provisions hereof.

(2) **Repayment.** The Borrower hereby unconditionally promises to pay (i) to the Agent for the account of each Operating Lender the then unpaid principal amount of each Operating Loan on the Operating Credit Maturity Date, (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan outstanding on the Operating Credit Maturity Date, and (iii) to the Supplementary Credit Lender the then unpaid amount of all outstanding Indebtedness under the Supplementary Credits on the Operating Credit Maturity Date.

3.2 **Mandatory Prepayments.**

(1) The Borrower shall prepay from time to time such amount of the outstanding principal of the Operating Credit as is necessary in order to ensure that the amount outstanding under the Operating Credit at any time, including (i) all U.S. Dollar-denominated Loans, (ii) the U.S. Dollar Exchange Equivalent of all Cdn. Dollar-denominated Loans, and (iii) the face amount of all Letters of Credit (using the U.S. Dollar-denominated Exchange Equivalent for any Cdn. Dollar-denominated Letters of Credit) does not exceed the lesser of (A) the maximum principal amount of the Operating Credit, and (B) the Borrowing Base. The Borrower shall ensure that it chooses LIBOR Interest Periods of such durations, Letters of Credit with such expiry dates and Hedging Contracts with such maturities as to permit such prepayments.

(2) In the event of any sale, transfer or other disposition (whether voluntary or involuntary) of any assets (other than Inventory or non-material assets sold in the ordinary course of business for fair market value) by any Group Party, including, for greater certainty, the Carlingview Property and/or an Acceptable Bid, the Borrower shall, on the closing date of such sale, transfer or other disposition, prepay (by payment to the Agent for the account of the Lenders) an aggregate principal amount of Operating Loans and Tranche A Loans equal to the amount of Net Proceeds, such Net Proceeds to be allocated amongst the Lenders in accordance with Sections 3.2(3) and 3.2(4) of this Agreement.

(3) Prepayments of the Loans pursuant to Section 3.2(2) relating to any sale, transfer or other disposition by any Group Party of any assets (other than the Goleniow Premises) shall be applied (i) first, to the permanent prepayment of amounts outstanding under the Operating Credit and the permanent cancellation of a corresponding portion of the Operating Credit, and (ii) second to the permanent prepayment of the amortization payments required to be made under Section 3.6 in respect of the Tranche A Credit, in inverse order of maturity.

(4) Prepayments of the Loans pursuant to Section 3.2(2) relating to any sale, transfer or other disposition by any Group Party of the Goleniow Premises shall be applied (i) first, to the permanent prepayment of the amortization payments required to be made under Section 3.6 in respect of the Tranche A Credit, in inverse order of maturity, and (ii) second to the permanent prepayment of amounts outstanding under the Operating Credit and the permanent cancellation of a corresponding portion of the Operating Credit.

3.3 **[Intentionally Deleted].**

3.4 **Hedge Credit.** The Hedge Credit may be terminated by the Supplementary Credit Lender at any time. All amounts payable by the Borrower under Hedging Contracts shall be paid by the Borrower to the Supplementary Credit Lender in accordance with the terms of such contracts and Section 4.8.

3.5 **VISA Credit.** The VISA Credit and all availments thereunder are each subject to the separate documentation entered into between the Borrower and the Supplementary Credit Lender relating thereto.

3.6 **Tranche A Credit.** Principal amounts outstanding under the Tranche A Credit shall be repaid by the Borrower in quarterly principal installments of US\$137,500, on each

January 31, April 30, July 31 and October 31 prior to the Tranche A Credit Maturity Date commencing ninety (90) days following March 2, 2018, with the remaining unpaid principal amount of the Tranche A Loan to be due and payable on the Tranche A Credit Maturity Date; provided that, the installment due on July 31, 2019 shall instead be due on August 2, 2019.

Article 4 - Interest, Fees, Letters of Credit and Hedging Contracts

4.1 **Interest.**

(1) **Computation of Interest.** The Borrower shall pay to the Agent or its order interest on the principal amount of the Loans outstanding under the Credits from time to time, which interest shall be calculated daily according to the regular practice of the Agent from, and including, the date of advance of each Loan to, but excluding, the date of payment of such Loan, at a rate of interest per annum equal to:

- (i) in the case of each Prime Rate Loan under the Operating Credit, the Prime Rate plus 1.95% per annum;
- (ii) in the case of each Base Rate Loan under the Operating Credit, the Base Rate plus 1.95% per annum;
- (iii) in the case of each U.S. Dollar LIBOR Loan under the Operating Credit, the U.S. Dollar LIBOR Rate plus 3.70% per annum;
- (iv) in the case of each amount outstanding under the VISA Credit, the interest rate applicable thereto according to the separate documentation relating to the relevant Supplementary Credit entered into between the Supplementary Credit Lender and the Borrower; and
- (v) in the case of each U.S. Dollar LIBOR Loan outstanding under the Tranche A Credit, the three month U.S. Dollar LIBOR Rate plus 4.00% per annum.

(2) **Accrual and Payment.** Interest on the amount of principal outstanding under each Drawdown shall be payable in the currency of the Drawdown, shall accrue from day to day and shall be payable: (i) in the case of a U.S. Dollar LIBOR Loan, on the last day of the applicable LIBOR Interest Period and, if the applicable LIBOR Interest Period is longer than 90 days, quarterly in arrears in accordance with the usual practice of the Agent; and (ii) in the case of a Drawdown to which the Prime Rate or the Base Rate is applicable, monthly in arrears on the first Banking Day of each month or otherwise in accordance with the usual practice of the Agent. Interest shall be calculated on the basis of, in the case of a U.S. Dollar LIBOR Loan, a year of 360 days, and, in the case of a Drawdown to which the Prime Rate or the Base Rate is applicable, the number of days actually elapsed divided by the number of days in the relevant calendar year. For the purposes of this Agreement, whenever interest is calculated on the basis of a year of 360 days, each rate of interest determined pursuant to such calculation expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such rate as so determined multiplied by the number of days in the calendar year in which the same is to be ascertained and divided by 360.

(3) Maximum Interest Rate.

- (i) In the event that any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable hereunder in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Agent or any Lender, as applicable, of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate of interest shall be deemed to have been adjusted retroactively to such maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Agent or any Lender, as applicable, of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows:
 - (a) firstly, by reducing the amount or applicable rate of interest payable under Section 4.1(1) of this Agreement; and
 - (b) thereafter, by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada).
- (ii) If, notwithstanding the provisions of clause (i) of this Section and after giving effect to all adjustments contemplated thereby, the Agent or any Lender, as applicable, shall receive an amount in excess of the maximum permitted by such clause, then the Borrower shall be entitled, by notice in writing to the Agent or the applicable Lender, as applicable, to obtain reimbursement from the Agent or such Lender, as applicable, of an amount equal to such excess, and pending such reimbursement such amount shall be deemed to be an amount payable by the Agent or such Lender, as applicable, to the Borrower.
- (iii) Any amount or rate of interest referred to in this Section shall be determined in accordance with generally accepted actuarial practices and principles and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent shall be conclusive for the purposes of such determination.

4.2 U.S. Dollar LIBOR Loans.

(1) LIBOR Rate. Upon request by the Borrower by telephone, the Agent shall inform the Borrower of the prevailing U.S. Dollar LIBOR Rate for one, two, three and six month periods. If the Borrower wishes to obtain a U.S. Dollar LIBOR Loan, in addition to delivering the required Drawdown Notice, the Borrower shall then confirm to the Agent the duration of the U.S. Dollar LIBOR Interest Period to be applicable thereto, in which case the Agent will forthwith ascertain the prevailing U.S. Dollar LIBOR Rate for such U.S. Dollar LIBOR Loan. Upon expiry of a LIBOR Interest Period, subject to compliance with the other provisions of Section 2.10, the relevant U.S. Dollar LIBOR Loan shall be rolled over into a Base Rate Loan unless the Borrower has delivered the required Drawdown Notice within the time specified therefor. If no such Rollover Drawdown is available on the maturity of a U.S. Dollar LIBOR

Loan, the Borrower shall not be entitled to a Rollover Drawdown and shall be obligated to repay the Outstanding Drawdown.

(2) Lack of U.S. Dollar LIBOR Rate. If at any time prior to the commencement of a LIBOR Interest Period, any Lender shall have determined in good faith and acting reasonably (which determination shall be conclusive absent manifest error) that:

- (i) by reason of circumstances affecting the London interbank eurocurrency market, adequate and fair means do not exist for ascertaining the rate of interest applicable to a Drawdown by way of a U.S. Dollar LIBOR Loan intended to be outstanding during such LIBOR Interest Period; or
- (ii) deposits in U.S. Dollars for the duration of such LIBOR Interest Period are not available to such Lender in the London interbank eurocurrency market in sufficient amounts in the ordinary course of business having regard to its aggregate funding requirements to all its customers;

then, from and after the date of such determination, the Borrower shall not have the right to obtain or maintain a U.S. Dollar LIBOR Loan from such Lender and any maturing U.S. Dollar LIBOR Loans made by such Lender will be rolled over into Base Rate Loans of such Lender unless the Borrower otherwise notifies such Lender or the Borrower is not entitled to obtain a Drawdown hereunder.

(3) Return of LIBOR Rate. Any Lender which has invoked Section 4.2(2) shall notify the Borrower within 10 Banking Days of becoming aware that the circumstances referred to in Section 4.2(2) no longer exist. Upon receipt of such notice, the Borrower shall again have the right in accordance with the provisions hereof to receive a U.S. Dollar LIBOR Loan from such Lender.

(4) LIBOR Interest Periods. The following provisions shall apply to each LIBOR Interest Period chosen by the Borrower in respect of a U.S. Dollar LIBOR Loan.

- (i) LIBOR Interest Periods shall be of such duration as to permit the Borrower to make the prepayments and repayments required by this Agreement;
- (ii) the first LIBOR Interest Period for a U.S. Dollar LIBOR Loan shall commence on the day it is advanced by the relevant Lender and each subsequent LIBOR Interest Period relating to such U.S. Dollar LIBOR Loan shall commence forthwith upon the expiry of the immediately preceding LIBOR Interest Period relating thereto; and
- (iii) the last day of each LIBOR Interest Period shall be determined in accordance with the practices of the London interbank market as from time to time in effect.

4.3 Default Interest. Notwithstanding any other provision of this Agreement, whenever an Event of Default has occurred and is continuing, each amount outstanding hereunder shall bear interest, after as well as before judgment, at a rate per annum equal to the rate otherwise applicable to such amount plus 2.00%.

4.4 **Agent's Certificate.** The Agent's certificate as to each amount or each rate of interest payable hereunder shall, in the absence of manifest error, be conclusive evidence of such amount or rate.

4.5 **Standby Fee.** The Borrower shall pay to the Agent for the account of and distribution to each Operating Lender in accordance with its Applicable Percentage a standby fee of 0.35% per annum, calculated on the basis of a 365 day or 366 day, as applicable, year, for the period commencing on the Restatement Date to and including the Operating Credit Maturity Date, as it may be extended in writing (or such earlier date as the Operating Credit Commitments shall have been terminated entirely), such rate being a rate per annum to be applied against the average daily excess amount of the aggregate Operating Credit Commitments over the aggregate Operating Credit Exposure. The standby fees on the Operating Credit Commitments shall be payable quarterly in arrears on the first Banking Day of each Reporting Quarter, commencing with the first Banking Day of the first Reporting Quarter to commence after the Restatement Date.

4.6 **Other Fees.**

(1) **Annual Fee.** Commencing with the period May 16, 2019 to and including May 15, 2020, the Borrower shall pay to the Agent for the account of and ratable distribution to each Operating Lender in accordance with each Operating Lender's Applicable Percentage a non-refundable annual fee in an aggregate amount of U.S.\$80,000. Such annual fee shall be payable in advance on May 16 (or the Banking Day closest to May 16) of each calendar year.

(2) **Restructuring Fee.** A restructuring fee in the amount of US\$150,000 (the "**Restructuring Fee**") shall be immediately earned by the Lenders on the Restatement Date but not payable until September 6, 2019. Upon payment, the Restructuring Fee shall be shared pro rata amongst the Lenders based on their Applicable Percentage of the Operating Credit.

4.7 **Letters of Credit.**

(1) The provisions of this Section 4.7 are subject in all respects to Section 2.2(i) of this Agreement.

(2) Any request for a Drawdown by way of Letter of Credit shall be accompanied by the Issuing Bank's usual documentation relating to the issuance and administration of letters of credit, duly executed by the Borrower, and a letter of credit agreement between the Borrower and the Shipper which is to be the beneficiary of the Letter of Credit, substantially in the form of the letter of credit agreement attached hereto as Schedule 4.7 (provided that the Issuing Bank shall have no duty to ensure that such documentation is enforceable by the Borrower).

(3) Prior to issuance of a Letter of Credit, the Borrower shall pay to the Issuing Bank a fee of 2.5% per annum, applied against the principal amount of such Letter of Credit for the duration of its stated term on the basis of the actual number of days in the stated term, commencing on, and including, the date the Issuing Bank issued the Letter of Credit and ending on, but excluding, its stated expiry date. Such fee shall be subject to a minimum \$250 figure or U.S.\$250 figure, as applicable. The Borrower shall also pay the Issuing Bank's standard Letter

of Credit charges for extensions, amendments and other services related to Letters of Credit plus out of pocket expenses. All such fees shall be payable in the currency of the Letter of Credit.

(4) The Borrower hereby irrevocably authorizes the Issuing Bank to make any payments and to comply with any demands which may be claimed from or made upon the Issuing Bank in connection with any Letter of Credit and which is in conformity with the terms of the Letter of Credit without further authority from the Borrower. The Borrower hereby agrees that, apart from the Issuing Bank's obligation to ensure that any claims or demands upon the Letter of Credit are made in accordance with the relevant terms of the Letter of Credit, it shall not be incumbent upon the Issuing Bank to inquire or to take notice whether or not such payments or demands claimed from or made upon the Issuing Bank in connection with any Letter of Credit are properly made or to inquire or to take notice whether or not any dispute exists between the beneficiary and the Borrower. The Borrower further agrees that any payment which the Issuing Bank shall make in accordance with any Letter of Credit shall be binding upon the Borrower and shall be accepted by the Borrower as conclusive evidence that the Issuing Bank was liable to make such payment.

(5) If the Borrower is entitled to receive a Drawdown under the Operating Credit in an amount equal to the amount paid or to be paid by the Issuing Bank or its agent or any party on its behalf under any Letter of Credit presented for payment, any payment made by the Issuing Bank in connection with any Letter of Credit shall be deemed to be a U.S. Dollar or Cdn. Dollar, as applicable, Overdraft. If the Borrower is not entitled to such a Drawdown, it will reimburse such amount to the Issuing Bank in immediately available funds.

(6) Where a Letter of Credit is issued under this Agreement, the Borrower shall not make payment to the beneficiary under the Letter of Credit in respect of the sale proceeds due to the beneficiary on the sale of pelts secured by the Letter of Credit.

(7) For the purposes of determining the Borrowing Base under this Agreement, the principal amount of any Letter of Credit issued to a Shipper under this Agreement to secure the purchase price payable to the Shipper on the sale of pelts consigned by the Shipper to the Borrower shall be deemed to be a loan advance, and such Letter of Credit shall qualify as a Shipper Pelt Loan Advance if it meets the requirements in the definition of such term.

(8) If any Letter of Credit is outstanding upon the Agent making a demand for payment under the Operating Credit, the Borrower shall forthwith upon such occurrence pay to the Issuing Bank an amount (the "deposit amount") equal to the undrawn principal amount of such Letter of Credit, such deposit amount to be held by the Issuing Bank for application against the indebtedness owing by the Borrower to the Issuing Bank in respect of any draw on such Letter of Credit. In the event that the Issuing Bank is not called upon to make full payment on such Letter of Credit prior to the expiry date thereof, the deposit amount, or such part of the deposit amount as has not been paid out, shall be applied first to any other amounts payable pursuant to the Documents and then to any other amounts owing by the Borrower to the Agent or the Lenders. Any amount remaining shall be returned to the Borrower, together with interest accrued thereon from the date of such deposit at the Issuing Bank's usual rate for deposits in such amount, within 14 days of the later of the expiry of the Letter of Credit and the date on which all amounts payable pursuant to the Documents have been paid.

- 40 -

(9) The Borrower shall not retire any indebtedness relating to the principal amount of a Letter of Credit until the earlier of (i) the return of such Letter of Credit to the Issuing Bank for cancellation, (ii) the expiry date of such Letter of Credit and (iii) the provision of cash collateral in the principal amount of the outstanding Letter of Credit or cash collateral otherwise satisfactory to the Issuing Bank.

(10) The Issuing Bank and the Swingline Lender shall be the same party. All Drawdowns by way of Letters of Credit shall constitute availments of the Swingline Commitment.

(11) No Letter of Credit issued under the Operating Credit shall have an original term to maturity extending past the Operating Credit Maturity Date.

4.8 Hedging Contracts.

(1) The provisions of this Section 4.8 are subject in all respects to Section 2.1(ii) of this Agreement.

(2) Hedging Contracts are available only at the discretion of the Supplementary Credit Lender and only in such currencies as the Supplementary Credit Lender may agree. Any Hedging Contract requested by the Borrower under the Operating Credit shall be subject to the Supplementary Credit Lender's usual documentation for such contracts and such fees as the Borrower and the Supplementary Credit Lender agree. No Hedging Contract shall have an original term to maturity of more than 12 months unless the Agent shall have otherwise agreed in writing.

(3) If any Hedging Contract is outstanding upon the occurrence of a Default or an Event of Default or upon the termination of the Hedge Credit by the Supplementary Credit Lender, the Supplementary Credit Lender may, in its sole discretion, terminate any or all such contracts and any amounts due by the Borrower under such terminated contracts shall become immediately due and payable to the Supplementary Credit Lender together with such amount as the Supplementary Credit Lender may require to compensate it for any losses, costs or expenses incurred by it as a result of the termination of such contracts (including any and all breakage costs). Any such amount not paid when due shall bear interest at the rate specified in Section 4.3.

(4) The Supplementary Credit Lender shall determine (in accordance with its normal practise) and advise the Borrower of the "at risk" amount in respect of each Hedging Contract at the time the Borrower makes a request therefor.

(5) On the maturity of each Hedging Contract and on each other payment date specified therein (if any), the Borrower shall pay to the Supplementary Credit Lender any amount due by the Borrower to the Supplementary Credit Lender pursuant to such contract. In the event that the Borrower fails to give a proper Drawdown Notice to the Agent prior to any such payment date, subject to compliance with the other provisions of Section 2.10, the Borrower shall be deemed to have given notice of a Rollover Drawdown by way of Base Rate Loan (for U.S. Dollar payment amounts) or Prime Rate Loan (for Cdn. Dollar payment amounts) under the Operating Credit in the amount of the payment due. If no such Rollover Drawdown is

available on such payment date, the Borrower shall not be entitled to a Rollover Drawdown and shall be obligated to repay the Outstanding Drawdown.

(6) The Supplementary Credit Lender will, if requested by any other Lender, provide such other Lender with a quarterly report specifying the information regarding the Indebtedness of the Borrower under the Supplementary Credits reasonably requested by such other Lender.

Article 5 - Payments

5.1 Place and Manner of Payments.

(1) All payments to be made by the Borrower under the Documents shall be (i) made to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, in the currency of the Drawdown to which the payment relates unless otherwise specified herein, (ii) made in immediately available funds, and (iii) received by the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, not later than 3:00 p.m. (Toronto time) on the due date at the Designated Branch. Any payment received after that time shall be deemed to have been received on the next Banking Day. Whenever any payment hereunder is due on a day which is not a Banking Day, the due date thereof shall be extended to the next Banking Day unless such Banking Day falls in the next calendar month in which event the due date shall be the preceding Banking Day. During any extension of the due date for payment of any principal payable under the Documents, interest shall be payable on such principal at the rate or rates payable in respect of the Drawdown. Forthwith upon receipt by the Agent of any payment made to the Agent for the benefit of any Lender, the Agent shall pay each Lender its *pro rata* share thereof. If any payment hereunder shall be due on a day that is not a Banking Day, the date for payment shall be extended to the next succeeding Banking Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under this Section 5.1 in respect of U.S. Dollar LIBOR Loans and Base Rate Loans shall be made in U.S. Dollars. All other payments under this Section 5.1 shall be made in Cdn. Dollars.

(2) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, unreimbursed LC/LG Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of any amounts payable to the Agent or any Lender pursuant to Sections 6.4, 6.5 and 12.1, (ii) second, towards payment of interest and fees then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third, towards payment of principal and unreimbursed LC/LG Disbursements then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC/LG Disbursements then due to such parties.

(3) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC/LG Disbursements or Swingline Loans or in respect of any Supplementary Credit Exposure resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans, participations in LC/LG Disbursements and Swingline Loans and accrued interest thereon or of any Supplementary Credit Exposure than the proportion received

by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans, participations in LC/LG Disbursements and Swingline Loans of other Lenders or Supplementary Credit Exposure owed to other Lenders (as applicable) to the extent necessary so that, at all times following the occurrence of an Event of Default and termination of the Commitments pursuant to Section 10.1, the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans, and participations in LC/LG Disbursements, Swingline Loans or Supplementary Credit Exposure; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) this Section 5.1(3) shall not apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC/LG Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply).

(4) Unless the Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the Prime Rate (if such amount is denominated in Cdn. Dollars) or at the Base Rate (if such amount is denominated in U.S. Dollars).

(5) If any Lender shall fail to make any payment required to be made by it pursuant to Section 5.1(4), then the Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's obligations under such Section 5.1(4) until all such unsatisfied obligations are fully paid.

5.2 **Net Payments, etc.** All payments by the Borrower, whether in respect of principal, interest, fees or any other item shall be made in full without any deduction or withholding (whether in respect of set off, counterclaim, duties, Taxes, charges or otherwise whatsoever) unless the Borrower is prohibited by law from doing so, in which event the Borrower shall:

- (i) ensure that the deduction or withholding does not exceed the minimum amount legally required;
- (ii) forthwith pay to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, such additional amount so that the net amount received by the Agent, the Swingline Lender or the Supplementary Credit Lender, as

- 43 -

applicable, will equal the full amount which would have been received by it had no such deduction or withholding been made;

- (iii) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to this Section 5.2); and
- (iv) furnish to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, within the period for payment permitted by applicable law, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.

Article 6 - Change in Circumstances and Indemnities

6.1 **Increased Costs.** If at any time any Lender, in good faith and acting reasonably, determines (which determination shall be conclusive absent manifest error) and notifies the Borrower that any Applicable Law or official guideline (relating to capital adequacy or otherwise and whether or not having the force of law), or any change therein (including, but not limited to, a Change in Law) or in the interpretation or application thereof by any authority charged with the administration thereof, including the Superintendent of Financial Institutions for Canada, or by any court of competent jurisdiction or any compliance by such Lender with any request, directive or guidelines of any applicable monetary, fiscal or other governmental agency or authority, including the Superintendent of Financial Institutions for Canada (whether or not having the force of law), has the effect in respect of any Drawdown of:

- (i) increasing the cost to such Lender of making, maintaining or funding such Drawdown;
- (ii) reducing the amount of principal, interest, fees or other amounts received or receivable by such Lender hereunder or such Lender's effective pre-Tax return hereunder; or
- (iii) causing such Lender to make any payment, or to forego any interest or other return on or calculated by reference to, any sum received or receivable by such Lender hereunder;

then in any such case, upon demand being made from time to time to the Borrower by such Lender, the Borrower shall forthwith pay to such Lender such amount as shall compensate such Lender for such additional cost, reduction, payment, foregone interest or other return. Such Lender agrees to provide the Borrower with notice of any such change and such information regarding the calculation of the amounts due as is provided to customers of such Lender generally.

6.2 **Unlawful, etc.** Notwithstanding anything herein contained, if at any time while any Drawdown is outstanding, any Lender determines in good faith and acting

reasonably (which determination shall be conclusive absent manifest error) and notifies the Borrower that, by reason of any Applicable Law or official guideline (whether or not having the force of law), or any change therein or in the interpretation or application thereof by any court of competent jurisdiction or by any governmental or other authority charged with the administration thereof (including the Superintendent of Financial Institutions for Canada), it is unlawful, impracticable or contrary to the direction of such court or any such authority for such Lender to make, maintain or fund any Drawdown or to give effect to any of its related obligations as contemplated hereby, such Lender, by such notice, may declare that such obligations under this Agreement shall be terminated and the Borrower, if such Drawdown is a Loan, shall repay at the end of such reasonable period as such Lender shall have notified to the Borrower, the whole of such Loan together with all unpaid interest accrued thereon to the date of repayment and all other unpaid amounts payable to such Lender hereunder in respect of such Loan. If such Drawdown is a Letter of Credit, the Borrower shall provide such Lender with an amount equal to the undrawn principal amount thereof, forthwith upon request by such Lender, which amount shall be applied by such Lender as provided in Section 4.7(8). If any such Applicable Law or official guideline, or such change therein, shall only affect a portion of such Lender's obligations under this Agreement which portion is, in the opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may continue in full force and effect without otherwise affecting any of the obligations of such Lender under this Agreement or any other Document, such Lender shall only declare its obligations under that portion so terminated.

6.3 **Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Document, it becomes necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due under this Agreement or under any other Document in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Banking Day before the day on which judgment is given. For this purpose, "rate of exchange" means the rate at which the Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its main branch. In the event that there is a change in the rate of exchange prevailing between the Banking Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts, if any, as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement or such other Document in the Currency Due. If the amount of the Currency Due which the Agent is so able to purchase is less than the amount of the Currency Due originally due to the relevant Lender, the Borrower shall indemnify and save such Lender harmless from and against loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Agent or any Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Document or under any judgment or order.

6.4 **Environmental Indemnity.** The Borrower shall at all times indemnify and hold harmless the Agent and each Lender against and from any and all claims, liabilities, suits, actions, debts, damages, costs, losses, obligations, judgments, charges and expenses, of any nature whatsoever suffered or incurred by any such party as a result of or in connection with any Credit whether upon realization of any security for any Credit, or as a lender to the Borrower under this Agreement, or as successor to or assignee of any right or interest of the Borrower or any of its Subsidiaries under this Agreement or in any other Document, or as a result of any order, investigation or action by any Governmental Authority relating to the Borrower or any of its Subsidiaries or the business or assets of the Borrower or any of its Subsidiaries, or as mortgagee in possession, or as successor-in-interest to the Borrower or any of its Subsidiaries by foreclosure deed or deed in lieu of foreclosure under this Agreement or any other Document, under or on account of any Environmental Law, including the assertion of any Security Interest thereunder, with respect to any one or more of the following:

- (i) the Release or threat of Release of a Contaminant, or the presence of any Contaminant at, on or near any property owned, leased or controlled by the Borrower or any of its Subsidiaries, whether or not the same originates or emanates from such property or any contiguous real property;
- (ii) the Release of a Contaminant owned by, or under the charge, management or control of the Borrower or any of its Subsidiaries or any predecessor or assignor of the Borrower or any of its Subsidiaries, at a place other than property owned, leased or controlled by the Borrower or any of its Subsidiaries;
- (iii) any costs of removal or remedial action incurred by any Governmental Authority or any reasonable costs or damages incurred by any Person as a result of injury to, destruction of, or loss of natural resources in relation to any real property owned, leased or controlled by the Borrower or any of its Subsidiaries or any contiguous real property or elsewhere, including reasonable costs of assessing such injury, destruction or loss;
- (iv) liability for personal injury or property damage arising under any statutory or common law tort theory, including damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, on or near any property owned, leased or controlled by the Borrower or any of its Subsidiaries or elsewhere; and
- (v) any other environmental matter within the jurisdiction of any Governmental Authority,

provided that the foregoing indemnity shall not apply to any claims, liabilities, suits, actions, debts, damages, costs, losses, obligations, judgments, charges and expenses suffered or incurred by the Agent or any Lender arising, directly or indirectly, out of or in connection with the negligence, fraud, wilful misconduct of, or breach of Environmental Law by, the Agent or any Lender or any of their employees or agents, or a receiver, receiver-manager, trustee or any other Person appointed by, on behalf of, or for the benefit of the Agent or any Lender. The Borrower's obligation under this Section 6.4 shall arise upon the discovery of the presence of any

Contaminant, whether or not any Governmental Authority has taken or threatened any action in connection with the presence of any Contaminant. The Borrower shall be liable for any obligation arising under this Section 6.4 even if the amount of liability incurred exceeds the amount of the Credits outstanding or available at any time.

6.5 General Indemnity.

(1) In addition to all the rights and remedies available to the Agent and any Lender at law or in equity, but without duplication of Section 6.4 above, the Borrower shall indemnify the Agent and any Lender and their successors and permitted assigns and their respective affiliates, shareholders, officers, directors, employees, agents, consultants, representatives and counsel (collectively, the “Indemnified Persons”) and save and hold each of them harmless against and pay on behalf of, or reimburse each of them for, any obligation, loss, liability, demand, claim, action, cause of action, cost, damage, deficiency, Tax (including any Taxes imposed with respect to such indemnity payments), penalty, fine or expense, whether or not arising out of any claims by or on behalf of the Borrower or any other Person, including interest, penalties, reasonable lawyers’ fees and expenses and all amounts paid in investigation, defence or settlement of any of the foregoing (collectively “Losses”) which any such party may suffer, sustain, or become subject to, as a result of, in connection with, relating to or arising out of any investigation, litigation or proceeding or by virtue of the Credits, including:

- (i) any misrepresentation or breach of warranty on the part of the Borrower under Article 8 of this Agreement;
- (ii) without duplication of Section 6.5(1)(i) above, any misrepresentation in or omission from any of the representations, warranties, statements, Schedules and exhibits in or to this Agreement or any other Document or any certificate or other instrument or document furnished to the Agent or any Lender by the Borrower pursuant to any Document;
- (iii) any non-fulfilment or breach of any covenant or agreement on the part of the Borrower or any of its Subsidiaries under any Document;
- (iv) any claim (whenever made) arising out of, relating to, resulting from or caused by any transaction, status, event, condition, occurrence or situation relating to, arising out of or in connection with (a) the execution, performance and delivery of the Documents and any other documents and agreements contemplated thereby, (b) any actions taken by any of the Indemnified Persons pursuant to this Agreement or any of the Documents or any of the documents and agreements contemplated hereby and thereby, or (c) any inaction in respect of, or omission to do, any act legally or otherwise required of the Borrower;

provided that the foregoing indemnity shall not apply to any Losses suffered or incurred by any Indemnified Person arising, directly or indirectly, out of or in connection with the negligence, fraud or wilful misconduct of such Indemnified Person or a receiver, receiver-manager, trustee or any other Person appointed by, on behalf of, or for the benefit of such Indemnified Person, in each case, as determined by a final non-appealable judgment of a court of competent jurisdiction.

- 47 -

(2) If for any reason the indemnity provided for in this Section 6.5 is not available to any Indemnified Person or is not sufficient to hold each such Indemnified Person harmless from all such Losses arising with respect to the transactions contemplated by this Agreement or otherwise intended to be indemnified hereby, then the Borrower shall contribute to the amount paid or payable in respect of such Loss in such proportion as is appropriate to reflect not only the relevant benefits received by the Borrower on the one hand and such Indemnified Person on the other, but also the relevant fault of the Borrower and the Indemnified Person as well as any relevant equitable considerations. In addition, the Borrower agrees to reimburse each Indemnified Person upon demand for all reasonable expenses (including legal counsel fees) incurred by such Indemnified Person or any other Person in connection with investigating, preparing or defending any such action or claim. The indemnity, contribution and expense reimbursement obligations that the Borrower has under this Section 6.5 shall be in addition to any liability that the Borrower may otherwise have, whether under this Agreement or otherwise. The Borrower further agrees that the indemnification and reimbursement commitments set forth in this Agreement shall apply whether or not the relevant Indemnified Person is a formal party to any such lawsuit, claim or any other proceeding.

(3) Any indemnification of the Agent, any Lender or any other Indemnified Person by the Borrower pursuant to this Section 6.5 shall be effected by wire transfer of immediately available funds from the Borrower to an account designated by the Agent, any Lender or any other Indemnified Person, as applicable, within 15 days after the determination thereof.

6.6 **Third Party Beneficiaries.** Any indemnities set forth in this Agreement in favour of any indemnified parties other than the Agent are held by the Agent in trust for each of the other indemnified parties.

6.7 **Agent and Lenders Not Liable.** The Borrower agrees that neither the Agent nor any Lender shall be liable to the Borrower for any Losses which the Borrower or any of its Subsidiaries may suffer, sustain or become subject to, as a result of, in connection with, relating or incidental to or by virtue of any action taken or not taken or anything done or not done by the Agent or any Lender under or in respect of any Document or any Drawdown, save and except for any such Losses which resulted primarily out of or which were based primarily upon the Agent's or a Lender's negligence, fraud or wilful misconduct, it being agreed that the negligence, fraud or wilful misconduct of the Agent or any Lender shall not affect the rights of any other party under this Section 6.7.

6.8 **Security.** Payment of all amounts payable by the Borrower to any Person under this Article 6 shall be secured by the Security. In order to give effect to the terms hereof and notwithstanding any contrary provision contained in any other agreement, all of the Security shall continue in effect until all principal, interest and other amounts payable to the Agent and the Lenders under each of the Documents have been received by the Agent and the Lenders. Notwithstanding the provisions of this Section 6.8, the Security shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Agent or any Lender in respect of any of the Credits or any Document is rescinded or must otherwise be restored or returned by the Agent or any Lender upon the occurrence of a Bankruptcy Event with respect to the Borrower or any of its Subsidiaries, all as though such payments had not been made.

- 48 -

6.9 **Survival.** The obligations of the Borrower under this Article 6 shall survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, the payment of all Drawdowns and the termination of the Operating Credit indefinitely, regardless of any investigation, enquiry or examination made for or on behalf of, or any knowledge of the Agent, any Lender and/or any of the other Indemnified Persons or the acceptance by the Agent or any Lender of any certificate or opinion.

Article 7 - Conditions Precedent

7.1 **Closing.** The closing of the transaction contemplated herein shall take place at the offices of Blake, Cassels & Graydon LLP on the Restatement Date.

7.2 **Conditions Precedent to Closing.** The obligation of the Lenders to continue to make the Credits available as provided for and subject to the terms and conditions herein is subject to the fulfilment of the following conditions precedent to the satisfaction of the Lenders, acting reasonably, on or prior to the Restatement Date, it being understood that the said conditions are included for the exclusive benefit of the Lenders and may be waived in writing in whole or in part by the Lenders at any time:

- (1) **Security.**
 - (i) **Borrower.** The Borrower shall have delivered to the Agent the following security (or, as applicable, a confirmation of the relevant security) as valid and continuing security for the obligations of the Borrower to the Agent and the Lenders under this Agreement:
 - (a) a general security agreement;
 - (b) a general security agreement (U.S. form);
 - (c) a \$100,000,000 first floating charge debenture over the assets of the Borrower;
 - (d) a pledge agreement pursuant to which the debenture referred to above is pledged to the Agent;
 - (e) a securities pledge agreement over all shares in the capital of NAFA US;
 - (f) security under Section 427 of the *Bank Act* (Canada);
 - (g) a subordination and postponement in favour of the Agent and Lenders of the Borrower's mortgage granted by NAFA NS in respect of NAFA Farms; and
 - (h) such other documentation as may be required by the Agent in order to ensure a good and valid security interest (or equivalent in any foreign jurisdiction) in all assets of the Borrower,

- 49 -

all in form and substance satisfactory to the Lenders and their counsel, acting reasonably.

- (ii) Credit Parties. Each other Credit Party shall have delivered to the Agent the following security (or, as applicable, a confirmation of the relevant security) as valid and continuing security for the obligations of such Credit Party to the Agent and the Lenders under this Agreement and its guarantee:
- (a) a guarantee (or foreign law equivalent) of all indebtedness of the Borrower to the Lenders and the Agent;
 - (b) a general security agreement (or foreign law equivalent); and
 - (c) a collateral mortgage over its owned and leased real property (other than, in the case of NAFA Properties, the leased property located at 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8), and such mortgage shall be properly registered (or subject to satisfactory arrangements to become properly registered) on the Restatement Date, including the following:
 - (i) in the case of NAFA Properties, a collateral mortgage over the Carlingview Property;
 - (ii) in the case of NAFA Properties, a collateral mortgage over its leasehold interest in the property located at 65 Skyway Avenue, Toronto, including the consent from the applicable landlord(s);
 - (iii) in the case of NAFA NS, a collateral mortgage over NAFA Farms;
 - (iv) in the case of NAFA Stoughton, a collateral mortgage over its property located at 1600 Williams Drive, Stoughton, Wisconsin; and
 - (v) in the case of NAFA US, a collateral mortgage over its property located at 205 Industrial Circle, Stoughton, Wisconsin;
 - (d) in the case of NAFA Polska Sp.Z oo, (1) a Polish law agreement on the establishment of registered pledge over set of rights and (2) a Polish law agreement on the establishment of registered pledge over assets; and
 - (e) such other documentation as may be required by the Agent in order to ensure a good and valid security interest (or equivalent in any foreign jurisdiction) in all assets of the relevant Credit Party;

all in form and substance satisfactory to the Lenders and their counsel, acting reasonably.

- 50 -

- (iii) Assignment and Postponement of Claims. The Subordinated Lenders shall have delivered to the Agent full postponements of all payments (whether on account of principal, interest, fees or otherwise), both in respect of any claims against the Borrower and in respect of any claims against any Affiliate of the Borrower, in form and substance satisfactory to the Lenders and their counsel, in their sole discretion provided, however, that such postponements shall not apply to (A) Permitted Interest Payments, (B) Permitted Pelt Supplier Payments, (C) annually, payments of the amount of net income of North American Fur Association for the immediately preceding fiscal year to the extent that such net income is held by the Borrower and has not previously been the subject of a payment or payments by the Borrower to North American Fur Association, and (D) management fees payable by the Borrower to NAFA Parent and referenced in, and permitted by, Section 9.1(22) of this Agreement, in each case, subject to the Cash Flow Forecast.
- (2) Registration of Security. Subject to Section 9.1(45), all Security shall have been registered in all Canadian, U.S. and Polish offices in which, in the opinion of the Lenders acting reasonably, registration is necessary or of advantage to preserve the priority of the Security Interests intended to be created thereby and duplicate copies of such security instruments bearing or accompanied by appropriate endorsements or certificates of registration shall have been delivered to the Agent.
- (3) Other Documentation. The Borrower shall have entered into and delivered to the Agent an executed copy of this Agreement and such other documents relative to this Agreement and the transactions contemplated herein as the Agent may reasonably require.
- (4) Corporate Proceedings. All proceedings to be taken by any Credit Party in connection with the transactions contemplated by the Documents shall be satisfactory in form and substance to the Agent and the Lenders, acting reasonably, and the Agent and the Lenders shall have received certified copies of all documents which they may reasonably request in connection with such transactions and of the records of all corporate proceedings in connection therewith.
- (5) Representations and Warranties. The representations and warranties contained in Article 8 (except as affected by transactions contemplated by this Agreement) shall be true and correct on and as of the Restatement Date with the same effect as though made on and as of such date and the Borrower shall have delivered to the Agent a certificate to such effect, dated such date and signed on its behalf by a Senior Officer.
- (6) Insurance.
- (i) The Agent shall have received a certificate from a firm of independent brokers satisfactory to the Agent and the Lenders and dated as of the Restatement Date setting forth the insurance obtained by the Borrower and any of its Subsidiaries in accordance with the provisions of this Agreement and stating that in the opinion of such firm, such insurance complies with the provisions of this Agreement and is in full force and effect.

- 51 -

- (ii) The Agent shall have received certificates of insurance for, or certified copies of, all insurance policies of the Borrower and any of its Subsidiaries, which certificates or policies, as the case may be, shall show the Agent as loss payee as its interests may appear or, in the case of liability policies, additional insured.
- (iii) If required by the Agent, a firm of independent insurance consultants selected by the Agent shall have conducted a review of all such insurance to confirm that such insurance complies with the provisions of this Agreement.

(7) No Change in Applicable Law. The Agent and each Lender shall be satisfied that there shall not have occurred on or before the Restatement Date any change in any Applicable Law or the interpretation thereof by any authority charged with the administration thereof or by any court which in the opinion of counsel for the Agent would make it unlawful or impossible for the Agent or any Lender to advance funds hereunder.

(8) Opinion from Borrower's Canadian Counsel. The Agent and the Lenders shall have received from each of Blaney McMurtry, Canadian counsel for the Borrower, Axley Brynelson, LLP, Wisconsin counsel for the Borrower, and Domański Zakrzewski Palinka sp.k., Polish counsel for the Borrower, Richards, Layton & Finger P.A., Delaware counsel for the Borrower, and Burchell MacDougall, Nova Scotia counsel for the Borrower, an opinion dated the Restatement Date, as to such matters and in form and substance satisfactory to the Agent and the Lenders, acting reasonably. If a Document creates an encumbrance over the interest of a Credit Party in any real property, the legal opinions to be delivered to the Agent shall include opinions as to the title of the applicable Credit Parties to such real property and the priority of such encumbrance (or, in the alternative, the Borrower may deliver to the Agent a title insurance policy in form and substance satisfactory to the Administrative Agent as to such real property).

(9) Borrowing Base Certificate. The Borrower shall have delivered to the Agent a Borrowing Base Certificate which is acceptable to the Agent.

(10) Interest and Fees. The Borrower shall have paid (i) all interest and fees outstanding under the Existing Credit Agreement, and (ii) all fees payable hereunder on or prior to the Restatement Date.

(11) Consents. The Borrower shall have provided evidence to the Agent that the Borrower has obtained all consents and approvals required of any regulatory agencies in connection with this Agreement and the transactions contemplated hereby.

(12) Due Diligence. The Agent and each Lender shall have completed its due diligence review and shall be satisfied with the liabilities, assets, prospects and operations of the Borrower and its Subsidiaries (including analysis of financial, consignment (including the contractual arrangements of the Borrower and its Subsidiaries with pelt consignors and title to consigned pelts and related Buyer Accounts Receivable), tax, legal, industry, competition and environmental issues) and the terms of all material contracts (including the shareholders agreement, share purchase agreement and employment contracts referred to above).

(13) Material Contracts. The Agent and each Lender shall have received a copy of each Material Contract together with a certificate of a Senior Officer of the Borrower stating that

- 52 -

each such copy is true and complete and that each such agreement has not been amended and remains in full force and effect.

(14) Disclosure of Information. The Agent and each Lender shall have received such financial and other information relating to the Borrower and its Subsidiaries, and any other guarantor, as the Agent shall have reasonably requested.

(15) Security Registration Searches. The Agent and each Lender shall be satisfied with the results of all searches conducted to ensure the priority of the security interests constituted by the Security, subject only to encumbrances acceptable to the Agent and each Lender.

(16) No Material Adverse Effect. The Agent and each Lender shall be satisfied that , except as disclosed in the Cash Flow Forecast, nothing has occurred which the Agent or any Lender has determined is likely to have a material adverse effect on the business, operations and prospects of the Borrower, or its Subsidiaries or the rights and remedies of the Agent or the Lenders.

(17) Transaction Costs. The Agent shall be satisfied with all arrangements regarding the payment on the Restatement Date of all costs associated with the transactions contemplated hereby.

(18) Cash Flow Forecast. The Agent shall have received the Cash Flow Forecast, which shall be in form and substance satisfactory to the Agent and attached as Schedule 1.1.23 to this Agreement, and shall include, without limitation, a list of all Kit Loans to be advanced, including the date of the proposed advance, the amount of the proposed advance, the Rancher to whom the proposed advance would be made and the location of such Rancher (the "Kit Loans List").

(19) The Borrower shall have engaged KPMG LLP (Corporate Finance) on terms and conditions satisfactory to the Agent, to conduct a directed/targeted sale process for the Group Party's business as a whole or the Group Party's European business in accordance with the Sale Milestones (the "Sale Process").

(20) CCC Agreement. The Borrower and NAFA US shall have entered into a CIBC commercial and corporate banking financing services agreement (including an agreement for cash management services and a centralized cash control services – multi-party schedule, including all appendices thereto), in form and substance satisfactory to the Agent (the "CCC Agreement"), and the Agent shall have received in respect of such CCC Agreement, a legal opinion from counsel to the Borrower and NAFA US with respect to such agreement, satisfactory to the Agent, acting reasonably.

(21) Red Rock Insurance Policy. The Borrower shall have paid the premium for the extension of the Red Rock Insurance Policy to July 31, 2019.

(22) KYC Information. The Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations.

(23) The Borrower shall have delivered such other documents as the Agent may reasonably request on behalf of the Lenders.

7.3 **Conditions Precedent to Drawdowns.** The obligation of the Lenders to make each Drawdown and each Rollover Drawdown under the Operating Credit or Tranche A Credit is subject to fulfilment of the following conditions precedent on or prior to the date of such Drawdown or Rollover Drawdown, it being understood that the said conditions are included for the exclusive benefit of the Lenders and may be waived in writing in whole or in part by the Lenders at any time:

(1) **Notice.** In the case of each Drawdown and each Rollover Drawdown, the Borrower shall have provided the Agent with the Drawdown Notice, if any, required by Section 2.6.

(2) **Representations and Warranties.** The representations and warranties contained in Article 8 shall be true and correct on and as of the date of Drawdown with the same effect as though made on and as of such date.

Article 8 - Representations and Warranties

8.1 **Representations and Warranties of the Borrower.** To induce the Agent and the Lenders to enter into this Agreement, to continue the Credits as provided for and subject to the terms and conditions herein and to permit Drawdowns and Rollover Drawdowns hereunder, the Borrower represents and warrants to the Agent and the Lenders, upon each of which representations and warranties the Agent and the Lenders specifically relies, as follows:

(1) **Due Incorporation, etc.** Each Group Party is a duly organized, is validly subsisting under the laws of its jurisdiction of organization and is duly authorized and licensed to own its properties and to carry on its business as presently owned and carried on by it in each jurisdiction in which the failure to be so authorized and licensed would have a material adverse effect on its business or financial condition.

(2) **Corporate Power.** Each Credit Party has the corporate power and authority to enter into and perform its obligations under the Documents executed by it. Each Credit Party has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents executed by it, to create the Security Interests contemplated by the Documents executed by it, and, in the case of the Borrower, to permit it to borrow money hereunder.

(3) **Due Execution, etc.** This Agreement and each of the documents comprising the Security to which any Credit Party is a party has been duly authorized, executed and delivered by such Credit Party and each Document to which any Credit Party is a party constitutes a valid and binding obligation enforceable against such Credit Party in accordance with its terms subject to any applicable bankruptcy, reorganization, winding-up, insolvency, moratorium or other similar laws of general application affecting the enforcement of creditors' rights from time to time in effect and subject to the principles of equity. Each of the documents comprising the Security to which any Credit Party is a party creates in favour of the Agent a valid, binding and perfected Security Interest on all of the right, title and interest of such Credit Party in all of the Collateral

which is the subject matter thereof and such Security Interests have first priority for all purposes over any other Security Interests in the Collateral other than Permitted Encumbrances.

(4) Qualification, Licences, etc. Each Group Party has obtained all licenses, permits and approvals from any and all governments, governmental commissions, boards or other agencies required in respect of the operation of its business in the ordinary and normal course with the exception of those that are immaterial or that could be obtained in a reasonable time and at reasonable expense and convenience.

(5) Subsidiaries. NAFA Parent's Subsidiaries and the ownership of such Subsidiaries are as set out in Schedule 8.1(5) to this Agreement. No Group Party has any agreement of any nature to acquire any corporation that would be a Subsidiary. No Group Party is a partner in any partnership or a party to any joint venture or a party to any agreement pursuant to which it has agreed to become a partner in any partnership or a party to any joint venture.

(6) Litigation. There are no actions, suits or proceedings pending or threatened against or affecting any Group Party at law or in equity or before or by any court, arbitrator or Governmental Authority, domestic or foreign, which would result in any material adverse change in the business, operations, prospects, property or assets of the Borrower on a consolidated basis, or in the Borrower's condition, financial or otherwise, all on a consolidated basis, or in the ability of any Credit Party to perform its obligations under the Documents; and no Group Party is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, domestic or foreign, which, either separately or in the aggregate, would result in any such material adverse change in respect of the Borrower on a consolidated basis.

(7) Burdensome Provisions, etc. No Group Party is a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge in the future may reasonably be expected to materially adversely affect, its business, operations, prospects, properties or assets of the Borrower on a consolidated basis, or the condition, financial or otherwise, of the Borrower on a consolidated basis, or the ability of any Credit Party to perform its obligations under the Documents to which it is a party.

(8) Default. No Group Party is in default beyond any period of grace with respect thereto under any instrument evidencing any indebtedness which is material to the Borrower on a consolidated basis or under the terms of any instrument pursuant to which an instrument evidencing any such material indebtedness has been issued or made and delivered.

(9) No Default, etc. The execution and delivery of the Documents to which any Credit Party is a party, the consummation of the transactions therein contemplated, and the compliance with the terms, conditions and provisions thereof:

- (i) do not conflict with, and will not conflict with, or result in, and will not result in, any breach of, or constitute a default under any of the provisions of the charter documents or by-laws of such Credit Party;

- 55 -

- (ii) do not conflict with, and will not conflict with, or result in, and will not result in, any material breach of, or constitute a material default under, any agreement or instrument to which such Credit Party is a party or by which such Credit Party or any of its properties or assets are bound; and
- (iii) except as contemplated by this Agreement, do not result in, and will not result in, the creation or imposition of any Security Interest upon any of the properties or assets of such Credit Party or in the contravention of any Applicable Law.

(10) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority or any other Person is required in connection with the execution and delivery and enforcement of the Documents to which any Credit Party is a party or the consummation of any of the transactions contemplated thereby or the realization of any Collateral under the Security except (i) such consents as have been obtained, (ii) such consents as are required by the Documents, and (iii) such filings as have been completed, copies of which have been provided to the Agent.

(11) Taxes. Each Group Party has filed or caused to be filed all tax returns which, to the knowledge of such Group Party, are required to have been filed, and has paid all Taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided in its books); and to the knowledge of each Group Party no tax liens have been filed and no claims are being asserted with respect to any such Taxes, fees or other charges.

(12) Financial Statements. The Borrower has furnished the Agent with its most recent consolidated audited financial statements. Such financial statements have been prepared on a consolidated basis and in accordance with GAAP applied on a basis consistent with preceding periods, except as stated therein or in the notes thereto. The consolidated balance sheet of the Borrower contained in such financial statements represents fairly the consolidated financial position of the Borrower as at the date thereof and the consolidated statement of profit and loss of the Borrower contained in such financial statements presents fairly the results of the consolidated operations of the Borrower for the periods indicated.

(13) Contingent Liabilities and Debt. No Group Party has any contingent liabilities which are material to the Borrower on a consolidated basis which are not disclosed on or referred to in the financial statements most recently delivered to the Agent nor has any Group Party incurred any indebtedness for money borrowed or credit advanced which is material to the Borrower on a consolidated basis and which is not disclosed on or reflected in such statements, other than indebtedness incurred by or credit extended to it in the ordinary course of business.

(14) Material Adverse Change. Except as disclosed in the Cash Flow Forecast, (i) there has been no material adverse change in the financial condition of the any Group Party which would be material to the Borrower on a consolidated basis, and (ii) none of the business,

- 56 -

operations, properties, condition (financial or otherwise) or prospects of any Group Party or any Affiliate of the Borrower has been materially and adversely affected so as to materially and adversely affect the Borrower on a consolidated basis as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any Governmental Authority.

(15) Authorized Capital. The authorized capital of each Group Party, and all outstanding share capital of each Group Party, is as set out in Schedule 8.1(15). There are no outstanding warrants, options or rights to purchase or otherwise acquire any such shares and no securities convertible into or exchangeable for any such shares. All issued shares have been duly allotted and issued and are fully paid and non-assessable and are so owned free and clear of any Security Interest.

(16) Title to Properties. Each Group Party has good and marketable title to its properties and assets subject to no Security Interests except the Permitted Encumbrances.

(17) Real Property. No Group Party owns any real property or has any interests therein other than the properties listed in Section 8.1(19) and it is not bound by any agreement to own or lease any real property except in respect of such properties.

(18) Property. The documents comprising the Security, including the Schedules thereto (if any), contain accurate descriptions of all of the material assets of each Group Party.

(19) Location of Assets.

(i) The Borrower has offices or other premises only at the following addresses: (i) 65 Skyway Avenue, Toronto, Ontario M9W 6C7, (ii) 500 Carlingview Drive, Toronto, Ontario M9W 5R3, and (iii) and 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8.

(ii) The Borrower has Inventory (other than Inventory in transit) only in the following jurisdictions: Ontario, Manitoba and Wisconsin.

(iii) The Borrower holds consignment inventory for periods of more than three days only in the following jurisdictions: Ontario, Manitoba, the United States, Poland and The Netherlands.

(iv) The Borrower has or may have Ranchers to whom Rancher Livestock Loan Advances have been made by the Borrower only in Canada, the United States, Uruguay and member countries of the European Union.

(v) Each other Group Party member has offices or other premises only at the following addresses:

(A) NAFA Parent – 65 Skyway Avenue, Toronto, Ontario

(B) North American Fur Auctions (US) Inc. - 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.

- 57 -

- (C) NAFPRO LLC - 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (D) NAFA Polska Sp.Z oo - ul. Granitowa 10 Lozienia, 72-100 Gm. Goleniow, Poland
 - (E) NAFA Properties Inc. – 65 Skyway Avenue, Toronto, Ontario
 - (F) NAFA Properties (US) Inc. – 920 N King Street, Wilmington, Delaware, U.S.A.
 - (G) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (H) 3306319 Nova Scotia Limited – (i) 710 Prince Street, Truro, Nova Scotia, Canada, (ii) P.O.Box 40, Weymouth, Nova Scotia, (iii) 569 Middle Cross Road, Roxville, N.S., and (iv) 241 Riverdale Road, Riverdale, N.S.
 - (I) NAFA Europe Co-operatief UA – Sprokkeveld 5-6596DH, Milsbeek, Holland
 - (J) NAFA Europe B.V. – Sprokkeveld 5-6596DH, Milsbeek, Holland
- (vi) Each other Group Party member has Inventory (other than Inventory in transit) only in the following jurisdictions:
- (A) NAFA Parent – None
 - (B) North American Fur Auctions (US) Inc. - Wisconsin
 - (C) NAFPRO LLC - Wisconsin
 - (D) NAFA Polska Sp.Z oo - Poland
 - (E) NAFA Properties Inc. – None
 - (F) NAFA Properties (US) Inc. – None
 - (G) NAFA Properties Stoughton LLC – None
 - (H) 3306319 Nova Scotia Limited – (i) 710 Prince Street, Truro, Nova Scotia, Canada, (ii) P.O.Box 40, Weymouth, Nova Scotia, (iii) 569 Middle Cross Road, Roxville, N.S., and (iv) 241 Riverdale Road, Riverdale, N.S.
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – None
- (vii) Each other Group Party member holds consignment inventory on behalf of the Borrower for periods of more than three days only in the following jurisdictions:

- 58 -

- (A) NAFA Parent – None
 - (B) North American Fur Auctions (US) Inc. - Wisconsin
 - (C) NAFPRO LLC - Wisconsin
 - (D) NAFA Polska Sp.Z oo - Poland
 - (E) NAFA Properties Inc. – 65 Skyway Avenue, Toronto, Ontario, Canada
 - (F) NAFA Properties (US) Inc. – None
 - (G) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (H) 3306319 Nova Scotia Limited – None
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – None
- (viii) No Group Member (other than the Borrower) has or may have Ranchers to whom Rancher Livestock Loan Advances have been made.
- (ix) The countries in which any Group Party holds assets with an aggregate value exceeding U.S.\$50,000 are as follows:
- (A) Borrower – Canada
 - (B) NAFA Parent – None
 - (C) North American Fur Auctions (US) Inc. – U.S.A.
 - (D) NAFPRO LLC - U.S.A.
 - (E) NAFA Polska Sp.Z oo – Poland
 - (F) NAFA Properties Inc. – Canada
 - (G) NAFA Properties (US) Inc. – None
 - (H) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A
 - (I) 3306319 Nova Scotia Limited – Canada
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – The Netherlands

(20) Conditions Precedent. Each Group Party is in compliance with all conditions precedent to closing set out in Section 7.2 which have not been waived in writing by the Agent and, if a Drawdown has been requested, each Group Party is in compliance with all conditions precedent to Drawdown set out in Section 7.3 which have not been waived in writing by the Agent.

(21) Insurance. Schedule 8.1(21), as amended by written notice to the Agent by the Borrower from time to time, correctly states the issuers, policy numbers, amounts and expiration dates of all insurance policies held by or for the benefit of each Group Party and includes the properties and risks covered thereby. Each Group Party has insurance of such type, in such amounts and against such risks as is, in the opinion of the Borrower, adequate for its and its Subsidiaries' purposes. Such insurance covers, among other things, all pelts shipped to or held by any Group Party or any of its agents.

(22) Rancher Livestock Loan Advances. All outstanding Rancher Livestock Loan Advances have been made pursuant to an application and a livestock note and chattel mortgage, an agricultural pledge, a marketing and security agreement or another form of agreement creating a Security Interest in favour of the applicable Group Party over the livestock and pelts of the applicable Rancher which is enforceable against such Rancher under the laws of the jurisdiction in which such Rancher and its livestock are located. To the best of the Borrower's knowledge (based on representations made by each Rancher and appropriate searches conducted by or on behalf of the Borrower), each Rancher which has an outstanding Rancher Livestock Loan Advance has not given a Security Interest in the livestock and pelts charged in favour of any Group Party to any Person other than a Person which has entered into a subordination agreement in favour of the applicable Group Party. All Rancher Livestock Loan Advances outstanding on the date hereof in a principal amount exceeding U.S.\$1,500,000 are listed on Schedule 8.1(22).

(23) Rancher Livestock Loan Security Registrations. The livestock note and chattel mortgage, agricultural pledge, marketing and security agreement or another form of agreement creating a Security Interest in respect of each outstanding Rancher Livestock Loan Advance, or a notice in respect thereof, has been registered, filed or recorded as provided in Schedule 8.1(23) or as otherwise required by law in order to perfect the Security Interest thereby created.

(24) Buyer Security and Dressers Acknowledgement. The applicable Group Party has in its possession all pelts sold by it for which payment in full has not been received, except those delivered to a dresser at the request of the Buyer and in respect of which such dresser has by written agreement addressed to the applicable Group Party and the Agent, acknowledged receipt of the pelts and the Security Interests of the applicable Group Party and the Agent in the pelts and agreed to deliver the pelts in accordance with the instructions of the applicable Group Party except that where the instructions of the applicable Group Party are inconsistent with the instructions of the Agent the dresser has agreed to follow the instructions of the Agent.

(25) Shipper Loans. All Shipper Pelt Loan Advances in excess of an aggregate of U.S.\$25,000 for any one Shipper have been secured by an acknowledgement and security agreement or another form of agreement creating a Security Interest in favour of the applicable Group Party which is enforceable against the Shipper under the laws of the jurisdiction(s) in which the Shipper and its pelts are located. The applicable Group Party has perfected its

- 60 -

Security Interest in such pelts by possession and, if necessary, under the laws of the applicable jurisdiction(s), registration.

(26) Payment Policies. Each Group Party has implemented, and is, to such extent as is commercially reasonable, enforcing the payment policies outlined in Schedule 9.1(5)(iv).

(27) Full Disclosure. No information or statement furnished by or on behalf of any Group Party to the Agent or any Lender in connection with the negotiation or confirmation of the transactions as contemplated hereby contains, as of the time such statements were made, any untrue statement of a fact material to the Borrower on a consolidated basis or omits as of such time a fact material to the Borrower on a consolidated basis necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Agreement, do not contain any untrue statement of a fact material to the Borrower on a consolidated basis or omit a fact material to the Borrower on a consolidated basis necessary to make the statements contained herein or therein not misleading and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by each Group Party. There is no fact which the Borrower has not disclosed to the Agent in writing which materially adversely affects, or so far as the Borrower can now reasonably foresee, will materially adversely affect the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of the Borrower measured on a consolidated basis, or the rights or ability of any Credit Party to perform its obligations under the Documents.

(28) Compliance with Covenants. Each Group Party is in compliance with each of the covenants set out in Article 9 of this Agreement.

(29) No Default. No Default or Event of Default has occurred.

(30) Material Contracts.

- (i) Schedule 1.1.90, as amended by written notice to the Agent by the Borrower from time to time, sets out all contracts to which any Group Party is a party or by which it is bound which are material to the business of such Group Party, determined on a consolidated basis, whether oral or written.
- (ii) A true and complete certified copy of each Material Contract has been delivered to the Agent and each Material Contract is in full force and effect, unamended except as permitted under this Agreement.
- (iii) No event has occurred and is continuing which would constitute a material breach of any Material Contract or a material default thereunder

(31) Laws, Regulations, etc. Each Group Party is conducting its business and operations in compliance with its articles of incorporation and its by-laws and, in all material respects, with all Applicable Laws, including health, safety, environmental protection, employment standards and labour codes of all applicable Governmental Authorities and each Group Party has obtained and maintained in good standing all licences, permits and approvals from any and all Governmental Authorities required in respect of its operations, where the failure

- 61 -

to comply therewith or to obtain or maintain the same would have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of the Borrower on a consolidated basis, or the rights or ability of any Group Party to perform its obligations under the Documents.

(32) Environmental Compliance. No Group Party has received any notice and no Group Party has any knowledge, after due enquiry, that the business or operations of any Group Party are not in compliance in all material respects with all Environmental Laws (whether or not having the force of law), the noncompliance with which would be likely to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise of the Borrower on a consolidated basis, or the rights or ability of any Credit Party to perform its obligations under the Documents.

(33) Financial Year End. The financial year end of the Borrower is October 31.

(34) Loans, etc. No Group Party has, directly or indirectly, made any loan or advance to, or made any investment in the shares, units or debt obligations of, or guaranteed or otherwise undertaken to perform or warrant or ensure performance of any indebtedness or obligation of, or entered into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation, of any Person other than as permitted by Section 9.1(15), and from and after the Restatement Date, no Group Party has, directly or indirectly, made any loan or advance to any Person except the Kit Loans as set out and, subject to Section 9.1(53), in accordance with the Kit Loans List.

(35) Solvency. From and after the Restatement Date, no Group Party is insolvent nor will it be insolvent immediately following the completion of the transactions contemplated by, or referred to in, this Agreement.

(36) Employment Disputes. There are no disputes pending or, to the best knowledge of the Borrower after diligent inquiry, threatened, between any Group Party and any of its employees, other than individual employee grievances or lawsuits arising in the ordinary course of business which could not reasonably be expected to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise of any Group Party, or the rights or ability of any Group Party to perform its obligations under the Documents.

(37) Benefit and Pension Plans. All benefit and pension plans of each Group Party are fully insured or otherwise funded and no insurance policy or other contract or agreement affecting any employee benefit requires or permits a retroactive increase in premiums or payments due thereunder. The level of insurance reserves for each insured employee plan is reasonable and sufficient to provide for all incurred but unreported claims. All premiums or payments due under any arrangements relating to employee benefits and pension plans have been fully paid and there are no amounts owing with respect to amounts accrued under those arrangements. No pension plan or fund maintained by or on behalf of any Group Party for the benefit of any officer, director or employee of such Group Party is a Defined Benefit Plan.

- 62 -

(38) Kit Loans and Shipper Pelt Loan Advances. The Borrower is the sole lender in respect of all Kit Loans and Shipper Pelt Loan Advances.

(39) Consignment. The Borrower is the sole consignee in respect of all consigned pelts held by the Borrower and none of the Guarantors are consignees in respect of pelts, other than as agent or on behalf of the Borrower.

(40) Bank Accounts. Schedule 8.1(40) lists all banks and other financial institutions at which any Group Party maintains lock boxes, deposit or other accounts, and Schedule 8.1(40) correctly identifies the name, address and telephone number of each depository, the name in which the lock box or account is held, a description of the purpose of the lock box or account, and the complete lock box address or account number therefor.

(41) Sample Kit Loans. The Borrower has provided the Agent with all Sample Kit Loans.

Article 9 - Covenants

9.1 **Borrower**. The Borrower covenants with the Lenders that, until the Credits are cancelled and there is outstanding no Drawdown or other indebtedness of the Borrower to the Agent or any Lender under any of the Documents, unless the prior written consent of the Required Lenders is obtained, the Borrower will:

(1) Corporate Existence. Do or cause to be done all things necessary to keep in full force and effect its corporate existence and all rights, franchises, licenses, permits, approvals and qualifications necessary to carry on its business or own property in each jurisdiction in which it carries on business or owns property.

(2) Insurance. Maintain insurance of such type, in such amounts and against such risks as is prudent for the business carried on by the Borrower with financially sound and reputable insurers, including business interruption, liability and property insurance. All insurance policies will be in form and substance satisfactory to the Agent, acting reasonably, and will (i) contain a breach of warranty clause in favour of the Agent, (ii) provide that no cancellation, (or, if available from the insurer, material reduction in amount or material change in coverage) will be effective until at least 30 days after receipt of written notice thereof by the Agent, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Agent, and (iv) name the Agent as loss payee as its interest may appear or, in the case of liability policies, as additional insured. The Borrower will, from time to time at the Agent's request, deliver certified copies of such insurance policies (or satisfactory evidence of such policies) to the Agent. If the Agent so requires, the Borrower will co-operate and assist in any reasonable review of the insurance policies maintained by the Borrower by a firm of independent insurance consultants selected by the Agent, the cost of any such review (but not more than one per year) being for the account of the Borrower. If the Borrower does not obtain or maintain such insurance, the Agent may, but need not, do so, in which event the Agent shall forthwith notify the Borrower that it has obtained such insurance and the Borrower will immediately on demand reimburse the Agent for all payments made by the Agent in connection with obtaining and maintaining such insurance, and until reimbursed any such payment shall

bear interest at the rate specified in Section 4.3 and will be secured by the Security. Neither the Agent nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(3) Compliance with Laws, etc. Comply with its articles of incorporation and by-laws and comply in all material respects with all Applicable Laws (including all Environmental Laws) including health, safety, environmental protection, employment standards and labour codes of all applicable Governmental Authorities and obtain and maintain in good standing all licenses, permits and approvals from any and all Governmental Authorities required in respect of the operation of its business in the ordinary and normal course with the exception of those that are immaterial or that could be obtained in a reasonable time and at a reasonable expense and convenience.

(4) Business. Not engage in any business other than the receipt of fur pelts on a consignment basis and the sale of such pelts by auction or private treaty, the making of Rancher Livestock Loan Advances and Shipper Pelt Loan Advances and activities incidental thereto in accordance with past practice (including, without limitation, the loans referenced in Section 9.1(15) of this Agreement) and, as a non-material part of its business, the rental of its premises for trade shows and other events when not required by it.

(5) Assets.

- (i) Keep all of the assets and properties used in the conduct of its business in good repair, working order and condition, ordinary wear and tear excepted and from time to time make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements thereto, all as in the reasonable judgment of the Borrower may be necessary so that the business carried on by the Borrower may be conducted in the ordinary and normal course at all times; and
- (ii) Promptly advise the Agent in writing of (A) any change in the location at which Inventory of the Borrower or of any Subsidiary of the Borrower or, except as regards consignment inventory which is being pelted in the ordinary course of business in Canada, the United States or in the European Union, consignment inventory of the Borrower or of any Subsidiary of the Borrower may be located, and (B) any additional jurisdictions where the Borrower or any Subsidiary of the Borrower has Ranchers which are account debtors or where the Borrower or any Subsidiary of the Borrower is carrying on business.
- (iii) Ensure that all Rancher Livestock Loan Advances, Buyer Accounts Receivable and Shipper Pelt Loan Advances are secured as contemplated by Sections 8.1(22) to (25) inclusive.
- (iv) Ensure that, to such extent as is commercially reasonable, the Borrower enforces the payment policies outlined in Schedule 9.1(5)(iv).

(6) Material Contracts and Subordinated Debt Documents.

- 64 -

- (i) Not amend any Material Contract in any material respect without the prior written consent of the Agent, such consent not to be unreasonably withheld;
 - (ii) Deliver to the Agent true and complete copies of each Material Contract and each other contract which has been requested by the Agent, and, if requested by the Agent, execute and deliver to the Agent a specific assignment of each such contract in favour of the Agent and use its reasonable efforts to obtain the consent of the other party or parties thereto in a form acceptable to the Agent, acting reasonably;
 - (iii) Promptly upon request by the Agent, provide the Agent with all information regarding contractual relations of the Borrower which is reasonably requested by the Agent;
 - (iv) Perform all of its duties and obligations under, comply with all the material terms of, and enforce, in accordance with prudent business practice, its rights under the Material Contracts; and
 - (v) Not amend any Subordinated Debt Document without the prior written consent of the Agent.
- (7) Banking Arrangements. Except as may be agreed to by the Agent in writing, in its sole discretion, not maintain any accounts or banking arrangements with any bank or other financial institution other than the Agent and the Lenders and their successors and assigns provided, however, that NAFA US may maintain chequing accounts with financial institutions in Wisconsin, so long as no borrowings under any such accounts are made and so long as the aggregate outstanding balance of all such accounts, taken together, does not exceed U.S.\$150,000 at any time in February or May in any particular calendar year or U.S.\$50,000 at any other time.
- (8) Payment. Duly and punctually pay or cause to be paid to the Agent all principal, interest, fees and other amounts payable by it under this Agreement, and the other Documents (or any of them) on the dates, at the places and in the moneys and manner set forth herein and therein.
- (9) Use of Credit. Use the Credits solely as contemplated by Section 2.1.
- (10) No Drawdown. Not avail itself of the Operating Credit where such availment would cause the outstanding amount under the Operating Credit to exceed the maximum amount then available under the Operating Credit.
- (11) Indebtedness. Not create, incur, assume or permit to exist any Indebtedness (including contingent liabilities under guarantees and similar instruments) except:
- (i) Indebtedness of the Borrower in favour of the Agent and the Lenders pursuant to or as contemplated in this Agreement;
 - (ii) Indebtedness secured by Permitted Encumbrances;

- 65 -

- (iii) trade payables arising in the ordinary course of its business;
- (iv) the Subordinated Debt;
- (v) amounts owed by the Borrower to North American Fur Association in respect of revenues held by the Borrower for it in accordance with past practice;
- (vi) unsecured advances by Ranchers to the Borrower;
- (vii) Indebtedness of the Borrower to any of its Subsidiaries, of any of the Borrower's Subsidiaries to another Subsidiary of the Borrower, or of any of the Borrower's Subsidiaries to the Borrower, except as permitted by Section 9.1(22);
- (viii) Indebtedness in the principal amount outstanding on the date hereof of NAFA NS in favour of Farm Credit Canada pursuant to a loan agreement dated September 26, 2017, which Indebtedness is guaranteed by the Borrower and NAFA Properties (the "**FCC (NS) Financing**");
- (ix) Indebtedness in the principal amount outstanding on the date hereof of NAFA Properties in favour of Business Development Bank Canada pursuant to a letter of offer dated November 9, 2016, which Indebtedness is guaranteed by the Borrower and NAFA US (the "**BDC Financing**"); and
- (x) Indebtedness in the principal amount outstanding on the date hereof of NAFA Properties and the Borrower in favour of Farm Credit Canada pursuant to a credit agreement dated as of June 16, 2017 (the "**FCC (Ontario) Financing**"); provided that such Indebtedness is at all times subject to the FCC (Ontario) Intercreditor Agreement,

in each case, subject to the Cash Flow Forecast.

(12) No Shareholder Loans. Not incur, assume or otherwise become obligated in respect of any shareholder loans except, subject to the Cash Flow Forecast, for shareholder loans which constitute Subordinated Debt.

(13) Negative Pledge. Not create, assume, incur or permit to exist over all or any part of its business or assets, whether now owned or hereafter acquired (including but not limited to the real property located at ul. Granitowa 10 Lozienica 72-100 Gm. Goleniow, Poland and 500 Carlingview Dr., Etobicoke, Ontario, Canada), any Security Interest (whether prior or subsequent to or *pari passu* with any Security Interest in favour of the Agent) other than Permitted Encumbrances.

(14) Sale of Assets. Not sell, transfer or otherwise dispose of, or enter into any agreement to sell, transfer or dispose of, any material portion of its assets (other than Inventory or non-material assets sold in the ordinary course of business for fair market value), except (i) in accordance with the Sale Process, and (ii) with the prior written consent of the Agent, provided, however, in each case, the Net Proceeds are dealt with in accordance with Section 3.2(2).

- 66 -

(15) Loans, Guarantees, etc. Not directly or indirectly, make any loan or advance to, or make any investment in the shares, units or debt obligations of, or guarantee or otherwise undertake to perform or warrant or ensure performance of any indebtedness or obligation of, or enter into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation of, any Person, other than (i) Rancher Livestock Loan Advances, (ii) Shipper Pelt Loan Advances, (iii) accounts receivable arising in the ordinary course of business, (iv) advances or loans made to any Subsidiary of the Borrower or to the Borrower by any of its Subsidiaries, (v) the loans outstanding on the date hereof which are listed on Schedule 9.1(15)(v), (vi) advances made by the Borrower or a Subsidiary of the Borrower to a Rancher as financing for an interest in fur-bearing livestock or in mink or fox farms or ranches, all in accordance with past practice, as set out in Schedule 9.1(15)(vi), (vii) a loan made by the Borrower to a senior executive of the Borrower in the principal amount of U.S.\$261,000 to assist such executive in purchasing a house, and (viii) loans consented to by the Agent (in its sole discretion), in the case of each of the foregoing, subject at all times to the Cash Flow Forecast.

(16) Dividends. Not declare or pay any dividends, any discretionary rebates (to consignors or otherwise), management bonuses (except as permitted by Section 9.1(17)) or interest or principal on any subordinated debt, or apply any of its properties or assets to the purchase, redemption or other acquisition or retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other acquisition or retirement of, or make any other distribution, by reduction of capital or otherwise, in respect of any of its shares or subordinate debt provided, however, that this Section 9.1(16) shall not restrict Permitted Interest Payments made in accordance with the Cash Flow Forecast. The Borrower shall not make any Permitted Interest Payment unless, at the time of payment of such Permitted Interest Payment and as a condition precedent to such payment, the Borrower provides the Agent (for and on behalf of the Lenders) with the Borrower's written certification that no Default or Event of Default has occurred and is continuing or will be caused or triggered by the making of such payment and that such Permitted Interest Payment is in accordance with the Cash Flow Forecast.

(17) Executive Salaries and Management Bonus Plan. Set out in Schedule 9.1(17) is a list of the salaries of all executives of the Borrower. Such salaries shall not be increased during any year at a rate in excess of that provided in the annual business plan for such year approved by the Agent without the written consent of the Agent, which consent shall not be unreasonably withheld. From and after the Restatement Date, no management bonuses shall be paid to the management of any Group Party unless in accordance with the Cash Flow Forecast.

(18) Financial Covenants. The Borrower shall ensure that:

- (i) its Current Ratio, calculated and tested as at the end of each fiscal quarter, will not as at the end of any fiscal quarter be less than 1.10:1.0; and
- (ii) its Tangible Net Worth, calculated and tested as at the end of each fiscal quarter, will not be less than (i) U.S.\$43,000,000 on July 31, 2019 and (ii) U.S.\$48,000,000 on October 31, 2019 and each fiscal quarter thereafter; and
- (iii) its Fixed Charge Coverage Ratio, calculated and tested as at the end of each fiscal year is greater than 1.25:1.00 for each such fiscal year.

- 67 -

(19) Capital Expenditures. The Borrower shall not incur capital expenditures, calculated in accordance with GAAP and on a consolidated basis, subject to the Cash Flow Forecast, in excess of U.S.\$4,000,000 in any fiscal year.

(20) Subsidiaries. Not incorporate or acquire any Subsidiary or otherwise make any equity investment in any Person.

(21) Financial Year. Not change its financial year end.

(22) Transactions with Affiliates.

(i) Not enter into any transaction with any Affiliate, including, without limitation, any transaction for the purchase, sale or exchange of property, the rendering of any services, the making of any loans, and the entering into of any contracts, except that the Borrower and its Subsidiaries may enter into transactions or contracts among themselves and with their Affiliates in the ordinary course of the Borrower's business (it being agreed that each of (i) the mortgage and/or premises rental arrangements in place on the date of this Agreement (a) between the Borrower and NAFA Properties with respect to the rental arrangements for Carlingview Property and 65 Skyway Avenue, Toronto and any shortfall funding arrangements, (b) between NAFA and NAFA NS with respect to the mortgage in favour of the Borrower and Farm Credit Canada over NAFA Farms and other operating amounts, and (c) between NAFA US and NAFA Stoughton in respect of rental arrangements for 1600 Williams Drive, Stoughton, Wisconsin, including any payments to NAFA Stoughton in respect of operating shortfalls, (ii) the management arrangements in place on the date of this Agreement between the Borrower and NAFA Parent (including annual management fees payable by the Borrower to NAFA Parent of up to \$150,000), (iii) the arrangements between the Borrower and North American Fur Association whereby the Borrower collects revenues and pays expenses for it, and (iv) Permitted Pelt Supplier Payments, in each of clauses (i) to (iv) above, only if made in accordance with the Cash Flow Forecast, have been made in the ordinary course of business); and

(ii) Not pay any fees or expenses to, or reimburse or assume any obligation for the reimbursement of any expenses incurred by any Affiliate of the Borrower, except for payments to reimburse Affiliates of the Borrower for reasonable out-of-pocket expenses incurred in good faith in the conduct of the Borrower's business.

(23) Reorganization. Not enter into any transaction or series of transactions (whether by way of reconstruction, reorganization, consolidation, amalgamation, merger or otherwise) whereby all or substantially all of the undertaking, property and assets of the Borrower or any of its Subsidiaries would become the property of any other Person or in the case of any such amalgamation, the property of the continuing corporation resulting therefrom, or acquire all or a substantial part of the assets or stock or other equity interests of any Person in one or a series of transactions (whether by way of merger, stock purchase, asset purchase or otherwise).

- 68 -

(24) Obligations and Taxes. Pay or discharge, or caused to be paid or discharged, before the same shall become delinquent (i) all Taxes imposed upon it or upon its income or profits or in respect of its business or property and file all Tax returns in respect thereof, (ii) all lawful claims for labour, materials and supplies (iii) all required payments under any of its indebtedness, and (iv) all other obligations; provided, however that it shall not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof shall be contested in good faith in an appropriate manner and payment thereof shall have been provided for in a manner satisfactory to the Agent, acting reasonably, in each case of the foregoing, in accordance with the Cash Flow Forecast.

(25) Defense of Claims. Diligently defend itself and its properties from and against any lawsuits or claims in the manner of a prudent Person in similar circumstances.

(26) Notices of Litigation or Claims. Upon obtaining actual notice of the commencement thereof, provide the Agent with written notice of any of the following events:

- (i) the issuance by any Governmental Authority of any injunction, order or decision involving the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or of any of its Subsidiaries;
- (ii) the filing or commencement of any action, suit or proceeding against or affecting the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or of any of its Subsidiaries, whether at law or equity or by or before any court or any Governmental Authority where the amount claimed is in excess of U.S.\$100,000 or the aggregate amount claimed under all such actions, suits or proceedings which are unresolved is in excess of U.S.\$300,000;
- (iii) the imposition of any Security Interest which is not a Permitted Encumbrance against any property of the Borrower or any of its Subsidiaries;
- (iv) any claim, demand or action impairing title to any of the property of the Borrower or any of its Subsidiaries with a value in excess of U.S.\$100,000; and
- (v) any other adverse action by or notice from any Governmental Authority, or any other event, which could have a material adverse effect on the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or any of its Subsidiaries.

(27) Benefit and Pension Plans. Comply with, and use its reasonable efforts to ensure compliance by each of its employees with, all Applicable Laws in respect of its employees' benefit and pension plans, including contributions and premiums to be paid thereunder and ensure that all premiums and payments relating to employee benefits and pensions are paid as due. Not establish or maintain a Defined Benefit Plan.

(28) Currency Speculation. Not engage in currency trading or convert Loans from one currency to the other for speculative reasons.

- 69 -

(29) Notice of Default. Give the Agent notice immediately upon the Borrower having actual notice of the occurrence of a Default or an Event of Default and advise the Agent of the action which the Borrower proposes to take in respect thereof.

(30) From and after the Restatement Date, the Borrower shall provide the Agent with prompt written notice of all supplementary information required to be disclosed in order to ensure the continuing accuracy of all representations made in Section 8.1(19), and such representations shall be deemed to have been revised so as to reflect such supplementary information.

(31) Group Parties.

- (i) Ensure that each other Group Party complies with the covenants set out in Sections 9.1 (other than clauses (9), (10), (18), (19) and (29)) and 9.2(1) and (2) as if each reference therein (and in the defined terms relevant thereto) to "the Borrower", "it" or "its" was a reference to the relevant Group Party.
- (ii) Ensure that no other Group Party, directly or indirectly, makes any loan or advance to, or makes any investment in the shares, units or debt obligations of, or guarantees or otherwise undertakes to perform or warrant or ensure performance of any indebtedness or obligation of, or enters into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation of, any Person other than Rancher Livestock Loan Advances, Shipper Pelt Loan Advances, accounts receivable arising in the ordinary course of business, advances or loans made to the Borrower or any Subsidiary, and loans permitted by Section 9.1(15).

(32) Repayment of Third Party Loans. Any repayment of third party loans is prohibited if the Borrower is in contravention of any terms and/or conditions of this Agreement, if any such repayment would cause any such contravention or if any such repayment is not contemplated by the Cash Flow Forecast.

(33) Notification re MAE. Promptly after the Borrower learns of the receipt or occurrence of any event, development or condition which may reasonably be expected to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of any Group Party or the rights or ability of any Credit Party to perform its obligations under this Agreement and the other Documents, a certificate of the Borrower, signed by a Senior Officer of the Borrower, specifying same.

(34) Cash Flow Forecast. Commencing the week ending July 19, 2019, at no time shall (i) net cash flow, on a cumulative basis, deviate adversely by an amount in excess of U.S.\$400,000 from the projected amount in the Cash Flow Forecast, and/or (ii) disbursements, on a cumulative basis, deviate adversely by an amount in excess of 0% from the projected amount of disbursements in the Cash Flow Forecast.

(35) Third Auction. The Borrower shall (i) prepare for the Third Auction, and such preparation shall be in the ordinary course of its business and consistent with past practice, (ii) by no later than July 19, 2019, provide the Agent with a list of buyers and a copy of all lotting

- 70 -

letters issued by the Borrower, in each case, with respect of the Third Auction, and (iii) upon written request by the Agent or any Lender from to time, provide to the Agent with any information relating to the Third Auction, including, without limitation, an updated list of buyers and any additional lotting letters issued from time to time.

(36) Pelts. Cause to be shipped to the Borrower's premises in Ontario, all pelts owned by any Group Party and all consigned pelts in respect of which the Borrower has made any Kit Loans.

(37) The Borrower shall conduct the Sale Process in accordance with the following milestones (collectively, the "Sale Milestones"):

- (i) non-disclosure agreements with each of the Potential Bidders shall be executed and delivered on or before July 9, 2019;
- (ii) the Borrower shall establish and populate a data-room by no later than July 15, 2019 for the Potential Bidders to conduct diligence on each Group Party and its entire business;
- (iii) expression of interest or a non-binding letter of intent for the sale of the Group Party's entire business, the Group Party's European business or the Group Party's European Kit Loan portfolio (an "LOI"), shall be due on or before July 26, 2019;
- (iv) marked up and returned purchase agreement for the Group Party's entire business, the Group Party's European business or the Group Party's European Kit Loan portfolio (a "Binding Offer"), shall be due on or before August 2, 2019;
- (v) the Borrower shall select a Binding Offer as the successful bid on or before August 9, 2019; provided that, such offer shall be an Acceptable Bid; and
- (vi) the transaction contemplated by the Acceptable Bid shall close on or before August 19, 2019.

(38) Provide the Agent with copies of each LOI and Binding Offer received by it, forthwith following such receipt.

(39) Provide, or cause KPMG LLP (Corporate Finance) to provide, weekly progress reports to the Agent (and its advisors as requested by the Agent) on the status of the Sale Process and the status of the Third Auction.

(40) Consummate the sale of the Carlingview Property on or before August 30, 2019.

(41) Subject to certain exceptions that may be agreed to by the Agent in writing, the Borrower shall, (i) throughout the Third Auction, use its best efforts to sell as many of the pelts owned by the Group Parties as possible, and as many of the pelts consigned to the Borrower as possible, and (ii) on the last day of the Third Auction, sell 100% of any remaining pelts owned

- 71 -

by the Group Parties and exercise best efforts to sell 100% of any remaining pelts consigned to the Borrower.

(42) Deliver to the Agent, as soon as practicable but in any event on or before July 19, 2019, a business plan and financial forecast through to the period ending March 31, 2020 (including an estimate of the Lenders' security position throughout the period), which assumes the sale of the Group Party's European business or at a minimum the sale of the Group Party's European Kit Loan portfolio (the "March 2020 Cash Flow Forecast").

(43) Deliver to the Agent, on or before August 19, 2019, an updated business plan and updated March 2020 Cash Flow Forecast (including an estimate of the Lenders' security position throughout the period), which reflects the closing of the sale of the Group Party's European business or at a minimum the closing of the sale of the Group Party's European Kit Loan portfolio, in form and substance satisfactory to the Lenders, in their sole discretion.

(44) Renew or extend the Red Rock Insurance Policy on or before July 30, 2019, and such policy shall remain in full force and effect until at least September 30, 2019.

(45) Promptly following the Restatement Date, cause NAFA Polska Sp. Z o.o to submit or file the necessary registration documents for registration of the Polish security delivered pursuant to Section 7.2(1) with the District Court.

(46) By no later than July 22, 2019, to the extent required by the Agent, deliver to the Agent in respect of the CCC Agreement with the Borrower and NAFA US, a minority shareholder acknowledgement from each of North American Wild Fur Shippers Council, American Mink Council, Canada Fox Breeders' Association, Canada Mink Breeders Association, in form and substance satisfactory to the Agent.

(47) By no later than July 22, 2019, cause each other Group Party (subject to such exclusions as the Agent may agree in writing in its sole discretion) to enter into a CCC Agreement and cause the following documents to be delivered in respect of such CCC Agreement:

- (i) a legal opinion from counsel to the applicable Group Party entity with respect to such agreement, satisfactory to the Agent, acting reasonably; and
- (ii) to the extent required by the Agent, a minority shareholder acknowledgement from each of North American Wild Fur Shippers Council, American Mink Council, Canada Fox Breeders' Association, Canada Mink Breeders Association, in form and substance satisfactory to the Agent.

(48) Cause the cash in any bank account held by any Group Party which the Borrower has requested, and the Agent has agreed, will not be subject to a CCC Agreement, to be transferred into an account of the Borrower subject to a CCC Agreement on a weekly basis and the Borrower shall, on a weekly basis, provide the Agent with copies of bank statements or other information satisfactory to the Agent, confirming such transfers from the prior week.

- 72 -

(49) By no later than August 30, 2019, pay all accrued and unpaid fees and expenses of the Lenders' legal counsel and its consultant, Alvarez & Marsal Canada ULC.

(50) Not pay any Demand Deferred Proceeds without the prior written consent of the Agent.

(51) Other than owner lotted pelts which have been requested to be returned by the consignor thereof in accordance with the consignor agreement, notice of such request for withdrawal to be given by the Borrower to the Agent forthwith upon receipt of any notice of withdrawal, not ship any pelts outside of Ontario unless such pelts have been sold and paid for.

(52) Not agree to or otherwise commit (verbally or in writing) to make any new Kit Loans from and after the Restatement Date.

(53) Not make any Kit Loans that are not set out in the Kit Loans List or any Kit Loans to any Rancher on the Kit Loans List in excess of the amounts set out thereunder; provided, however, that with the consent of any Rancher on the Kit Loans List, the Borrower may advance Kit Loans to such Rancher more or less frequently than otherwise provided for in the Kits Loans List but subject always to the aggregate cap for each Rancher as set out in the Kit Loans List.

(54) Not to rollover of any KIT Loans or Shipper Pelt Loan Advances by the Borrower.

(55) If the Borrower shall not have received on or before July 26, 2019, an LOI which is satisfactory to the Agent in its sole discretion, not fund after that date any Kit Loans without the prior written consent of the Agent.

(56) If the Borrower shall not have received on or before August 2, 2019, a Binding Offer which is satisfactory to the Agent in its sole discretion, not fund after that date any Kit Loans without the prior written consent of the Agent.

(57) If the Borrower shall not have selected on or before August 9, 2019, an Acceptable Bid, the Borrower shall not fund after that date any Kit Loans, without the prior written consent of the Agent.

(58) If the Borrower has not closed an Acceptable Bid on or before August 19, 2019, not fund after that date any Kit Loans, without the prior written consent of the Agent.

(59) Not fund any Kit Loans unless, if requested by the Agent prior to an advance under a Kit Loan, deliver to the Agent copies of all loan and security documents in respect of such Kit Loan; provided that, if the Agent notifies the Borrower in writing prior to 5:00 p.m. (EST time) on the day immediately prior to the scheduled date of such Kit Loan that it is not satisfied with such documents, the Borrower shall not fund such Kit Loan.

(60) Immediately cease funding any Kit Loans upon receipt of written notice from the Agent that any of the Sample Kit Loans are not satisfactory to the Agent, in its sole discretion.

- 73 -

(61) Not commence any voluntary insolvency, reorganization or arrangement proceedings without the advance written consent of the Agent.

(62) Consent to the appointment of a receiver or receiver and manager by the Agent upon the occurrence of an Event of Default, including to complete a transaction contemplated by any Acceptable Bid.

(63) Deliver to the Agent a Compliance Certificate for the period ending June 30, 2019 by no later than July 31, 2019.

(64) After the conduct of the Third Auction and on or before September 6, 2019, deliver an updated business plan and updated March 2020 Cash Flow Forecast to the Lenders, in form and substance satisfactory to the Lenders, in their sole discretion.

9.2 Accounting, Financial Statements and Other Information.

(1) General. The Borrower shall maintain a system of accounting established and administered in accordance with GAAP consistently applied, and will set aside on its books all such proper reserves as GAAP shall require. The Borrower shall ensure that all of its Subsidiaries (such Subsidiaries being North American Fur Auctions (U.S.) Inc., NAFPRO LLC, Nafa Europe Co-operatief UA, NAFA Europe B.V. and Nafa Polska sp. z o.o.) maintain a system of accounting established and administered in accordance with applicable generally accepted accounting principles consistently applied and that each of such Subsidiaries sets aside on its books all such proper reserves as such accounting principles shall require. The Borrower shall permit Persons designated by the Agent or any consultant appointed hereunder to visit and inspect at the expense of the Borrower any properties of the Borrower, to examine the books and financial records of the Borrower and its Subsidiaries and to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries, all at such reasonable times during normal business hours and as often as may reasonably be requested by the Agent and the Borrower agrees to answer any reasonable and relevant inquiries which such Persons may have fully and fairly to the best of its ability. The Persons designated by the Agent pursuant to this Section may include accountants or management consultants appointed by the Agent to examine all or any aspect of the operations of the Borrower and its Subsidiaries provided that such Persons provide to the Borrower such assurances of confidentiality as the Borrower may reasonably request. The Borrower further acknowledges that such Persons may make extracts from such records (including all records relating to the Collateral) to prepare reports to the Agent concerning the financial position and business prospects of the Borrower and its Subsidiaries and the Agent will have no obligation to disclose the content of such reports to the Borrower or its Subsidiaries. The Agent shall have no duty to make any such visits, inspections or examinations or to have any such discussions and shall not incur any liability or obligation nor lose any rights for not making the same.

(2) Consultant. If the Agent reasonably believes that the financial condition of the Borrower has significantly deteriorated, or the accounting or business procedures of the Borrower are materially flawed, or if the Agent and the Borrower disagree with regard to the compliance by the Borrower with any material term or condition of this Agreement and such disagreement has remained unresolved for a period of 30 days, then in addition to, or in

substitution for any inspection made under Section 9.2(1) or pursuant to any other agreement between the parties hereto, at the request of the Agent, the Borrower shall appoint a consultant from a list of major, nationally recognized accounting firms presented to the Borrower by the Agent, at the Borrower's expense. Such consultant shall be given the full and complete cooperation of the Borrower including unrestricted access to land and premises of the Borrower and any documents and records of or related to the Borrower's business. Nothing in this Section 9.2(2) shall limit any rights of the Agent or any Lender upon any breach of this Agreement.

- (3) Reports. The Borrower shall furnish to the Agent, with sufficient copies for each Lender:
- (i) promptly upon availability and in any event within 30 days of the end of each month (the "Reporting Month") commencing with the month in which the Restatement Date falls, (a) a Borrowing Base Certificate as at the end of the Reporting Month executed by a Senior Officer of the Borrower, and (b) aged listings of accounts receivable, consignment inventory, Inventory and the other Borrowing Base components as at the end of the Reporting Month;
 - (ii) promptly upon availability and in any event within 45 days of the end of each of the first three fiscal quarters (each, a "Reporting Quarter") in any fiscal year of the Borrower, commencing with the quarter in which the Restatement Date falls, (a) a Compliance Certificate as at the end of the Reporting Quarter executed by a Senior Officer of the Borrower, and (b) unaudited quarterly financial statements of the Borrower for the Reporting Quarter (including a balance sheet and statements of profit and loss and source and application of funds), in each case certified by one or more Senior Officers of the Borrower, prepared on a consolidated basis in accordance with GAAP applied on a consistent basis, subject to audit, and setting forth in comparative form the corresponding budgeted figures for such period;
 - (iii) promptly upon availability and in any event within 90 days after the end of a fiscal year of the Borrower, commencing with the fiscal year in which the Restatement Date falls, the annual audited financial statements of the Borrower (including a balance sheet and statements of profit and loss and source and application of funds for such fiscal year) prepared on a consolidated basis in accordance with GAAP applied on a consistent basis and setting forth in comparative form the corresponding figures for the corresponding period of the preceding fiscal period (if any), all in reasonable detail, together with the Auditors' report to management thereon;
 - (iv) together with each delivery of annual audited financial statements pursuant to Section 9.2(3)(iii) a certificate of a Senior Officer of the Borrower (a) stating that the signer has reviewed the relevant terms of the Documents and has made, or caused to be made under his/her supervision, such reviews and investigations as such Senior Officer has deemed reasonably necessary to sign in good faith such certificate and that such reviews and investigations have not disclosed the existence during such period, and that the signer does not have

- 75 -

knowledge of the existence, as at the date of such certificate, of any condition or event which constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and the action which the Borrower has taken or proposes to take with respect thereto, (b) providing a calculation of Available Cash Flow for the fiscal year to which the audited financial statements relate, and (c) listing all Ranchers to which then-outstanding Rancher Livestock Loan Advances have been made and confirming that each of such Rancher Livestock Loan Advances satisfies all characteristics of a Rancher Livestock Loan Advance, as defined by this Agreement;

- (v) within 90 days after each fiscal year end, a detailed and comprehensive business plan/forecast for the Borrower for the next fiscal year, including a written management discussion thereof and month-by-month projected balance sheets, income statements and cash flow projections;
- (vi) prior to expiry of any insurance policy, evidence satisfactory to the Agent that such policy has been renewed or replaced by an appropriate replacement policy;
- (vii) promptly, such other information relating to the Borrower, its Subsidiaries and any other guarantor as the Agent may from time to time reasonably request;
- (viii) promptly upon availability and in any event within 90 days after the end of a fiscal year of the Borrower, the annual unaudited unconsolidated financial statements of the Borrower and each Subsidiary of the Borrower prepared in accordance with GAAP;
- (ix) promptly after obtaining knowledge thereof, particulars of any failure by the Borrower or any of its Subsidiaries to perform or observe any of its covenants or agreements in favour of the Agent and/or any Lender; and
- (x) weekly, by 3:00 pm on Wednesday of each week from and after the Restatement Date, in form and substance satisfactory to the Agent:
 - (a) a report, for the immediately prior week (the "Cash Flow Variance Report") in a form consistent with the Cash Flow Forecast, in respect of the actual cash flow position of the Borrower compared to that week's projection in the Cash Flow Forecast, showing all variances (including both disbursements and net cash flow) on a line-by-line basis from the amounts in the Cash Flow Forecast;
 - (b) management commentary on the Cash Flow Variance Report, including, without limitation, explanatory notes discussing each line item which deviates by an amount in excess of (a) 10% from the projected amount for receipts in the Cash Flow Forecast, and (b) 0% from the projected amount of disbursements in the Cash Flow Forecast; and

- 76 -

(c) an updated rolling weekly rolling cash flow forecast, in a form consistent with the then current Cash Flow Forecast.

(4) Currency of Financial Statements, etc. The Borrower agrees that all financial statements, reports and other information provided to the Agent or any Lender pursuant to this Section 9.2 shall be prepared and stated in U.S. Dollars.

Article 10 - Default and Enforcement

10.1 **Events of Default.** Upon the occurrence of any one or more of the following events of default (each being an “Event of Default”) and upon the request of any Lender holding at least forty-five per cent (45%) of the aggregate amount of the Commitments, taken together, the Agent shall, without notice to the Borrower, forthwith cancel the Credits and declare all the indebtedness of the Borrower to the Agent and the Lenders hereunder and under any other Document to be immediately due and payable whereupon all such indebtedness shall become immediately due and payable without any notice or demand, and the Borrower expressly waives presentation, protest or other notice of any kind:

(1) if the Borrower fails to pay when due any principal, interest, reimbursement obligation, fees or other amount payable under this Agreement or any other Document and, with respect to interest only, such failure continues unremedied for a period of two (2) Banking Days or more;

(2) if any Group Party fails to duly perform or observe any term, condition or covenant (A) contained in Section 9.1(1), (2), (4), (5), (6)(i), (7), (8), (9), (11) to (23) inclusive, (28), (30)(i), (31), (33) to (64) inclusive or 9.2(3)(x) (or in any comparable provision of any other Document) or (B) contained in this Agreement or any other Document, which failure cannot be cured;

(3) if any Group Party fails to duly perform or observe any other term, condition or covenant contained: in this Agreement (other than those specified in Section 10.1(1) or (2)) or any other Document, and such failure shall continue unremedied for a period of 15 days after the earlier of (i) knowledge thereof by any Group Party, or (ii) notice thereof from the Agent to the Borrower (which notice shall be given at the request of any Lender);

(4) if any Group Party defaults in: (i) the payment when due, whether by acceleration or otherwise, of any indebtedness (other than under the Documents) in an aggregate principal amount greater than U.S.\$100,000; (ii) the payment, performance or observance of any obligation or condition with respect or relating to any such indebtedness, or any other event occurs, and the effect of such default or event is to permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such indebtedness to become due and payable prior to its expressed maturity; or (iii) the payment, performance or observance of any material obligation or condition under any Material Contract;

(5) if any representation, warranty or statement which is made or deemed to have been made or acknowledged to have been made by or on behalf of the Borrower or any other Group Party in any Document, or which is contained in any certificate, statement, legal opinion

- 77 -

or notice provided under or in connection with any Document, is untrue or incorrect in any material respect when made or deemed to be made;

(6) if a Bankruptcy Event occurs in respect of any Group Party;

(7) if one or more final judgments for an aggregate amount in excess of U.S.\$100,000 are rendered against any Group Party and within the applicable appeal period such judgments shall not have been vacated, discharged or execution thereof stayed pending appeal or, within 60 days after the expiration of any such stay, such judgments are not discharged;

(8) if one or more encumbrancers take possession of any property or asset of the any Group Party having an aggregate value in excess of U.S.\$100,000 or if a distress or execution or any similar process be levied or enforced thereagainst and remain unsatisfied for the shorter of a period of ten days or such period as would permit such property or such part thereof to be sold thereunder in accordance with Applicable Law;

(9) if any Release of a Contaminant occurs or is discovered or any environmental complaint is filed by any Person that, in the sole discretion of the Agent or any Lender, could result in a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of any Group Party;

(10) if any material obligation or other material provision in any Document terminates or ceases to be the legally valid, binding and enforceable obligation of any Credit Party or if any Group Party contests in any manner the legality, validity, binding nature or enforceability of any of the Security;

(11) if any consent, license, approval or authorization of any Governmental Authority or any other Person required to make any Document legal, valid, binding and enforceable or required in order to enable any Group Party to perform its obligations thereunder is withdrawn or ceases to be in full force and effect;

(12) if there occurs any change in the effective control of the Borrower, as determined by the Agent;

(13) if all or a material part of the assets of any Group Party which are material to the Borrower on a consolidated basis are lost or destroyed;

(14) if there is a lapse in any material amount of insurance coverage obtained pursuant to the terms of this Agreement on the properties or assets of any Group Party which properties are material to the Borrower on a consolidated basis where such coverage is not reinstated within 24 hours of such lapse;

(15) if, in the sole, absolute and unfettered opinion of the Agent or any Lender, there occurs any material adverse change in the business or financial condition of any Group Party which is material to the Borrower on a consolidated basis and, without limiting the generality of the foregoing, a material adverse change shall be deemed to have occurred if, in the sole, absolute and unfettered opinion of the Agent or any Lender, the financial status of any Group Party, as disclosed in any of the material delivered by the Borrower to the Agent or any Lender

- 78 -

has deteriorated to a position where it would be unlikely that the Borrower would be able to generate sufficient cash flow from its operations to meet its indebtedness and would be unlikely to be able to raise the necessary funds to meet its indebtedness at normal market rates and under normal market conditions;

(16) the Borrower selects a bid that is not an Acceptable Bid; or

(17) the Borrower rejects a bid that is an Acceptable Bid.

10.2 **Deferral.** Upon the occurrence of any Default, all rights of the Borrower to obtain further Drawdowns hereunder shall, at the option of the Agent, be deferred until the remedy of such Default to the satisfaction of the Agent.

10.3 **Legal Proceedings.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, the Agent may commence such legal action or other proceedings as the Agent, in its sole discretion, deems expedient, and the Agent shall commence such legal action or other proceedings as may be requested by the Required Lenders, to realize upon the Security or any part thereof, all without any additional notice, presentation, demand, or protest, all of which the Borrower, to the extent permitted by law, hereby expressly waives.

10.4 **No Prejudice, etc.** Nothing contained in any Document or any other security hereafter acquired by the Agent or any Lender with respect to the indebtedness of the Borrower to the Agent or any Lender or any part thereof, nor any act or omission of the Agent or any Lender with respect to such Document or security, shall in any way prejudice or affect the rights, remedies and powers of the Agent or any Lender with respect to any other such security at the time held by the Agent or any Lender.

10.5 **Set Off.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, in addition to and not in limitation of any rights now or hereafter granted under applicable law or the Security, the Agent and each Lender may, to the extent permitted by law, without notice to the Borrower at any time and from time to time (i) combine, consolidate or merge any or all of the deposits or other accounts of the Borrower with it (whether term, notice, demand or otherwise and whether matured or unmatured) and the indebtedness of the Borrower to it and (ii) set-off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of any of the indebtedness of the Borrower to it under the Documents, and may do so notwithstanding that the balances of such accounts and the indebtedness may not be expressed in the same currency and the Agent and each Lender is hereby authorized to effect any necessary conversions at the rate of exchange of the Agent then prevailing. The parties hereto acknowledge and agree that this Section 10.5 is not intended to create and shall not be construed as creating a security interest in any property of the Borrower.

10.6 **Appropriation of Moneys Received.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, the Agent and each Lender may, from time to time, appropriate any moneys received by it from the Borrower or from the proceeds of any security (including the Security) given in or towards

- 79 -

payment of such portion of the indebtedness of the Borrower to it as in its discretion it may see fit, and in no case shall the Borrower have the right to require any inconsistent appropriation. It is hereby agreed that, to the extent permitted by law, the taking of a judgment or judgments or any other action or dealing whatsoever by the Agent or any Lender in respect of any of the securities given or which may be given by the Borrower or any other Person shall not operate as a merger of any debt or liability owing by the Borrower to the Agent or such Lender or any part thereof or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Agent or such Lender may have in connection with the indebtedness or liabilities of the Borrower and that the foreclosure, surrender, cancellation or any other dealing with the Security or any other indebtedness shall not release or affect the liability of the Borrower for its total liabilities or release or affect any other securities held by the Agent or such Lender.

10.7 **Application of Proceeds of Enforcement.** All proceeds of enforcement of the Goleniow Premises Mortgages (or of any other mortgage security over the Goleniow Premises or any portion of the Goleniow Premises held by the Agent or any Lender) shall be applied (i) first, against amounts outstanding in respect of the Tranche A Credit until satisfaction in full of all amounts outstanding in respect of the Tranche A Credit, and (ii) second, against amounts outstanding in respect of the Credits other than the Tranche A Credit, pro rata among the Agent and the Lenders based on their respective pro rata shares of amounts outstanding in respect of the Credits other than the Tranche A Credit. All proceeds of enforcement of the Security other than the Goleniow Premises Mortgages shall be applied (i) first, against amounts outstanding in respect of the Credits other than the Tranche A Credit until satisfaction in full of all amounts outstanding in respect of the Credits other than the Tranche A Credit, and (ii) second, against amounts outstanding in respect of the Tranche A Credit.

Article 11 - The Agent

11.1 **Appropriation of Moneys Received.** Each Lender and the Issuing Bank hereby designates CIBC as Agent, to act as herein specified and as specified in the other Documents, and the Agent hereby accepts such designation and appointment as agent on behalf of the Lenders. Without limiting the generality of the preceding sentence, each Lender hereby designates and appoints the Agent as its agent to hold the Security on behalf of the Lenders and to administer all matters pertaining to the Security and this Agreement on behalf of the Lenders. The Agent shall be the sole spokesperson of the Lenders, all dealings between the Lenders and the Borrower shall be conducted through the Agent and all demands, declarations, notices, approvals, consents or other communications permitted or required to be made by or on behalf of the Lenders pursuant to or in accordance with the Documents shall be given or made by the Agent on behalf of the Lenders. Each Lender and the Issuing Bank hereby irrevocably authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are delegated to or required of the Agent by the terms hereof and thereof and such other powers as are incidental thereto, and all such action and the exercise of all such rights or powers shall be binding upon each of the Lenders as though undertaken by such Lender. The Agent may perform any of its duties hereunder by or through its agents or employees. This Section 11.1 relates only to the Agent's role as Agent on behalf of the Lenders hereunder and under the other Documents and, for greater certainty, does not

restrict the ability of any Lender to independently contact and deal with the Borrower in respect of matters unrelated to this Agreement and the other Documents.

11.2 **Limitation of Duties of Agent.** The Agent shall have no duties or responsibilities except those expressly set forth with respect to the Agent in this Agreement and as specified in the other Documents. Neither the Agent nor any of its respective officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have, by reason of this Agreement or the other Documents, a fiduciary relationship in respect of any Lender or the Issuing Bank; and nothing in this Agreement or the other Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement except as expressly set forth herein.

11.3 **Lack of Reliance on the Agent.**

(1) **Independent Investigation.** Independently and without reliance upon the Agent, each Lender and the Issuing Bank, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries in connection with the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of the Borrower and its Subsidiaries, and, except as expressly provided in this Agreement and the other Documents, the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender or the Issuing Bank with any credit or other information with respect thereto, whether coming into its possession before the consummation of the transactions contemplated herein or at any time or times thereafter.

(2) **Agent Not Responsible.** The Agent shall not be responsible to any Lender or the Issuing Bank for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectibility, priority or sufficiency of this Agreement or the other Documents or the financial condition of the Borrower and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the other Documents, or the financial condition of the Borrower and its Subsidiaries, or the existence or possible existence of any Default or Event of Default.

11.4 **Certain Rights of the Agent.** If the Agent shall request instructions from the Lenders or the Required Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement or the other Documents, the Agent shall be entitled to refrain from such act or taking such action unless and until the Agent shall have received written instructions from the Lenders or the Required Lenders, as applicable; and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement and

the other Documents in accordance with the instructions of the Required Lenders, or, to the extent required by Section 12.3, all of the Lenders.

11.5 **Reliance by Agent.** The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, cablegram, radiogram, order or other documentary teletransmission or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

11.6 **Indemnification of Agent.** To the extent the Agent is not reimbursed and indemnified by the Borrower, each Lender will reimburse and indemnify the Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement; provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct.

11.7 **The Agent in its Individual Capacity.** With respect to its obligations under this Agreement and the Loans made by it, CIBC, in its capacity as a Lender hereunder, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms "Lenders", "Required Lenders", "Operating Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include CIBC in its capacity as a Lender hereunder. The Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any affiliate of the Borrower as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

11.8 **May Treat Lender as Owner.** The Borrower, the Agent and the Issuing Bank may deem and treat each Lender as the owner of the Loans recorded on the Register maintained pursuant to Section 12.2(6) for all purposes hereof until a written notice of the assignment or transfer thereof shall have been filed with the Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of a Loan shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

11.9 **Successor Agent.**

(1) **Agent Resignation.** The Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Bank and the Borrower and may be removed at any time, with

or without cause, by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right, upon five days notice to the Borrower, to appoint a successor Agent (who shall not be a non-resident of Canada within the meaning of the *Income Tax Act* (Canada)), subject to the approval of the Borrower, such approval not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders, and accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then, upon five days' notice to the Borrower, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent (subject to approval of the Borrower, such approval not to be unreasonably withheld).

(2) Agent Resignation Rights, Powers, etc. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

11.10 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender is a Defaulting Lender, then the following provisions shall apply to such Lender for so long as it remains a Defaulting Lender:

(1) fees shall cease to accrue pursuant to Section 4.5 on the unfunded Commitment of such Defaulting Lender;

(2) the Commitment of such Defaulting Lender shall not be included in determining whether all Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.3); provided that any waiver or amendment which affects such Defaulting Lender differently than other Lenders generally shall require the consent of such Defaulting Lender;

(3) any amount owing by a Defaulting Lender to the Agent or another Lender that is not paid when due shall bear interest payable by the Defaulting Lender (and not the Borrower or any of its Subsidiaries) at the interest rate applicable to the Loans denominated in the applicable currency during such period;

(4) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender other than in respect of the assignment of such Defaulting Lender's Loans and Commitment) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Lender to any issuer of Letters of Credit hereunder, (iii) third, to the funding of any Loans in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, (iv) fourth, except to the extent contrary to the *Financial Administration Act* (Canada), held in such account as cash collateral for

future funding obligations of the Defaulting Lender under this Agreement (the amount of such cash collateral not to exceed the Commitment of such Defaulting Lender minus the outstanding principal amount of such Defaulting Lender's Loans), (v) fifth, to the payment of any other amounts owing to the Lenders or any issuer of Letters of Credit hereunder, (vi) sixth, provided that no Default has occurred and is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (vii) seventh, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is a prepayment of the principal amount of any Loans or reimbursement obligations in respect of Letters of Credit with respect to which a Defaulting Lender has funded its participation obligations, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all Lenders other than Defaulting Lenders pro rata prior to being applied to the prepayment of any Advances, or reimbursement obligations owed to, any Defaulting Lender; and

(5) if a Defaulting Lender is an Insolvent Defaulting Lender, any amount payable to such Defaulting Lender hereunder may, in lieu of being distributed pursuant to Section 11.10(4), be retained by the Agent to collateralize obligations of such Defaulting Lender hereunder in an amount determined by the Agent, acting reasonably.

No Commitment of any other Lender (a "**Non-Defaulting Lender**") shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 11.10, performance by a Borrower of its obligations hereunder and the other Documents shall not be excused or otherwise modified as against any Non-Defaulting Lender as a result of any other Lender becoming a Defaulting Lender. The rights and remedies against a Defaulting Lender under this Section 11.10 are in addition to other rights and remedies which a Borrower may have against such Defaulting Lender as a result of it becoming a Defaulting Lender and which the Agent or any other Lender may have against such Defaulting Lender with respect thereto. For greater certainty, nothing herein prevents or restricts the Borrower from taking all such enforcement actions and exercising all such remedies as may be available to it hereunder, at law or in equity (including to collect on a judgment), directly against the Defaulting Lender.

11.11 **Security.** The Security shall be in favour of the Agent for the benefit of the Lenders and shall, subject to Section 10.7, rank *pari passu* with the obligations of the Borrower under this Agreement.

Article 12 - Miscellaneous

12.1 **Payment of Expenses.** Whether or not the transactions contemplated by this Agreement shall be consummated, the Borrower shall pay on demand by the Agent all reasonable out-of-pocket costs and expenses of the Agent and the Lenders, including travel expenses incurred by the Agent and the Lenders and the fees and disbursements of any experts or advisors (including lawyers) retained by the Agent or any Lender, incurred in connection with: (i) the preparation, negotiation, execution, administration or interpretation of the Documents; (ii) any amendment, modification, waiver or interpretation of any of the provisions thereof; (iii) the protection and enforcement of the rights of the Agent and the Lenders provided for in the Documents; and (iv) any syndication of the Credits occurring prior to the Restatement Date. All

statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Agent or any Lender by the Borrower under this Agreement shall be supplied by the Borrower without cost to the Agent or any Lender. The Borrower shall not be responsible for the cost of preparing such marketing documents as may be requested in connection with any syndication effected after the Restatement Date or the cost of preparing assignment and participation documents in connection with an assignment or participation affected after the Restatement Date.

12.2 **Assignment.**

(1) This Agreement shall be binding upon and enure to the benefit of the Borrower and its successors and assigns, provided that neither this Agreement, nor the benefit hereof may be assigned by the Borrower without the prior written consent of the Agent.

(2) The rights, benefits and obligations of a Lender under or in respect of this Agreement (referred in this Section 12.2 as the "Rights") may, in whole or in part, be participated by such Lender (referred to in this Section 12.2 as a "Participation") from time to time to one or more persons without notice to, or the consent of, the Borrower, provided that any additional costs under this Agreement as a result thereof shall not be payable by the Borrower and for this purpose the participating Lender may disclose, on a confidential basis, to a potential participant (referred in this Section 12.2 as a "Participant") such information about the Borrower and its Subsidiaries as the participating Lender may see fit. No Participation shall be effective until the Agent has acknowledged such Participation in writing by recording such Participation in the Register maintained pursuant to Section 12.2(6). The effectiveness of each Participation shall be contingent upon the payment by the participating Lender to the Agent of a processing and recordation fee of U.S.\$3,500.

(3) With the consent of the Borrower (which consent shall not be unreasonably withheld or delayed), a Lender's Rights may, in whole or in part, be syndicated, sold or assigned by such Lender (referred to in this Section 12.2 as an "Assignment") from time to time to one or more persons, provided that (i) any additional costs under this Agreement as a result thereof shall not be payable by the Borrower and for this purpose the assigning Lender may disclose, on a confidential basis, to a potential transferee or assignee (referred in this Section 12.2 as an "Assignee") such information about the Borrower and its Subsidiaries as the assigning Lender may see fit, and (ii) upon the occurrence and during the continuance of any Default or Event of Default, the consent of the Borrower shall not be required prior to any Assignment. For greater certainty, upon the occurrence and during the continuance of any Default or Event of Default, a Lender's Rights may, in whole or in part, be syndicated, sold or assigned by such Lender from time to time to one or more persons without notice to, or the consent of, the Borrower. No Assignment shall be effective until the Agent has acknowledged such Assignment in writing by recording such Assignment in the Register maintained pursuant to Section 12.2(6). The effectiveness of each Assignment shall be contingent upon the payment by the assigning Lender to the Agent of a processing and recordation fee of U.S.\$3,500.

(4) If the Rights are the subject of a Participation or Assignment all references in this Agreement to the Lenders shall thereafter be construed as a reference to each Lender, all Participants and all Assignees, provided that, except in the case of an Assignment consented to

- 85 -

by the Borrower, the Borrower shall be entitled to deal with the participating or assigning Lender as if it were the sole owner of the Rights (notwithstanding any contrary instruction or notices from any Participant or Assignee). The Borrower acknowledges and agrees that the Agent is entitled, in its own name, to enforce for the benefit of, or as agent for, any Participants or Assignees, any and all rights, claims and interests of such Participants and Assignees, in respect of the Rights subject to the applicable Participation or Assignment.

(5) The Borrower agrees to execute and deliver, at the Agent's or any assigning or participating Lender's request and expense, such further documentation as the Agent or any assigning or participating Lender considers necessary or advisable to put into effect any Participation or Assignment permitted by this Section 12.2 provided that such further documentation does not adversely modify any of the Borrower's rights or increase its obligations under the Documents.

(6) The Agent shall maintain at one of its offices in Toronto, Ontario a register for the recordation of the names and addresses of the Lenders, and the Operating Credit Commitment and the Supplementary Credit Commitment of, and principal amount of the Loans and LC/LG Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender at any reasonable time and from time to time upon reasonable prior notice.

12.3 Waivers; Amendments.

(1) No failure or delay by the Agent, the Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent, the Issuing Bank and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 12.3(2), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Agent, the Issuing Bank or any Lender may have had notice or knowledge of such Default at the time.

(2) Neither this Agreement nor any other Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the amount or extend the expiry date of any Operating Credit Commitment or Supplementary Credit Commitment of any Lender without the prior written consent of each Lender directly affected thereby, (ii) reduce the principal amount of any Loan or reduce the rate of interest or any fee

- 86 -

applicable to any Loan without the prior written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable in respect thereof, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the prior written consent of each Lender directly affected thereby, (iv) change Section 5.1(2) or (3) in a manner that would alter the *pro rata* sharing of payments required thereby, without the prior written consent of each Lender directly affected thereby, (v) change any of the provisions of this Section 12.3 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender, provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender hereunder without the prior written consent of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender (as applicable), (vi) waive any Event of Default under Section 10.1(6) without the prior written consent of each Lender, (vii) release any of the Security or release the Borrower or any Subsidiary from any material obligations under the Documents and other instruments contemplated by this Agreement without the prior written consent of each Lender, (viii) amend Section 9.1(18) (or the definitions relating thereto), or (ix) increase the amount of the Operating Credit, without the prior written consent of each Lender; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender or, as the case may be, hereunder without the prior written consent of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender, as applicable; and provided further that any consent of the Required Lenders required in respect of a matter impacting the Tranche A Credit must include the consent of the Tranche A Credit Lender.

12.4 **Communication.** Subject to the express provisions of this Agreement, all communications provided for or permitted hereunder shall be in writing, personally delivered to an officer of the addressee or sent by registered and receipted mail or by a nationally recognized courier, charges prepaid, electronic mail or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner.

Any communication so personally delivered shall be deemed to have been validly and effectively given on the date of such delivery. Any communication so sent by mail or courier shall be deemed to have been validly and effectively given on the Banking Day next following the day on which it is received, as evidenced by the postal receipt or courier records, as the case may be. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively given on the Banking Day next following the day on which it is sent.

- (i) Communications sent to the Borrower shall be addressed to:

NORTH AMERICAN FUR AUCTIONS INC.
65 Skyway Avenue
Rexdale, Ontario

- 87 -

M9W 6C7

Attention: Doug Lawson, President
 Email: dlawson@nafa.ca

Facsimile: (416) 675-6865

- (ii) Communications sent to the Agent shall be addressed to:

Canadian Imperial Bank of Commerce, as Administrative Agent
 Capital Markets, Wealth Management Operations
 595 Bay Street, CPS – 5th Floor
 Toronto, Ontario M5G 2C2
 Attention: Global Agent Administration Services
 Email: Neermala.Hurry@cibc.ca / Wilma.Sevilleja@cibc.ca
 Facsimile: (416) 956-3830

with a copy to:

Canadian Imperial Bank of Commerce
 25 King Street West, 16th Floor
 Toronto, Ontario M5L 2A1
 Attention: Supriya Sarin, Senior Director, Special Loans Head Office
 Email: supriya.sarin@cibc.com
 Facsimile: (416) 214-8749

with a further copy to:

CIBC Legal Division
 Attention: Frank Vivacqua, Assistant General Counsel
 Commerce Court West
 199 Bay Street, 11th Floor
 Toronto, ON M5L 1A2
 Email: frank.vivacqua@cibc.com
 Facsimile: (416) 304-4573

with a further copy to:

Blake, Cassels & Graydon LLP
 199 Bay Street, Suite 4000
 Toronto, ON M5L 1A9
 Attention: Milly Chow
 Email: milly.chow@blakes.com
 Facsimile: (416) 863-2653

- (iii) Communications sent to any Lender shall be addressed to such Lender specified opposite such Lender's name on the signature pages hereto.

12.5 **Survival of Representations and Warranties of the Borrower.** All agreements, representations and warranties made by or on behalf of the Borrower or any Subsidiary in the Documents or otherwise with respect thereto or any transactions contemplated thereby are material, shall be considered to have been relied upon by the Agent and the Lenders and shall survive the execution and delivery of the Documents or any investigation made at any time by or on behalf of the Agent or any Lender and any disposition or payment of the Drawdowns until repayment in full of the Drawdowns and of all other amounts owing under the Documents and cancellation or other termination of the Credit. All statements contained in any certificate or other instrument delivered by or on behalf of the Borrower pursuant to the Documents or in connection with the transactions contemplated hereby shall be deemed representations and warranties made by the Borrower pursuant hereto.

12.6 **Further Assurances.** The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including certificates, declarations, affidavits, reports and opinions) and things as the Agent may reasonably request for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and conditions of this Agreement or any other Document.

12.7 **Conflict.** It is agreed that to the extent that any term, condition, representation, covenant or other provision contained in the Security delivered pursuant hereto is at any time inconsistent or conflicts with any term, condition, representation, covenant or other provision contained in this Agreement, then this Agreement shall govern and neither the Borrower, any Subsidiary of the Borrower, NAFA Parent nor NAFA Properties shall be deemed to be in default under such first-mentioned term, condition, representation, covenant or other provision, so long as it complies with the terms, conditions, representations, covenants and other provisions contained in this Agreement.

12.8 **Severability.** Any provision in any Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, to the extent permitted by law, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.9 **Non-Merger.** The taking of a judgment or judgments or any other action or dealing whatsoever by the Agent or any Lender in respect of any security given by the Borrower or any Subsidiary to the Agent or any Lender shall, to the extent permitted by law, not operate as a merger of any indebtedness or liability of the Borrower to the Agent or the Lenders or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Agent or the Lenders may have in connection with such indebtedness and the foreclosure, surrender, cancellation or any other dealing with any security for such indebtedness shall, to the extent permitted by law, not release or affect the liability of the Borrower or any security held by the Agent or any Lender.

12.10 **Confidentiality.** Each of the Agent, and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors,

- 89 -

officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and will be bound and instructed to keep such Information confidential and that the Agent and the Lenders will remain responsible for any breach by such Persons), (b) to the extent requested by any regulatory authority having jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Law or regulations or by any subpoena or similar legal process provided that, in such event and where permitted, the Agent and the Lenders will provide notice to the Borrower as soon as is reasonably practicable in order that the Borrower may seek a protective order with respect to the Information and, in any event, the Agent and the Lenders will use reasonable efforts in order to seek a sealing order or similar matter in order to maintain confidentiality of the relevant Information, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Document or any action or proceeding relating to this Agreement or any other Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in (or, in each case, its advisors), (or, in each case, its advisors), any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower and its Affiliates. For purposes of this Section, "Information" means all information received in connection with this Agreement from the Borrower or any of its Affiliates relating to the Borrower or any of its Affiliates or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

12.11 **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON

- 90 -

WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

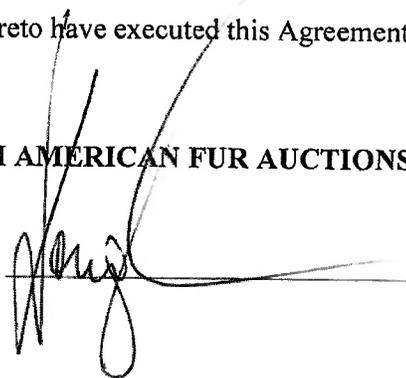
12.12 **Time.** Time is of the essence of this Agreement.

12.13 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and except as stated herein or in the instruments and documents to be executed and delivered pursuant hereto, contains all the representations and warranties of the respective parties relating to the subject matter hereof.

12.14 **Anti-Money Laundering Legislation Information.** The Borrower acknowledges that, pursuant to AML Legislation, the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

NORTH AMERICAN FUR AUCTIONS INC.

By: 
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

CANADIAN IMPERIAL BANK OF COMMERCE, as Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address:

Canadian Imperial Bank of Commerce
25 King Street West, 16th Floor
Toronto, Ontario
M5L 2A1
Attention: Supriya Sarin, Senior Director,
Special Loans Head Office

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

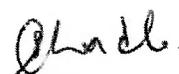
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

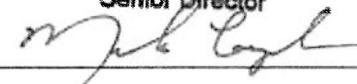
NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Agent

By: 
Name:
Title: **SUPRIYA SARIN**
Senior Director

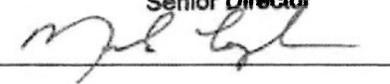
By: 
Name:
Title:

Address:

Canadian Imperial Bank of Commerce
25 King Street West, 16th Floor
Toronto, Ontario
M5L 2A1
Attention: Supriya Sarin, Senior Director,
Special Loans Head Office

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

By: 
Name:
Title: **SUPRIYA SARIN**
Senior Director

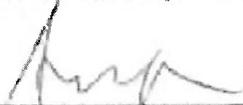
By: 
Name:
Title:

S-2

Address:

HSBC Bank Canada
170 Attwell Drive
Etobicoke, Ontario
M9W 5Z5
Attention: Account Manager

HSBC BANK CANADA, as Lender

By: 
Name: ANDREW O'COIN
Title: Assistant Vice President

By: 
Name: _____
Title: **Brian Pettit**
Assistant Vice President
HSBC Bank Canada

S-3

Address:

Export Development Canada
150 Slater Street
Ottawa, Ontario
K1A 1K3
Attention: Sajjad Jafri, Financing Manager

**EXPORT DEVELOPMENT CANADA, as
Lender**

By: 
Name: Sajjad Jafri
Title: Financing Manager

By: 
Name: Benson Mutalemwa
Title: Financing Manager

SCHEDULE 1.1.18

BORROWING BASE CERTIFICATE

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")
 Capital Markets, Wealth Management Operations
 595 Bay Street, CPS – 5th Floor
 Toronto, Ontario M5G 2C2

Attention: Global Agent Administration Services
 Email: Neermala.Hurry@cibc.ca / Wilma.Sevilleja@cibc.ca
 Facsimile: (416) 956-3830

with a copy to:

Canadian Imperial Bank of Commerce
 25 King Street West, 16th Floor
 Toronto, Ontario M5L 2A1

Attention: Supriya Sarin, Senior Director, Special Loans Head Office
 Email: supriya.sarin@cibc.com
 Facsimile: (416) 214-8749

RE: Third Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of July 17, 2019 between the Agent, the lenders (the "Lenders") from time to time parties thereto and North American Fur Auctions Inc. (the "Borrower")

I, **[NAME]**, the **[SENIOR OFFICER]** of the Borrower, hereby certify on behalf of the Borrower, without personal liability, as follows:

1. I have read and am familiar with the provisions of the Credit Agreement.
2. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make these statements, and I have furnished this certificate with the intent that it may be relied upon by the Agent and the Lenders as a basis for the consummation of the transactions contemplated by the Credit Agreement.
3. The representations and warranties set out in Article 8 of the Credit Agreement are true and correct as of the date hereof.
4. As at **[LAST DAY OF MONTH JUST ENDED]**, the Borrowing Base was US\$ _____, being:

Note: All Cdn\$ amounts have been converted to US\$ at [specify Exchange Equivalent in effect at month end]

- 2 -

- (a) 75% of outstanding Eligible Buyer Accounts Receivable which are not fully secured by a Buyer L/C or insured by Export Development Canada;
- (b) 90% of outstanding Eligible Buyer Accounts Receivable which are fully secured by a Buyer L/C;
- (c) 90% of outstanding Eligible Buyer Accounts Receivable which are insured by Export Development Canada;
- (d) 85% of Insured Kit Loans which have been outstanding less than 225 days, with no single Insured Kit Loan exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any of such Insured Kit Loan in excess of U.S.\$750,000), provided that the maximum permitted contribution to the Borrowing Base pursuant to the clause (iv) is U.S.\$25,500,000;
- (e) the lesser of:
 - (i) 90% of outstanding North American Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single North American Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such North American Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (ii) U.S.\$12,500,000;
- (v.1) the lesser of:
 - (i) 90% of outstanding Foreign Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single Foreign Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Foreign Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (ii) U.S.\$15,000,000;
- (f) 90% of outstanding Shipper Pelt Loan Advances;
- (g) 90% of outstanding HST refund claims of the Borrower which are acceptable to the Agent;

- 3 -

- (h) the lesser of:
- (i) 50% of the amount that is calculated by subtracting Priority Supplier Accounts Payable of the Borrower from Eligible Inventory less than 240 days; and
 - (ii) U.S.\$15,000,000;
- (i) 50% of Eligible Accounts Receivable; and
- (j) 50% of Eligible Buyer Accounts Receivable greater than 120 days and less than 180 days, where a deposit of 25% has been received and the Borrower has possession of the consigned pelts.
- (k) (i) + (ii) + (iii) + (iv) + (v) + (v.1) + (vi) + (vii) + (viii) + (ix) + (x) = US\$_____;
- (l) Priority Payables of the Borrower and the Borrower's Subsidiaries (US\$_____)
- (m) Demand Deferred Proceeds (being 75%): _____
- (n) Borrowing Base = (xi) - (xii) - (xiii)
= U.S.\$_____.

5. As at **[DATE SPECIFIED IN PARAGRAPH 4]**, the Authorized Credit Amount was U.S.\$_____.

6. The **lesser** of the amounts specified in clause 4(xiv) above and Section 5 above is U.S.\$_____.

7. The amount specified in Section 6 above, minus the amount outstanding as at **[DATE SPECIFIED IN PARAGRAPH 4]** in respect of Indebtedness permitted by Section 9.1(11)(v) of the Credit Agreement, whether on account of principal, interest, fees or otherwise, is U.S.\$_____.

8. The aggregate principal amount outstanding under the Operating Credit as at **[DATE SPECIFIED IN PARAGRAPH 4]** (including the principal amount outstanding under all Loans under the Operating Credit, all Swingline Loans and the face amount of all outstanding Letters of Credit) was:

- (a) US\$_____;
- (b) Cdn\$_____ with a U.S. Exchange Equivalent of US\$_____; and
- (c) Total in US\$_____ ((i) + (ii)).

- 4 -

9. The aggregate Receivable Value as at **[DATE SPECIFIED IN PARAGRAPH 4]** was U.S.\$ _____.

This certificate is delivered to you pursuant to Section 9.2(3)(i)(a) of the Credit Agreement.

The initially capitalized terms used in this certificate have the meanings given in the Credit Agreement.

Dated: _____.

Name:

SCHEDULE 1.1.23
CASH FLOW FORECAST

See attached.

Schedule D - July 14 Cash Flow Forecast to September 6, 2019 (Prepared by Management)

North American Fur Auctions Inc.
Weekly Inputs
North American Fur Auctions Inc.

Weekly cash flow forecast For the period July 6, 2019 to September 6, 2019 (USD)	Actual 0 5-Jul-19	Forecast 1 12-Jul-19	Forecast 2 19-Jul-19	Forecast 3 26-Jul-19	Forecast 4 2-Aug-19	Forecast 5 9-Aug-19	Forecast 6 16-Aug-19	Forecast 7 23-Aug-19	Forecast 8 30-Aug-19	Forecast 9 6-Sep-19	Forecast Total 6-Sep-19
Receipts											
Buyer Receipts - May Auction		3,979,895	1,200,000	960,018	960,018	960,018	960,018	960,018	100,000	702,113	10,781,100
Buyer Receipts - August Auction		-	-	-	-	-	-	-	3,880,500	13,183,750	18,457,250
Proceeds from Sale of Calfingview		-	-	-	-	-	-	-	7,045,917	7,045,917	7,045,917
HST Refund		-	-	-	1,408,446	-	-	-	100,000	-	1,508,446
Total Inflow		3,979,895	1,200,000	960,018	2,388,464	960,018	960,018	2,353,018	11,126,417	13,885,863	37,792,713
Disbursements											
Long term debt financing and interest payments		-	25,000	-	-	-	-	-	39,727	57,969	442,585
Employee costs		260,200	80,728	-	-	-	428,157	-	374,495	258,157	1,915,112
Total occupancy costs		22,561	68,250	-	-	-	50,250	-	-	119,561	380,182
IT & administrative expenses		128,636	698,864	25,000	25,000	25,000	25,000	243,000	25,000	25,000	1,218,500
Consignor solicitation and collection expenses		-	64,250	-	-	-	-	-	-	-	169,250
Total grading and warehousing costs		-	88,725	40,625	40,625	40,625	-	-	-	-	256,700
Total auction and selling costs		-	487,393	-	-	-	-	300,000	100,000	-	887,393
Marketing expenses		-	-	50,000	-	-	-	-	-	-	100,000
Ad loans - Europe		3,179,471	2,285,351	1,203,839	1,443,956	1,246,381	1,217,832	1,486,235	1,217,832	1,486,235	13,298,303
Ad loans - North America		430,087	902,304	323,111	372,024	472,015	422,024	372,415	464,881	464,881	4,146,475
Auction payouts		2,801,085	1,000,000	-	-	-	-	-	100,000	-	3,901,085
GST/HST payments		-	-	-	-	-	-	-	-	-	280,000
Payments to various fur federations		-	-	-	-	-	-	-	-	-	687,391
Restructuring and sale process professional fees		-	250,000	-	-	46,848	125,000	46,848	-	-	171,848
Professional fees for Lender's counsel and financial advisor [1]		-	-	-	-	-	-	-	-	-	774,286
Payment of deferred proceeds		-	-	-	-	-	-	-	-	-	-
Bank interest		106,792	-	-	-	-	-	-	-	-	-
Total Outflow		3,849,361	6,842,983	2,721,534	2,775,824	1,990,841	2,544,377	2,409,353	2,229,469	3,013,531	28,377,273
Net cash flow		130,534	(4,642,983)	(1,761,516)	(407,360)	(1,030,823)	(1,584,359)	(56,334)	8,896,948	10,872,332	9,415,440
Opening bank cash balance		(125,534)	-	-	(6,596,701)	(6,596,701)	(8,004,884)	(9,589,243)	(9,645,577)	(748,629)	-
Closing bank cash balance		-	(4,805,165)	(6,566,701)	(6,974,062)	(8,004,884)	(9,589,243)	(9,645,577)	(748,629)	(5,000,000)	(4,291,737)
Cumulative Revolver Balance		(3,786,424)	(4,291,737)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Opening balance		(58,313)	(37,791)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Closing bank revolver balance		(4,291,737)	(4,805,165)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Loan Balance		(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)
Term loan balance		(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)
revolver balance		(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)
Total Facility balance		(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)	(90,000,000)
Total borrowing need (bank)		(49,291,737)	(54,805,165)	(56,566,701)	(56,974,062)	(58,004,884)	(59,589,243)	(59,645,577)	(50,748,629)	(39,876,297)	(39,876,297)
Total borrowing need (book)		(53,192,822)	(58,805,165)	(58,568,701)	(58,974,062)	(59,004,884)	(59,589,243)	(59,645,577)	(50,748,629)	(39,876,297)	(39,876,297)
Deferred proceeds balance		8,675,828	8,675,828	8,675,828	8,675,828	8,675,828	8,675,828	8,675,828	8,675,828	8,675,828	8,675,828
Term deferred proceeds balance		4,242,740	4,242,740	4,242,740	4,242,740	4,242,740	4,242,740	4,242,740	4,242,740	4,242,740	4,242,740
Plus: Collections		-	-	-	-	-	-	-	-	-	-
Less: Payouts		-	-	-	-	-	-	-	-	-	-
Total deferred proceeds		12,918,568	12,918,568	12,918,568	12,918,568	12,918,568	12,918,568	12,918,568	12,918,568	12,918,568	12,918,568

[1] The cash flow above does not include an estimate for the Lenders advisors' professional fees which are required to be paid in accordance with the Third Amended and Restated Credit Agreement.

- 2 -

SCHEDULE 1.1.33**COMPLIANCE CERTIFICATE**

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")

RE: Third Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of July 17, 2019 between the Agent, the lenders from time to time parties thereto (the "Lenders") and North American Fur Auctions Inc. (the "Borrower")

I, [NAME], the [SENIOR OFFICER] of the Borrower, hereby certify on behalf of the Borrower, without personal liability, as follows:

1. I have read and am familiar with the provisions of the Credit Agreement.
2. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make these statements, and I have furnished this certificate with the intent that it may be relied upon by the Agent and the Lenders as a basis for the consummation of the transactions contemplated by the Credit Agreement.
3. The representations and warranties set out in Article 8 of the Credit Agreement are true and correct as of the date hereof.
4. As at the end of [MOST RECENT FISCAL YEAR], the:
 - (a) Fixed Charge Coverage Ratio of the Borrower for the preceding twelve months was •;
 - (b) Current Ratio of the Borrower was •;
 - (c) Tangible Net Worth of the Borrower was U.S.\$•; and
 - (d) EBITDA of the Borrower for the preceding twelve months was U.S.\$•.

This certificate is delivered to you pursuant to Section 9.2(3)(ii)(a) of the Credit Agreement.

- 3 -

The initially capitalized terms used in this certificate have the meanings given in the Credit Agreement.

Dated: _____.

Title: _____
Chief Financial Officer
North American Fur Auctions Inc.

SCHEDULE 1.1.46

DRAWDOWN NOTICE

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")

RE: Drawdown notice given pursuant to the Third Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of July 17, 2019 between the Agent, the lenders from time to time parties thereto (the "Lenders") and North American Fur Auctions Inc. (the "Borrower")

We refer to the facility constituted by the Credit Agreement and we hereby give you notice that on [DATE] _____, we wish to obtain the following Drawdown(s) in accordance with the terms and conditions set forth in the Credit Agreement:

- (i) Prime Rate Loan under the Operating Credit in the amount of Cdn\$ _____:
- (ii) Base Rate Loan under the Operating Term Credit in the amount of US\$ _____:

[The requested Drawdown is a Rollover Drawdown under the Operating Credit which replaces an Outstanding Drawdown under such Credit in the amount of Cdn\$/US\$• [and maturing on the requested Drawdown date].]

All initially capitalized terms used in this Drawdown Notice have the meanings given in the Credit Agreement.

Dated: _____

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name:
Title:

SCHEDULE 1.1.90

MATERIAL CONTRACTS AS OF THE RESTATEMENT DATE

1. Lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between The Corporation of the Borough of Etobicoke and Rockford Developments (1/2 Interest) and Imbrook Properties Limited (1/2 Interest), expiring February 28th, 2073.
2. Sublease of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Rockford Developments Limited and Imbrook Properties Limited and Hudson's Bay Company Developments Limited expiring February 27th, 2073.
3. Peel-off lease of premises at Lot 21, Concession 3 fronting the Humber River designated as part 3 of Plan 64R-8647, Borough of Etobicoke, municipally known as 65 Skyway Drive between Rockford Developments Limited and Imbrook Properties Limited and, *inter alia*, Samuel Black, dated October 1st, 1980.
4. Assignment of Interest in Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Rockford Developments Limited and Imbrook Properties Limited and Hudson's Bay Company Developments Limited dated February 27th, 1981, to be effective March 1st, 1999.
5. Assignment of lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Hudson's Bay Company Developments Limited and Hudson's Bay Company Fur Sales International Limited, dated January 16th, 1984, to be effective March 1st, 1999.
6. Assignment of lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Hudson's Bay Company Fur Sales International Limited and Hudson's Bay Company Fur Sales Canada Limited, dated February 1st, 1984, to be effective March 1st, 1999.
7. Change of Name registering Hudson's Bay Company Fur Sale Canada Limited changing its name to Hudson's Bay New York Inc. on March 13th, 1987
8. Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Hudson's Bay Company Development Limited and Markborough Properties Inc. dated January 19th, 1996.
9. Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Hudson's Bay New York Inc. and Markborough Properties Inc. dated January 19th, 1996.

10. Articles of Amendment changing Markborough Properties Limited to Markborough Properties Inc. dated March 4th, 1989
11. Amalgamation of Markborough Properties Inc. into Markborough Properties Inc. /Proprietes Immobilières Markborough Inc. dated August 1, 1990.
12. Amalgamation of Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee and Markborough Properties Inc. /Proprietes Immobilières Markborough into Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee dated June 9th, 1997.
13. Notice of assignment of Imbrook Properties Limited's interest in premises at Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Imbrook Properties Limited and EL EF Investments Inc. dated November 15th, 1985.
14. Notice of assignment of Rockford Development's Limited's interest in premises at Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Rockford Development Limited and Vinca Estates Limited dated May 31st, 1991.
15. Amalgamation of Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee and Ivanhoe Ontario Inc. into Ivanhoe Cambridge I Inc. /Ivanhoe Cambridge I Inc. dated August 13th, 2001.
16. Assignment of lease of premises Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. dated July 1st, 2004.
17. Lease of premises at Lot 21, Concession 3 fronting the Humber River designated as parts 1-8, 17-21 of plan 64R-3413, Borough of Etobicoke between, *inter alia*, Samuel Black and Rockford Developments Limited. expiring August 31st, 2073.
18. Assignment of ½ interest of lease of premises at Lot 21, Concession 3 fronting the Humber Rive designated as parts 1-8, 17-21 of plan 64R-3413, Borough of Etobicoke (subject to "peel-off" lease dated February 1, 1978) between Rockford Developments Limited and Imbrook Properties Limited dated March 28, 1980.
19. Rental Rate Agreement regarding 65 Skyway Drive, Etobicoke between *inter alia*, The Estate of Samuel Black and Cambridge Shopping Centres Limited date March 1st, 1999.
20. Cambridge Shopping Centres Inter Office Memo regarding the Ownership structure of 65 Skyway Drive, Etobicoke date January 2nd, 2001.
21. Assignment of lease of premises Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65

- Skyway Drive between Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. dated March 1st, 2014.
22. Rental Rate Agreement regarding 65 Skyway Drive, Etobicoke between Meadowvale Land Limited and Rebecca's Gift Holdings Limited and Ivanhoe Cambridge II Inc. dated March 1st, 2014.
 23. E-Mail from Legal department of Ivanhoe Cambridge Inc. regarding rental rate agreement dated September 16, 2014.
 24. Ground Rent Renegotiation Impact for 2015 at 65 Skyway Drive, dated June 9, 2016.
 25. Lease of 65 Skyway Drive between Ivanhoe Cambridge II Inc. and Kelsey's Holdings Inc. dated May 9th, 2005, for a term of 10 years.
 26. Amendment of lease between Ivanhoe Cambridge II Inc. and Kelsey's Holdings Inc. dated May 9th, 2005 to reflect Kelsey's Holdings Inc. becoming Kelsey's Restaurants Inc. dated September 15th, 2009.
 27. Renewal and Amendment of lease between Ivanhoe Cambridge II Inc. and Kelsey's Restaurants Inc. to reflect Kelsey's Restaurants Inc. becoming CARA Operations Limited, dated September 19th, 2016 and expiring November 30, 2021.
 28. Agreement of Purchase and Sale for 65 Skyway Drive between Ivanhoe Cambridge II Inc. and North American Fur Auctions Inc. dated September 16th, 2016, closing November 1, 2016.
 29. Appraisal of 65 Skyway Drive prepared by Michael Cane Consultants for North American Fur Auctions Inc. dated October 3, 2016.
 30. Credit Agreement between NAFA Properties Inc. /North American Fur Auctions Inc. and Farm Credit Canada for 4,000,000 USD dated June 16th, 2017.
 31. Charge of Land/Mortgage between NAFA Properties Inc. and Farm Credit Canada regarding 500 Carlingview Drive, Toronto in the principal amount of 7,000,000 CDN dated June 16th, 2017.
 32. Acknowledgement and Direction regarding Registration of the Charge/Mortgage on 500 Carlingview Drive, dated June 16th, 2017.
 33. Acknowledgement of receipt of Standard charge terms regarding charge on 500 Carlingview Drive, dated June 16th, 2017.
 34. Statutory Declaration from Douglas F. Lawson regarding charge on 500 Carlingview Drive, dated June 6th, 2017.
 35. General Security Agreement between NAFA Properties Inc. and Farm Credit Canada, dated June 16th, 2017.

36. General Security Agreement between North American Fur Auctions Inc. and Farm Credit Canada, dated June 16th, 2017.
37. Assignment, Postponement and Subordination Agreement in favour of Farm Credit Canada and between North American Fur Producers Inc. and NAFA Properties Inc., dated June 16th, 2017.
38. Assignment, Postponement and Subordination Agreement in favour of Farm Credit Canada and between North American Fur Producers Inc. and North American Fur Auctions Inc., dated June 16th, 2017.
39. Financing change statement with debtor NAFA Properties Inc. dated May 25th, 2017.
40. Financing change statement with debtor North American Fur Auctions Inc. dated May 25th, 2017.
41. Financing change statement with debtor North American Fur Producers Inc. dated May 25th, 2017.
42. Financing change statement with debtor North American Fur Auctions Inc. dated May 25th, 2017.
43. Acknowledge re receipt of confirmation of PPSA Registration from Gowling WLG (Canada) LLP on behalf of Farm Credit Canada date June 16th, 2017.
44. Assignment of Insurance from NAFA Properties Inc. and North American Fur Auctions Inc. to Farm Credit Canada dated June 16th, 2017.
45. Bring Down Certification from NAFA Properties Inc. to Farm Credit Canada dated June 16th, 2017.
46. Bring Down Certification from North American Fur Auctions Inc. to Farm Credit Canada dated June 16th, 2017.
47. Officer's Disclosure and Incumbency Certificate from NAFA Properties Inc. dated June 16th, 2017.
48. Officer's Disclosure and Incumbency Certificate from North American Fur Auctions Inc. dated June 16th, 2017.
49. NAFA Properties Inc. Certificate of Status dated June 16th, 2017.
50. North American Fur Auctions Inc. Certificate of Compliance dated June 16th, 2017.
51. Blaney McMurtry LLP Legal Opinion dated June 16th, 2017
52. Pre-Authorized Payment Authority dated June 16th, 2017.

53. Intercreditor Agreement between CIBC, Farm Credit Canada and NAFA Properties Inc. and North American Fur Auctions Inc. dated June 16th, 2017.
54. Discharge of Charge dated April 2nd, 2013 against 500 Carlingview Drive by North American Fur Auctions Inc. dated June 19th, 2017.
55. Acknowledge and Direction re Discharge of Charge by North American Fur Auctions Inc. dated June 16th, 2017.
56. Tax Certificate for 500 Carlingview Drive dated May 26th, 2017.
57. Written confirmation of Loan agreement from BDC to Farm Credit Canada dated June 15th, 2017.
58. Notice of Borrowing and Direction of Funds dated June 19th, 2017.
59. Agreement of Purchase and Sale of 500 Carlingview Drive between NAFA Properties Inc. and Lange Group of Companies Ltd. Dated April 18th, 2019.
60. Amendment of Agreement of Purchase and Sale of 500 Carlingview Drive dated May 27th, 2019.
61. Mortgage between NAFA Properties Stoughton LLC, a Wisconsin limited liability company and NAFA Properties Inc., a Canadian corporation of the premises at Lot One (1) of Certified Survey Map No. 14436 recorded in the Dane County Register of Deeds Office in Volume 99 of Certified Survey Maps, pages 112-113 as Document No. 5304607 in the amount of 1,500,000 USD dated November 30th, 2017.
62. Promissory Note between NAFA Properties Inc. and 464676 B.C' Ltd. In the amount of 1,500,000 USD dated October 27th, 2017.
63. Resolution of the Board of Directors of NAFA Properties Inc. approving the promissory note dated October 27th, 2017.
64. Promissory Note between NAFA Properties Stoughton LLC and NAFA Properties Inc. in the amount of 1,500,000 USD dated October 27th, 2017.
65. Resolution of the Board of Directors of NAFA Properties Stoughton LLC approving the promissory note dated November 28th, 2017.
66. Intellectual Property Purchase Agreement between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
67. Trademark Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.

68. Trademark Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions (US) Inc. dated February 6th, 2018.
69. Copyright Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
70. Domain Name Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
71. Assignment of Unregistered Intellectual Property between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
72. Consent from CoBank to the above assignment of Intellectual Property dated February 6th, 2018.
73. Release of Patent and Trademark Security Interest from CoBank to American Legend Cooperative dated February 6th, 2018.
74. Release of Copyright Security Interest from CoBank to American Legend Cooperative dated February 6th, 2018.
75. Consent and Direction Letter between Mark J. Rosenblum and American Legend Cooperative dated February 6th, 2018.
76. Limited Release of Security Interests between Mark J. Rosenblum and American Legend Cooperative dated February 6th, 2018.
77. UCC Financing Statement Amendment by Mark J. Rosenblum dated February 6th, 2018.
78. UCC Financing Statement Amendment by Mark J. Rosenblum dated February 6th, 2018.
79. UCC Financing Statement Amendment by CoBank dated February 7th, 2018.
80. Consent to Elena Neverovskaya from American Legend Cooperative authorizing the use of the Blackglama brand registered trademark dated March 10th, 2017.
81. Equipment Appraisal Report of Jonathan Mullen Mink Ranch Limited & Victory Farms Incorporated, prepared by Elliot Offman A.A. dated October 15, 2016.
82. Statement of Registered and Recorder Interest against Jason Mullen Mink Ranch Limited dated November 24th, 2016.
83. Request to Cancel a Recorder Interest dated November 8th, 2016.
84. Assignment of Insurance from Jason Mullen Mink Ranch Limited to North American Fur Auctions Inc. dated July 21st, 2016.

85. Authorization and Direction re payment of funds from North American Fur Auctions Inc. to Jason Mullen Mink Ranch Limited dated July 21st, 2016.
86. Borrower's (Jason Mullen Mink Ranch Limited) Counsel Opinion dated August 23rd, 2016.
87. Demand Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Limited in the amount of 4,861,826,20 CDN and 267,521,86 USD dated July 21st, 2016.
88. Unaudited Financial Statements of Jason Mullen Mink Ranch Limited dated December 31st, 2016.
89. Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. in the amount of 6,000,000 CDN dated July 21st, 2016.
90. Guarantee from Jason Mullen to North American Fur Auctions Inc. regarding the Promissory Note date July 21st, 2016.
91. Collateral Mortgage between Jason Leonard Mullen and North American Fur Auctions Inc. dated June 19th, 2018.
92. Discharge of PPSA against Jason Mullen Mink Ranch Limited dated August 24th, 2016.
93. Collateral Mortgage between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
94. Collateral Mortgage between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated June 19th, 2018.
95. Guarantee from Jason Mullen to North American Fur Auctions Inc. regarding the Promissory Note date June 19th, 2018.
96. Marketing and Consignment Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. regarding all of its pelt production date June 19th, 2018.
97. Jason Mullen Mink Ranch Limited PPSA Search Result Report dated June 7th, 2018.
98. Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. in the amount of 6,000,000 CDN dated June 19th, 2018.
99. Securities Pledge Agreement between Jason Mullen and North American Fur Auctions Inc. dated July 25th, 2016.
100. Compromise and Settlement Agreement between Jason Mullen Mink Ranch Limited and Jason Leonard Mullen and Farm Credit Canada dated September 2018.

101. Marketing and Consignment Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. regarding all of its pelt production date July 21st, 2016.
102. Officer's Certificate of Jason Mullen Mink Ranch Limited approving the Loan Facilities dated July 21st, 2016.
103. Postponement Agreement between, *inter alia*, 2351604 Nova Scotia Limited (together with all other named parties, collectively the "Creditors") and Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
104. PPSA Verification Statement against Jason Mullen Mink Ranch Limited dated July 22nd, 2016.
105. Security Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
106. Bank Act search against Jason Mullen Mink Ranch Limited dated November 2nd, 2016.
107. Consignment agreement between North American Fur Auctions Inc. and Daikoku spolka z ograniczona odpowiedzialnoscia dated February 7th, 2019.
108. Loan Agreement written in Polish dated November 7th, 2018.
109. Mortgage Agreement written in Polish with unknown date.
110. Loan Agreement written in Polish dated November 7th, 2018.
111. Letter of Intent between North American Fur Auctions Inc. and Mr. Samuel Nieuwenhuis dated September 28, 2018.
112. Kit Loan and Security Agreement between SIA Baltic Devon Mink, a Latvian corporation and North American Fur Auctions Inc. in the amount of 4,275,000 euros dated April 1st, 2019.
113. Kit Advance Payments Agreement between NAFA Europe BV and Akciju sabiedriba "Grobina" in the amount of 2,402,500 euros dated November 12th, 2018.
114. Amendment to Kit Advance Payments Agreement between NAFA Europe BV and Akciju sabiedriba "Grobina" to change the amount to 2,711,775 euros dated November 12th, 2018.
115. Guarantee from Mr. Kestutis Riskus in the amount of 7,740,000 euros regarding loan from North American Fur Auctions Inc. to farmer Kestutis Riskus dated April 11th, 2019.
116. Marketing & Security Agreement between A&M Dittrich Mink Farm Inc. and North American Fur Auctions Inc. in the amount of 5, 203,000 USD dated March 1st, 2019.

117. Marketing and Security Agreement between Goodrich Fur Farm LLC and North American Fur Auctions Inc. in the amount of 2,512,000 USD dated March 1st, 2019.
118. Summary of Security Registration by Goodrich Fur Farm LLC in favour of North American Fur Auctions Inc. dated September 16th, 2016.
119. Set-Off Agreement between Van Ansem Group Companies and NAFA Companies dated September 18th, 2014.
120. Mink Mortality Insurance Policy – Canada dated September 2018.
121. Mink Mortality Insurance Policy – British Columbia dated September 2018.
122. Mink Mortality Insurance Policy – Manitoba dated September 2018.
123. Mink Mortality Insurance Policy – Belgium dated September 2018.
124. Mink Mortality Insurance Policy – Greece dated September 2018.
125. Mink Mortality Insurance Policy – Latvia dated September 2018.
126. Mink Mortality Insurance Policy – Lithuania dated September 2018.
127. Mink Mortality Insurance Policy – Netherlands dated September 2018.
128. Mink Mortality Insurance Policy – Poland dated September 2018.
129. Mink Mortality Insurance Policy – Romania dated September 2018.
130. Mink Mortality Insurance Policy – USA dated September 2018.
131. Mink Mortality Insurance Policy – Utah dated September 2018.
132. Certificate of Insurance – Fur Transit and Storage dated July 12, 2019.
133. Certificate of Liability Insurance – All operations at Lozicnica, Poland valid until November 1st, 2019.
134. Certificate of Liability Insurance – All operations at Wisconsin, USA valid until November 1st, 2019.
135. Certificate of Liability Insurance – All operations at 65 Skyview Drive, 500 Carlingview Drive and 567 Henry Avenue (Winnipeg) valid until November 1st, 2019.
136. Directors and Officer Liability Summary of Insurance valid until November 1st, 2019.
137. Buyer Endorsement – Shipments Form effective June 30, 2018.
138. Commercial Inland Marine Insurance dated August 29th, 2018.

139. Employment Agreement between North American Fur Auctions Inc. and Robert B. Cahill as SVP of International Marketing dated December 1st, 2014.
140. Employment Agreement between North American Fur Auctions Inc. and Douglas F. Lawson as CEO and President dated November 1st, 2018.
141. Employment Agreement between North American Fur Producers Marketing (New York) Inc. and Greg Dolinsky as SVP of Operations dated August 1st, 2011.
142. Employment Agreement between North American Fur Auctions Inc. and Iain Dunbar as SVP of Buyer and Auction Services dated November 1st, 2018.
143. Separation Agreement between North American Fur Auctions Inc. and Michael David Mengar dated November 1st, 2018.
144. Loan to Robert B. Cahill in the amount 270,000 CDN by North American Fur Auctions Inc. dated December 7th, 2015.
145. Set of Standard Charge Terms for Loan to Robert B. Cahill.
146. Certificate of Insurance on Charged property for the loan to Robert B. Cahill dated January 6th, 2016.
147. Environmental Declaration and Assessment of 3306319 Nova Scotia Limited dated August 1st, 2017.
148. Environmental Declaration and Assessment of 3306319 Nova Scotia Limited dated August 1st, 2017.
149. Customer Authorization for Collection of Personal Information from 3306319 Nova Scotia Limited to Farm Credit Canada dated June 27th, 2017.
150. Consent to Disclose Personal and Financial Information to a Third Party from 3306319 Nova Scotia Limited to Farm Credit Canada dated June 27th, 2017.
151. Loan Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited in the amount of 1,800,000 CDN dated July 18th, 2017.
152. Security Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited dated September 25th, 2017.
153. Assignment, Postponement and Subordination Agreement between NAFA Properties Inc. and Farm Credit Canada dated September 25th, 2017.
154. Assignment, Postponement and Subordination Agreement between North American Fur Auctions Inc. and Farm Credit Canada dated September 25th, 2017.
155. Resolution of the Directors of 3306319 Nova Scotia Limited regarding the form of resolution.

156. Resolution of the Directors of 3306319 Nova Scotia Limited approving the loan from Farm Credit Canada dated September 21st, 2017.
157. Amendment to the Credit Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited dated September 25th, 2017.
158. Officer's Disclosure and Incumbency Certificate of 3306319 Nova Scotia Limited dated September 25th, 2017.
159. Guarantee of Credit Agreement from North American Fur Auctions Inc. dated September 25th, 2017
160. Guarantee of Credit Agreement from NAFA Properties Inc. dated September 25th, 2017
161. Priority Agreement between North American Fur Auctions Inc. and Farm Credit Canada dated September 25th, 2017.
162. Mortgage Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited in the amount of 1,800,000 CDN dated September 28th, 2017.
163. Customer Bank Account Information of NAFA Properties Inc. dated October 4th, 2017.
164. Resolution of the Directors and Shareholders of NAFA Properties Inc. approving the guarantee of the credit facility dated October 12th, 2017.
165. Resolution of the Directors and Shareholders of North American Fur Auctions Inc. approving the credit facility dated October 12th, 2017.
166. Farm Credit Canada's Legal Counsel Opinion dated January 2nd, 2018.
167. Amendment to loan agreement dated January 24th, 2018.
168. Amendment to loan agreement dated February 12th, 2018.
169. Sale Approval and Vesting Order under s. 36 of *The Companies' Creditors Arrangement Act*, by the Supreme Court of Nova Scotia approving the sale of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited to North American Fur Auctions Inc. dated April 10th, 2017.
170. Asset Purchase Agreement between Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated February 2017 and approved April 10th, 2017.
171. Amended and Restated Consolidated Marketing Agreement between North American Fur Auctions Inc. and, *inter alia*, North American Fur Association and American Mink Council Inc. dated 2014.

172. Shareholders' Agreement between North American Fur Producers Inc. and, *inter alia*, North American Fur Auctions Inc. and American Mink Council Inc. dated October 11th, 2016.
173. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and American Mink Council in the amount of 800,000 USD dated October 31st, 2018.
174. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and Canada Fox Breeders Association in the amount of 390,000 CDN dated October 31st, 2018.
175. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and Canada Mink Breeders Association in the amount of 1,500,000 CDN dated October 31st, 2018.
176. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and North American Wild Fur Shippers Council in the amount of 1,000,000 CDN dated October 31st, 2018.
177. Supplemental Agreement Regarding the Implementation and Administration of the Welfur Program between FUR Europe asibl and North American Fur Auctions dated October 17th, 2014.
178. Levy Agreement Poland between Fur Europe asibl and North American Fur Auctions dated December 2018.
179. Second Addendum to Levy Agreement Poland between FUR Europe asibl and North American Fur Auctions dated January 12th, 2019.
180. Addendum to Welfur Agreement dated September 21st, 2018.
181. Fur Ban Levy collection notice from International Fur Federation dated May 14th, 2019.
182. New Agreement Relating to IFF General Levy Scheme between International Fur Federation and North American Fur Auctions, undated.
183. New Agreement Relating to IFF Levy Operation Brands between International Fur Federation and North American Fur Auctions, undated.
184. Pelt Transport Royalty Collection Agreement between Her Majesty the Queen in Right of Ontario as represented by the Minister of Natural Resources and Forestry and North American Fur Auctions Inc. dated March 31st, 2016.
185. NAFA 2916 European Ranch Mink Storage Program dated 2016.
186. Promissory note between North American Fur Auctions Inc. and Walt Brown, a US citizen in the amount of 3,546,646.61 USD dated November 4th, 2016.

SCHEDULE 1.1.18
RANCHER ADVANCE DOCUMENTATION



KIT LOAN

Financing Program

2018-2019



205 INDUSTRIAL CIRCLE STOUGHTON, WI 53589 USA
TEL: +1.608.205.9200 | FAX: +1.608.205.9210 | WWW.NAFA.CA

USA KIT LOAN FINANCING PROGRAM



June 20, 2018

Dear Consignor:

NAFA is pleased to offer a Livestock Loan program for our American mink consignors.

In order to start the process for this year, please refer to the enclosed program summary. The application forms should be completed and returned to NAFA Stoughton, Wisconsin office as soon as you have a reasonably accurate kit count. Please ensure that all attached application forms are completed in their entirety before returning to us.

Based on the current market conditions, loan per pelt for 2018/19 will be the lesser of:

- \$20-\$22.50 per kit committed on regular winter quality mink, or
- 50% of the 2018 average to a maximum of \$22.50 per pelt

In addition, NAFA will pay your pelting bill directly to a processor for up to \$3.50 per pelt shipped to NAFA.

The final amount of each loan will be based on your kit count and the number of pelts committed for sale, which may, at the option of NAFA, be verified by a NAFA representative through a physical count.

We recommend that you take a careful consideration of committed numbers in your application, recognizing the inevitable kit losses each year.

Diana Balaam and Aneta Schwartz at our Toronto office will be handling the consignor loan administration this year. If you have any questions about the application, please contact Diana at (608) 205-9200, Aneta at (416) 213-2155 or Chris Vaughan at (608) 719-8475.

Best Regards,

Doug Lawson
Senior V.P. & CFO

2018-2019

USA KIT LOAN FINANCING PROGRAM



INFORMATION ON AMERICAN LIVESTOCK LOANS

1. Livestock loans will only be made to qualified consignors with a satisfactory track record. Evidence of a reasonable financial situation and concrete arrangements for financing the crop over the full year may be required upon request. For larger loans (i.e. over \$250,000), a monthly cash flow projection for the farm may also be requested, along with a farm financial statement. The attached NAFA Loan Application and Insurance Proposal forms must both be completed and returned to NAFA (Attn: Diana Balaam).
2. Loans to qualified applicants will be based on up to 50% of the 2018 auction season average per pelt or NAFA's estimate of current value of the pelts, **subject to a maximum loan amount (otherwise established at an average per pelt) based on pelt type and estimated cost of production.** An additional pelt advance to cover pelting costs paid directly by NAFA to the pelt processor will be made available up to \$3.50 per pelt.
3. Once approved, loan funds will be advanced according to a mutually agreed schedule until pelting time, or through periods after pelting, if required. In some special circumstances, NAFA may consider a bridge loan/pre-kit loan to cover the time until livestock loan disbursements begin.
4. The livestock must be pledged as security against the loan and, therefore, must be free of any and all other liens. No loan funds will be released until the security documents are filed by NAFA with the required government authorities.
5. The livestock serving as loan collateral must be vaccinated. This year, it will be mandatory for all consignors to have coverage under the Live Mink Insurance program in order to qualify for a kit loan. The cost of NAFA sponsored insurance program will be charged to the consignor's account on Prompt Date of the first NAFA auction. 50% of insurance premium is borne by NAFA.
6. Loans to consignors carrying on business through a corporation will require the personal guarantee of the principal shareholders.
7. Loan repayments and all related loan charges will be taken from the net proceeds of the 2019 auction sale(s) at which the pelts are sold.
8. The cost of conducting the lien search and registering the security will be borne by the consignor and incorporated in the administration fee of \$100 to be charged by NAFA.
9. The interest rate charged will be set by NAFA to equal the US bank prime plus 3%, computed from the date of release of each advance to the Prompt Date of the auction sale from which repayment is taken, unless otherwise modified in writing.
10. Short shipments from the committed number of winter quality pelts to be delivered to NAFA as set out in the loan agreement will be subject to a charge of \$1.50 USD per pelt short. For example, if you commit 5,000 pelts and only ship 4,000, you will be charged \$1,500 (i.e. 1,000 pelts short x \$1.50).
11. If something happens to your crop that will impact your ability to ship the number or quality of pelts that you have committed to send, **NAFA must be notified immediately.** A short shipment penalty may be waived based on the circumstances in your case.
12. If you have the opportunity to sell livestock, under the terms of the Loan Agreements, **NAFA must be notified before you proceed** to determine any impact on your pelt commitment and loan. We will work with you to determine if such sale is viable and that you take any steps necessary to ensure the loan is covered. **Prior authorization from NAFA is a requirement** before any such sale can proceed.

2018-2019

USA KIT LOAN FINANCING PROGRAM



NORTH AMERICAN FUR AUCTIONS APPLICATION FOR MINK LIVESTOCK LOAN

APPLICATION

(All questions MUST be answered)

- a. Are any live mink mortgaged or pledged or assigned or in any way committed as security for any outstanding indebtedness? No Yes .

If **yes**, list the amount of each such debt, the party to whom the debt is owed, and the specific nature of the security arrangements and/or the assignment.

- b. Are any proceeds from the sale of your mink assigned to anyone else? No Yes .

If **yes**, list the amount owed and the party to whom the debt is owed and the party to whom assigned.

2. Do you owe any money for animals or feed purchased? No Yes .

If **yes**, how much do you owe and to whom are you indebted?

3. Do you own the property on which the farm is located? No Yes .

If **yes**, please advise us of any mortgage thereof, including the amount thereof, and the name(s) and address(es) of mortgage holder(s).

Continued on the following page.

2018-2019

USA KIT LOAN FINANCING PROGRAM



4. Your Bank/Financial Institution Name & Address:(Bank/Financial Institution must be completed)

5. Total Amount of NAFA loan required through pelting (including costs to be paid by NAFA): \$ _____

Instalment Advances:

July	_____	November	_____	March	_____
August	_____	December	_____	April	_____
September	_____	January	_____		
October	_____	February	_____		

6. Please list the total number of Breeding Mink on the Mink Farm as of date of application. (All mink including your kits must serve as security for this loan).

Total # of Breeding Females:	_____
Total # of Breeding Males:	_____
Total # of Kits:	_____

7. Farm/Corporation Information

Farm/Corporation Name & Address: _____

Is this a corporation? Yes No
(If **yes**, attach list of Shareholders)

Name(s) & Addresses of Owner(s) or Partners

Is this a partnership? Yes No
(If **yes**, attach list of Partners)

Is this a single owner? Yes No

Continued on the following page.

2018-2019

USA KIT LOAN FINANCING PROGRAM



8. Consignor's Information

Consignor's Name

First Name: _____

Middle Name: _____

Last Name: _____

Address (if different from Farm Address): _____

Spouse's Name

First Name: _____

Middle Name: _____

Last Name: _____

Telephone (Home): _____

Telephone (Mobile): _____

Fax: _____

NAFA collects and uses your personal information in order to process your kit loan application. NAFA may disclose or share your information with trusted parties to the extent that is necessary, in providing credit or other financial services.

By signing below, you acknowledge that you have read the information on this form and consent NAFA to collect, use and disclose your personal information as described above.

Consignor's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

NOTE: LOANS TO CORPORATIONS WILL REQUIRE THE PERSONAL GUARANTEE OF THE PRINCIPAL SHAREHOLDER(S).

USA KIT LOAN FINANCING PROGRAM



CERTIFICATE OF VACCINATION – MINK

This is to certify that all of the mink kits at the farm of:

Located at:

Have been directly vaccinated for:

Check Applicable Box

- Virus Enteritis
- Botulism
- Distemper
- Other

If **other**, please specify:

Signature: _____

Print Name: _____

Date: _____

Please submit completed form once your mink have been vaccinated.

2018-2019

USA KIT LOAN FINANCING PROGRAM



TO FACILITATE PROCESSING

The other forms for your loan application may be completed and submitted immediately, without the following Bank/Financial Institution Declaration being submitted at the same time. However, **no loan payments to you can be made until the Bank/Financial Institution Declaration** is completed and submitted.

If you have more than one bank, contact Diana Balaam (608) 205-9200 or Aneta Schwartz (416) 213-2155. They will arrange for you to get appropriate alternate form(s) for that situation.

Note that:

NAFA will register a security lien on your mink. To keep costs down (and avoid having to charge you for the registration process) NAFA registers the lien for a 5-year period, in anticipation of you continuing to participate in the NAFA program. If at any time you want NAFA's security lien discharged and have no loan outstanding, just contact NAFA.

2018-2019

USA KIT LOAN FINANCING PROGRAM



BANK/FINANCIAL INSTITUTION DECLARATION NAFA LOAN PROGRAM

Part 1 (to be completed by the Consignor)

I, _____
(name and address of borrower)

(herein the "Consignor"), declare that at this date

_____ (name &
address of financial institution)

(herein the "Bank"), is my sole Bank.

Date _____ Consignor signature _____

Part 2 (to be completed by the Consignor's Bank)

I, _____ of the Bank stated above,
(name & title)

declare: (check the appropriate box, and initial)

_____ the Consignor has no loan and/or line of credit with the Bank, where the security collateral is any of the Consignor's live mink, and/or mink pelts and/or proceeds derived there from.

_____ the Consignor has a loan and/or line of credit with the Bank that is secured by the Consignor's live mink and/or mink pelts and/or proceeds there from, but the Bank will subordinate that security collateral to NAFA for the fur season running from now through September 30, 2019.

Date: _____ Bank Official Signature _____

Bank Contact Information:

Phone: _____ FAX: _____ e-mail: _____

2018-2019

USA KIT LOAN FINANCING PROGRAM



CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX – USA

Consignor Information:

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address _____

NAFA Main A/C No: _____

Telephone No: _____ Fax No: _____

E-mail: _____

Special Payment Instructions: _____

Pelt Information:

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

Payment Information: Please select one of the following payment methods:

By Cheque

By Wire Transfer*

*Wire Transfers: Please attach a personal cheque marked "VOID" in case your bank information has been changed during last year or this is the first time you are requesting

Charges in Effect: Please see **Schedule A.**

This Agreement is subject to the Terms and Conditions as fully set out on the following page.

On behalf of
North American Fur Auctions Inc.

On behalf of
Consignor

(signature)

(print name)

(date)

(signature)

(print name)

2018-2019

USA KIT LOAN FINANCING PROGRAM



TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc., hereinafter referred to as "the Company".

1. **Consignment Receipts and Acknowledgements**
On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignors shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.
2. **Company's Agreement to Offer for Sale**
Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.
3. **Insurance**
All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.
4. **Grading/Lotting/Valuation**
All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective consignor associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.
5. **Consignees Selling Instructions**
A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.
6. **Security Interest and Lien Notification**
By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the

2018-2019

USA KIT LOAN FINANCING PROGRAM



Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those consignor associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

Rev. 08/18/2014

2018-2019

USA KIT LOAN FINANCING PROGRAM



SCHEDULE A CONSIGNOR CHARGES AND DEDUCTIONS AMERICAN RANCH MINK – 2018/2019

Auction Commission

NAFA Basic Auction Commission ^A 5.0%

^A Minimum auction commission of **\$1.00 US** per pelt

NAFA Volume Rebate Plan

Gross Sales (USD)	Commission Rebate
\$100,000 - \$499,999	0.25%
\$500,000 - \$749,999	0.50%
\$750,000 - \$999,999	0.625%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.875%
\$3,000,000 - \$3,999,999	1.00%
\$4,000,000 - \$4,999,999	1.10%
\$5,000,000 - \$10,000,000	1.20%
Over \$10,000,000	1.30%

NAFA Loyalty Rebate Plan

0.25% of 2018/2019 season's total gross turnover provided that the consignor ships back to NAFA in 2019/2020 at least 90% of the previous year's pelt volume. NAFA will, on a case by case basis, consider exceptions to this rule where circumstances outside of the consignor's control do not allow them to meet the 90% volume threshold.

Current Charges In Effect

1. Fur Commission USA Levy TBD ^B

^B In addition to the above mandatory charges, volunteer association charges may apply.

North American Fur Auctions Inc. reserves the right, at our discretion, to change, modify, add or remove portions of the above fees or rebates at any time without notice.

Rev: 06/18/2018

2018-2019

USA KIT LOAN FINANCING PROGRAM



**SUMMARY OF TERMS OF COOPERATION IN 2018/2019 BREEDING SEASON AGREED
BETWEEN NORTH AMERICAN FUR AUCTIONS INC. ("NAFA") AND
_____ ("CONSIGNOR")**

Number and quantity of pelts the consignor undertook to supply to NAFA:

The number of winter quality mink pelts* to be supplied to NAFA in 2018/2019 breeding season is: _____, including _____ female pelts and _____ male pelts / of which male pelts will constitute no less than _____%.

*Please remember that winter quality pelts are pelts harvested from adult mink during the period from mid-October until the end of January (full winter cover).

Other Key Terms

1. The amount of the loan granted by NAFA to the consignor has been calculated based upon the number of winter quality pelts the consignor has previously committed to supply.
2. The amount of contractual penalty per contracted pelt that is not supplied to NAFA is can \$1.50.
3. Failure to supply the declared number of pelts will necessitate payment of the contractual penalty and may make the loan or any part thereof immediately due for repayment and cause termination of the cooperation between NAFA and the consignor. We encourage you to realistically declare the number of pelts to be supplied in the 2018-2019 season.
4. On or before September 30, the consignor will calculate the size of the mink stock, inform NAFA about the current number of mink in the stock and confirm that the number of mink held by him/her will enable him/her to supply the contracted number of pelts.
5. If any mink is sold during the breeding season, the consignor will be under the obligation to inform NAFA immediately about the number of animals that have been sold and refund a part of the loan extended by NAFA immediately (in accordance with the principles specified in the loan agreement).
6. After the consignor supplies breeders' pelts to NAFA's warehouse, the consignor will have an opportunity to obtain an additional loan, the amount of which will be calculated based on the number of breeders' pelts actually supplied by the consignor to the warehouse.

I confirm that I have read and understand these terms.

Signature: _____ Date: _____

2018-2019

USA KIT LOAN FINANCING PROGRAM



ANNUAL BUDGET

List of cost of production (COP) expenses, per mink produced, below:

1)	Feed	<input type="text"/>
	Price/lb	<input type="text"/>
	Predicted usage per mink	<input type="text"/>
2)	Vaccine	<input type="text"/>
	Vaccine product	<input type="text"/>
	Vaccination labour	<input type="text"/>
3)	Bedding	<input type="text"/>
4)	Insurance	<input type="text"/>
5)	Utilities	<input type="text"/>
6)	Pelting	<input type="text"/>
7)	Gas/Oil	<input type="text"/>
8)	Wages	<input type="text"/>
9)	Veterinarian	<input type="text"/>
10)	Misc.	<input type="text"/>
	Total Operating Costs	<input type="text"/>

2018-2019

USA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

Mink Livestock Mortality Insurance In association with Lakewood Insurance Agency.

Mink Insurance Program Cover Includes:

1. Insured Perils
 - Loss of animals by theft, robbery, hold-up or escape
 - Loss caused by animal rights activists
 - Death of animals caused by diseases, subject to vaccine protocol – (excluding losses from Aleutian Disease)
 - Loss caused by fire, lightening, storm, flood, explosion among other perils
 - Death resulting from damage to the housing of the animals
 - Loss as a direct result of abnormal fluctuations of temperature
 - Damage to Skin and/or Fur Extension (USD 100,000 annual aggregate)
 - Release and Recapture Damage to Skin/Fur (USD 250,000 annual aggregate)
 - Debris Removal (USD 5,000 annual aggregate)
 - Post Mortem Extension (USD 1,000 annual aggregate)
2. Value of the breeders and their kits is based on production costs
3. Increase in value of breeding stock around peak of breeding season
4. Progressive increase in value of kits as they age

For more information contact:

Bill Knight
billknightins@gmail.com

Phone: 217-260-5647



2018-2019

USA KIT LOAN FINANCING PROGRAM



Proposal Form

Fur Farm Proposal Form – Mink Insurance

You must take care in answering all the following questions which are relevant to Insurers in providing this insurance and setting the terms and premium. If you do not understand the questions or the nature of the information required please seek guidance from your insurance adviser. Failure to provide information or the provision of incomplete or inaccurate information may result in the loss of cover or revised terms and/or premium or it may affect any claim you make under this insurance.

You should keep a record (including copies of letters) of all the information supplied.

Part 1 - Site Details

Name of Insured:
Insured Address (please provide full address including postcode):
.....

Email Address:

Telephone number:

Location of Animals:
(please provide full address including postcode for all sites including satellite/summer farms)

Location 1:

Location 2:

Location 3:

Location 4:

Vaccination

Please state diseases vaccinated for:

Botulism Distemper Viral Enteritis Hemorrhagic Pneumonia (Pseudomonas)

Other:

2018-2019

USA KIT LOAN FINANCING PROGRAM



Part 2 – Questionnaire

Section 1 - Biosecurity

- 1. Do only essential visitors have access to the site? Yes No
- 2. Is there adequate pest control carried out to control rodents, flies and parasites? Yes No
- 3. Is the site fully enclosed and/or surrounded by a perimeter fence? Yes No

Section 2 - Buildings and Surroundings

- 4. Is spoilt food and soiled litter removed from the pens and houses following depopulation? Yes No
- 5. Do you have fire extinguishers in every building? Yes No
- 6. Is there a fire alarm on site? Yes No

Section 3 - Stocking / Stocking Density

- 7. Do pen dimensions meet minimum standards agreed by US Fox Shippers Council Standing and/or Standard Guidelines for the Operation of Mink Farms in the U.S set forth by the FCUSA and/or local standards? Yes No
- 8. Are animals kept in pens which comply with the following space requirements? Yes No
 - Single adult animal 1003.93 in2
 - Single adult with cubs 1003.93 in2
 - Juveniles after weaning, up to 2 animals 1003.93 in2
 - The minimum height of any accommodation shall be 17.71 in2

9. If not, what other sizes of cages are being used?

Number of animals	Size of cage
.....
.....
.....

Section 4 - Feed and Water

- 10. Is there sufficient storage of water to supply animals for at least 12 hours in an emergency? Yes No
- 11. Are all dried or ready mixed meals properly stored and monitored to ensure suitability for animal consumption? Yes No
- 12. Has the farm been using the same supplier for food and foodstuffs for at least 6 months? Yes No
- 13. Are fresh animal by-products upon arrival at the farm immediately (within 2 hours) processed or preserved? Yes No

2018-2019

USA KIT LOAN FINANCING PROGRAM



- 14. Is food preparation and storage carried out under sanitary conditions? Yes No
- 15. Are containers used for collection of animal by products drip proof and thoroughly washed after each collection? Yes No
- 16. Is feed preparation machinery cleaned after each use and regularly maintained? Yes No
- 17. Is fresh / frozen food refrigerated or frozen appropriately? Yes No
- 18. Are foodstuffs regularly checked for Botulism Toxin? Yes No
- 19. Do you make your own feed? Yes No

Section 5 - Health and Hygiene

- 20. Has the site the services of a specialist veterinary surgeon? Yes No
- 21. Are dead animals removed from pens daily? Yes No
- 22. Are mortality and culls recorded on a daily basis? (Stock records will be required in the event of a claim) Yes No
- 23. Are carcasses disposed of by one of the following methods?
 - (a) Stored in vermin proof containers which are removed from site at least weekly Yes No
 - (b) Incinerated on site Yes No
- 24. Has the farm been free of defects, ailments, diseases or contagious disease, during the past 12 months? Yes No
- 25. Has the average mortality rate over the past 3 years been below 3% for each year (0.25% per month)? Yes No
If No, please state mortality rate: _____
- 26. Is Aleutian Disease (Plasmacytosis) present within the Mink population on the Farm? Yes No
If yes, please confirm the month and year when the mink first became infected:
Month:..... Year:.....

Section 6 - Managers and Stockmen

- 27. Are managers and stockmen competent / trained in the following before being given responsibility for the care of animals?
 - (a) Normal and abnormal behaviour of animals, and fear reactions Yes No
 - (b) Signs of good health and signs of poor health and disease Yes No
 - (c) Correct handling of animals in a positive and compassionate manner Yes No
 - (d) Humane slaughter methods Yes No
 - (e) Equipment operation, maintenance, recognition of failures and action to be carried out to rectify Yes No
 - (f) Recognition of the signs of thermal stress in animals and the procedures to be followed if a problem Yes No

2018-2019

USA KIT LOAN FINANCING PROGRAM



28. Are untrained staff used without the direct supervision of trained personnel? Yes No

Section 7 - Plans and Safety Procedures

29. Are the following plans and policies available and implemented on site? Yes No

(a) Annual cleaning plan Yes No

(b) A Unit Site plan detailing house size, access points, location of fire extinguishers and first aid kits, water sources (fire-fighting) and pest control bait points. Yes No

(c) An emergency action plan, sited in a prominent position near a telephone point, covering procedures to be followed in the case of emergencies such as fire, flood, power failure, equipment failure or the interruption of supplies. Yes No

30. Are procedures for dealing with contingencies plans known by staff and relevant telephone numbers displayed at a suitable point? Yes No

31. Is the farm manned 24 hours daily? Yes No

Section 8 – General

32. Has this farm been in operation for more than 12 months under the current management? Yes No

33. Is the farm located in an area at risk of flooding? Yes No

34. Does the farm make a profit? Yes No

35. Has any company declined a proposal from you, cancelled or refused to renew your policy or required special terms to insure you? Yes No

36. Have you been targeted by Animal Welfare activists over last 3 years? Yes No

37. Is the Insured Mink Farm certified under the Merit Award Certification Program and run in accordance with the standard Guidelines for the Operation of Mink Farms in the United States? Yes No

38. Have you any other Mink located on this Mink Farm, whether owned by you or a third party, which are not proposed for insurance under this scheme? Yes No

If 'yes' please confirm the number of Mink not proposed for insurance under this policy:

Particulars	Numbers of Mink not proposed for Insurance
Females	_____
Males	_____
Kits	_____

a) What is the reason why these Mink are not to be insured?
.....
.....

2018-2019

USA KIT LOAN FINANCING PROGRAM



Mink Quantity Schedule

Type	Males	Females	Kits
Wild			
Mahogany			
Pearl			
White			
Pastel			
Silver Blue			
Black Cross			
Black			
American Black			
Sapphire			
Blue Iris			
Other			
Total			

2018-2019

USA KIT LOAN FINANCING PROGRAM



VETERINARY CERTIFICATE OF MINK HEALTH *

Date of inspection

I hereby state that during the past 12 months I have visited farm of

(Insured's name)

(Farm address)

.....

For routine veterinary procedures as the occasion has required, the veterinary practice has been attending the Mink on this property for..... years.

My assessment of the overall herd health from my regular visits to this farm confirms that these animals are in sound health, being free from illness, injury and contagious disease.

I have not individually inspected all of the animals to make this declaration, however my assessment is based upon our practice's on going Veterinary program with this farm, and observations carried out on the herd at this inspection.

Any other comments:

.....

.....

Signed

Name of Veterinarian

Name of Practice

Address of Practice

.....

.....

Phone/Fax No.

Email

*VET CERTIFICATE IS NOT REQUIRED FOR RENEWAL BUSINESS

2018-2019

USA KIT LOAN FINANCING PROGRAM



Complaints Procedure

We are dedicated to providing a high quality service and **We** want to ensure that **We** maintain this at all times.

If **You** have any questions or concerns about the policy or the handling of a claim please contact **Your** broker through whom this policy was arranged.

If **You** wish to make a complaint **You** can do so at any time by referring the matter to:

Complaints Manager
Catlin Underwriting Agencies Limited
20 Gracechurch Street
London
EC3V 0BG
E-mail: xlcatlinukcomplaints@xlcatlin.com
Telephone Number: +44 (0) 20 7743 8487

If **You** remain dissatisfied after **We** have considered **Your** complaint, it may be possible in certain circumstances to refer the complaint to Lloyd's. Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint – How We Can Help" available at www.lloyds.com/complaints and are also available from Catlin Underwriting Agencies Limited at the above address or from Lloyd's at:

Lloyd's Complaints
One Lime Street
London
EC3M 7HA

If **You** remain dissatisfied after Lloyd's has considered **Your** complaint, or **You** have not received a decision by the time Catlin Underwriting Agencies Limited and Lloyd's have taken eight (8) weeks overall to consider **Your** complaint, **You** can refer **Your** complaint to the Financial Ombudsman Service at:

Exchange Tower
London
E14 9SR
E-mail: complaint.info@financial-ombudsman.org.uk
Telephone Number: **From within the United Kingdom**
0800 0234 567
calls to this number are free on mobiles and landlines
0300 1239 123
calls to this number costs no more than calls to 01 and 02 numbers
From outside the United Kingdom
+44(0)20 7964 0500

Fax Number: +44(0)20 7964 1001
Text Number: 07860 027 586 Call Back Service

2018-2019

USA KIT LOAN FINANCING PROGRAM



The Financial Ombudsman Service can look into most complaints from consumers and small businesses. For more information contact them on the above number or address, or view their website: www.financial-ombudsman.org.uk

The European Commission also provides an on-line dispute resolution (ODR) platform that allows consumers to submit their complaint through a central site, which will forward the complaint to the right Alternative Dispute Resolution (ADR) scheme. The ADR scheme for Catlin Underwriting Agencies Limited is the Financial Ombudsman Service, which can be contacted directly using the contact details above. For more information about ODR please visit <http://ec.europa.eu/odr>

The Firm Reference Number (FRN) for the Society of Lloyd's in the UK Financial Services register is 202761.

Fair Processing Notice

This Privacy Notice describes how certain underwriters at Lloyd's in respect of Syndicate 2003 (together, "we", "us" or the "Insurer") collect and use the personal information of insureds, claimants and other parties ("you") when we are providing our insurance and reinsurance services.

The information provided to the Insurer, together with medical and any other information obtained from you or from other parties about you in connection with this policy, will be used by the Insurer for the purposes of determining your application, the operation of insurance (which includes the process of underwriting, administration, claims management, analytics relevant to insurance, rehabilitation and customer concerns handling) and fraud prevention and detection. We may be required by law to collect certain personal information about you, or as a consequence of any contractual relationship we have with you. Failure to provide this information may prevent or delay the fulfilment of these obligations.

Information will be shared by the Insurer for these purposes with group companies and third party insurers, reinsurers, insurance intermediaries and service providers. Such parties may become data controllers in respect of your personal information. Because we operate as part of a global business, we may transfer your personal information outside the European Economic Area for these purposes.

You have certain rights regarding your personal information, subject to local law. These include the rights to request access, rectification, erasure, restriction, objection and receipt of your personal information in a usable electronic format and to transmit it to a third party (right to portability).

If you have questions or concerns regarding the way in which your personal information has been used, please contact: compliance@xlcatlin.com

We are committed to working with you to obtain a fair resolution of any complaint or concern about privacy. If, however, you believe that we have not been able to assist with your complaint or concern, you have the right to make a complaint to the UK Information Commissioner's Office.

For more information about how we process your personal information, please see our full privacy notice at: <http://xlgroup.com/footer/privacy-and-cookies>.

2018-2019



NORTH AMERICAN FUR AUCTIONS INC.

65 SKYWAY AVE, TORONTO, ON M9W 6C7 CANADA | TEL: +1.416.675.9320 | FAX: +1.416.675.6865 | WWW.NAFA.CA

CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX - CANADA

CONSIGNOR INFORMATION :

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address: _____

NAFA Main A/C No. _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

Principal Bank: _____ Bank Address: _____

Account Number: _____ Bank Transit: _____

Special Payment Instructions: _____

PELT INFORMATION :

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

CURRENT CHARGES IN EFFECT :

PLEASE SEE SCHEDULE A

This Agreement is subject to the Terms and Conditions as fully set out on the reverse side hereof.

On behalf of **North American Fur Auctions Inc.**

On behalf of **Consignor**

(signature)

(print name)

(signature)

(date)

(date)

TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc. and North American Fur Auctions (U.S.) Inc., (DBA North American Fur Auctions), hereinafter referred to as the Company.

1. **Consignment Receipts and Acknowledgements**

On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignor's shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.

2. **Company's Agreement to Offer for Sale**

Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.

3. **Insurance**

All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.

4. **Grading/Lotting/Valuation**

All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective rancher associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.

5. **Consignees Selling Instructions**

A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.

6. **Security Interest and Lien Notification**

By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. **Withdrawal by Consignor**

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. **Right of Company to Return Furs**

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. **Commission, Charges and Association Deductions**

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those rancher associations which have marketing agreements with the Company.

10. **Guaranteed Payment**

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.



NORTH AMERICAN FUR AUCTIONS INC.

205 INDUSTRIAL CIRCLE, STOUGHTON, WI, 53589 USA | TEL: +1.608.205.9200 | FAX: +1.608.205.9210 | WWW.NAFA.CA

CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX - U.S.

CONSIGNOR INFORMATION :

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address: _____

NAFA Main A/C No. _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

Principal Bank: _____ Bank Address: _____

Account Number: _____ ABA/Bank Code: _____

Special Payment Instructions: _____

PELT INFORMATION :

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

CURRENT CHARGES IN EFFECT :

PLEASE SEE SCHEDULE A

This Agreement is subject to the Terms and Conditions as fully set out on the reverse side hereof.

On behalf of **North American Fur Auctions Inc.**

On behalf of **Consignor**

(signature)

(print name)

(date)

(signature)

(date)

TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc. and North American Fur Auctions (U.S.) Inc., (DBA North American Fur Auctions), hereinafter referred to as the Company.

1. **Consignment Receipts and Acknowledgements**
On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignor's shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.
2. **Company's Agreement to Offer for Sale**
Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.
3. **Insurance**
All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.
4. **Grading/Lotting/Valuation**
All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective rancher associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.
5. **Consignees Selling Instructions**
A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.
6. **Security Interest and Lien Notification**
By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.
7. **Withdrawal by Consignor**
No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.
8. **Right of Company to Return Furs**
The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.
9. **Commission, Charges and Association Deductions**
The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those rancher associations which have marketing agreements with the Company.
10. **Guaranteed Payment**
For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

CANADA KIT LOAN FINANCING PROGRAM



NORTH AMERICAN FUR AUCTIONS/FARM CREDIT CANADA CANADIAN MINK LIVESTOCK LOAN PROGRAM

APPLICATION

(All questions MUST be answered)

1. a. Are any live mink mortgaged or pledged or assigned or in any way committed as security for any outstanding indebtedness? No Yes .

If **yes**, list the amount of each such debt, the party to whom the debt is owed, and the specific nature of the security arrangements and/or the assignment.

- b. Are any proceeds from the sale of your mink assigned to anyone else? No Yes .

If **yes**, list the amount owed and the party to whom the debt is owed and the party to whom assigned.

2. Do you owe any money for animals or feed purchased? No Yes .

If **yes**, how much do you owe and to whom are you indebted?

3. Do you own the property on which the farm is located? No Yes .

If **yes**, please advise us of any mortgage thereof, including the amount thereof, and the name(s) and address(es) of mortgage holder(s).

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Continued on the following page.

4. Your Bank/Financial Institution Name & Address:(Bank /Financial Institution must be completed).

5. Total Amount of NAFA loan required:\$ _____

Instalment Advances:

July _____	November _____	March _____
August _____	December _____	April _____
September _____	January _____	
October _____	February _____	

6. Please list the total number of Breeding Mink on the Mink Farm as of date of application.(All mink including your kits must serve as security for this loan).

Total # of Breeding Females:	_____
Total # of Breeding Males:	_____
Total # of Kits:	_____

7. Farm/Corporation Information

Farm/Corporation Name & Address: _____

Is this a corporation? Yes No
(If yes, attach list of Shareholders)

Name/Addresses/Phone of Owner or Partners

Is this a partnership? Yes No
(If yes, attach list of Partners)

Is this a single owner? Yes No

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Continued on the following page.

8. Consignor's Information

Consignor's Name

First Name: _____

Middle Name: _____

Last Name: _____

Address (if different from Farm Address):

Spouse's Name

First Name: _____

Middle Name: _____

Last Name: _____

Telephone (Home): _____

Telephone (Mobile): _____

Fax: _____

NAFA collects and uses your personal information in order to process your kit loan application. NAFA may disclose or share your information with trusted parties to the extent that is necessary, in providing credit or other financial services.

By signing below, you acknowledge that you have read the information on this form and consent NAFA to collect, use and disclose your personal information as described above.

Consignor's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

NOTE: LOANS TO CORPORATIONS WILL REQUIRE THE PERSONAL GUARANTEE OF THE PRINCIPAL SHAREHOLDER(S).

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



CERTIFICATE OF VACCINATION – MINK

This is to certify that all of the mink kits at the farm of:

Located at:

Have been directly vaccinated for:

Check Applicable Box

- Virus Enteritis
- Botulism
- Distemper
- Other

If **other**, please specify:

Signature: _____

Print Name: _____

Date: _____

Please submit completed form once your mink have been vaccinated.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



TO FACILITATE PROCESSING

The other forms for your loan application may be completed and submitted immediately, without the following Bank/Financial Institution Declaration being submitted at the same time. However, **no loan payments to you can be made until the Bank/Financial Institution Declaration is completed and submitted.**

If you have more than one bank, please contact Aneta Schwartz at NAFA (416) 213-2155. She will arrange for you to get appropriate alternate form(s) for that situation.

Note that:

NAFA will register a security lien on your mink. To keep costs down (and avoid having to charge you for the registration process) NAFA registers the lien for a 5-year period, in anticipation of you continuing to participate in the NAFA program. If at any time you want NAFA's security lien discharged and have no loan outstanding with NAFA, just contact NAFA.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



BANK/FINANCIAL INSTITUTION DECLARATION NAFA LOAN PROGRAM

Part 1 (to be completed by the Consignor)

I, _____
(name and address of borrower)

(herein the "Consignor"), declare that at this date

_____ (name &
address of financial institution)

(herein the "Bank"), is my sole Bank.

Date _____ Consignor signature _____

Part 2 (to be completed by the Consignor's Bank)

I, _____ of the Bank stated above,
(name & title)

declare: (check the appropriate box, and initial)

_____ the Consignor has no loan and/or line of credit with the Bank, where the security collateral is any of the Consignor's live mink, and/or mink pelts and/or proceeds derived there from.

_____ the Consignor has a loan and/or line of credit with the Bank that is secured by the Consignor's live mink and/or mink pelts and/or proceeds there from, but the Bank will subordinate that security collateral to NAFA for the fur season running from now through September 30, 2020.

Date: _____ Bank Official Signature _____

Bank Contact Information:

Phone: _____ FAX: _____ e-mail: _____

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc., hereinafter referred to as "the Company".

1. **Consignment Receipts and Acknowledgements**
On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignors shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.
2. **Company's Agreement to Offer for Sale**
Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.
3. **Insurance**
All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.
4. **Grading/Lotting/Valuation**
All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective consignor associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.
5. **Consignees Selling Instructions**
A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.
6. **Security Interest and Lien Notification**
By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those consignor associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

Rev. 08/18/2014

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



SCHEDULE A CONSIGNOR CHARGES AND DEDUCTIONS CANADIAN RANCH MINK – 2018/2019

Auction Commission

NAFA Basic Auction Commission ^A 5.0%^B

^A Minimum auction commission of \$1.00 US per pelt

^B Includes any applicable CMBA Agri-Marketing levies

NAFA Volume Rebate Plan

Gross Sales (USD)	Commission Rebate
\$100,000 - \$499,999	0.25%
\$500,000 - \$749,999	0.50%
\$750,000 - \$999,999	0.625%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.875%
\$3,000,000 - \$3,999,999	1.00%
\$4,000,000 - \$4,999,999	1.10%
\$5,000,000 - \$10,000,000	1.20%
Over \$10,000,000	1.30%

NAFA Loyalty Rebate Plan

0.25% of 2018/2019 season's total gross turnover provided that the consignor ships back to NAFA in 2019/2020 at least 90% of the previous year's pelt volume. NAFA will, on a case by case basis, consider exceptions to this rule where circumstances outside of the consignor's control do not allow them to meet the 90% volume threshold.

Current Charges In Effect

- | | |
|-----------------------|-----|
| 1. CMBA Deduction | TBD |
| 2. CMBA Research Levy | TBD |

^C In addition to the above mandatory charges, volunteer association charges may apply.

North American Fur Auctions Inc. reserves the right, at our discretion, to change, modify, add or remove portions of the above fees or rebates at any time without notice.

Rev: 06/18/2018

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



SUMMARY OF TERMS OF COOPERATION IN 2019/2020 BREEDING SEASON AGREED BETWEEN NORTH AMERICAN FUR AUCTIONS INC. ("NAFA") AND _____ ("CONSIGNOR")

Number and quantity of pelts the consignor undertook to supply to NAFA:

The number of winter quality mink pelts* to be supplied to NAFA in 2019/2020 breeding season is: _____, including _____ female pelts and _____ male pelts / of which male pelts will constitute no less than _____%.

*Please remember that winter quality pelts are pelts harvested from adult mink during the period from mid-October until the end of January (full winter cover).

Other Key Terms

1. The amount of the loan granted by NAFA to the consignor has been calculated based upon the number of winter quality pelts the consignor has previously committed to supply.
2. The amount of contractual penalty per contracted pelt that is not supplied to NAFA is can \$2.00.
3. Failure to supply the declared number of pelts will necessitate payment of the contractual penalty and may make the loan or any part thereof immediately due for repayment and cause termination of the cooperation between NAFA and the consignor. We encourage you to realistically declare the number of pelts to be supplied in the 2019-2020 season.
4. On or before September 30, the consignor will calculate the size of the mink stock, inform NAFA about the current number of mink in the stock and confirm that the number of mink held by him/her will enable him/her to supply the contracted number of pelts.
5. If any mink is sold during the breeding season, the consignor will be under the obligation to inform NAFA immediately about the number of animals that have been sold and refund a part of the loan extended by NAFA immediately (in accordance with the principles specified in the loan agreement).
6. After the consignor supplies breeders' pelts to NAFA's warehouse, the consignor will have an opportunity to obtain an additional loan, the amount of which will be calculated based on the number of breeders' pelts actually supplied by the consignor to the warehouse.

I confirm that I have read and understand these terms.

Signature: _____ Date: _____

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



ANNUAL BUDGET

List of cost of production (COP) expenses, per mink produced, below:

1)	Feed	<input type="text"/>
	Price/lb	<input type="text"/>
	Predicted usage per mink	<input type="text"/>
2)	Vaccine	<input type="text"/>
	Vaccine product	<input type="text"/>
	Vaccination labour	<input type="text"/>
3)	Bedding	<input type="text"/>
4)	Insurance	<input type="text"/>
5)	Utilities	<input type="text"/>
6)	Pelting	<input type="text"/>
7)	Gas/Oil	<input type="text"/>
8)	Wages	<input type="text"/>
9)	Veterinarian	<input type="text"/>
10)	Misc.	<input type="text"/>
	Total Operating Costs	<input type="text"/>

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

**Mink Livestock Mortality Insurance
In association with Mitchell McConnell Insurance**

General Contact Information:

Mitchell McConnell Insurance Ltd.

660 Rothesay Avenue, Saint John, NBE 2H4

Telephone: 506-634-7200
Fax: 506-633-1858
Toll Free: 1-800-796-2455

Lead Contact for Mink Insurance Program:

Christopher (Chris) Bourque CAIB, CRM, President
Email Address: chrisb@mitchellmccconnell.com
Mobile Phone: 506-333-5756

Commercial Department Contacts:

Debbie Cosman CIP, Manager Commercial Sales
Email Address: debbiec@mitchellmccconnell.com

Janet Anderson CIP, Inside Sales Producer
Email Address: janeta@mitchellmccconnell.com

Ownership:

Christopher (Chris) Bourque CAIB, CRM, President
Email Address: chrisb@mitchellmccconnell.com

Steven Keating CIP, Vice President
Email Address: stevek@mitchellmccconnell.com

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

Mink Livestock Mortality Insurance In association with Mitchell McConnell Insurance

The Mink Insurance Program coverage includes:

1. Insured Perils
 - Loss of animals by theft, robbery, hold-up or escape
 - Loss caused by animal rights activists
 - Death of animals caused by diseases, subject to vaccine protocol – (excluding losses from Aleutian Disease)
 - Loss caused by fire, lightening, storm, flood, explosion among other perils
 - Death resulting from damage to the housing of the animals
 - Loss as a direct result of abnormal fluctuations of temperature
2. Value of the breeders and their kits is based on production costs
3. Increase in value of breeding stock around peak of breeding season
4. Progressive increase in value of kits as they age

Christopher (Chris) Bourque
chrisb@mitchellmccconnell.com

Telephone: 506-653-9620
 Mobile: 506-333-5756
 Fax: 506-633-1858
 Toll Free: 1-800-796-2455



Mitchell McConnell Insurance Ltd.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Proposal Form

Fur Farm Proposal Form – Mink Insurance

You must take care in answering all the following questions which are relevant to Insurers in providing this insurance and setting the terms and premium. If you do not understand the questions or the nature of the information required please seek guidance from your insurance adviser. Failure to provide information or the provision of incomplete or inaccurate information may result in the loss of cover or revised terms and/or premium or it may affect any claim you make under this insurance.

You should keep a record (including copies of letters) of all the information supplied.

Part 1 - Site Details

Name of Insured:

Insured Address (please provide full address including postcode):
.....

Email Address:

Telephone number:

Location of Animals:
(please provide full address including postcode for all sites including satellite/summer farms)

Location 1:

Location 2:

Location 3:

Location 4:

Vaccination
Please state diseases vaccinated for:
 Botulism Distemper Viral Enteritis Hemorrhagic Pneumonia (Pseudomonas)
 Other:

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Part 2 – Questionnaire

Section 1 - Biosecurity

1. Do only essential visitors have access to the site? Yes No
2. Is there adequate pest control carried out to control rodents, flies and parasites? Yes No
3. Is the site fully enclosed and/or surrounded by a perimeter fence? Yes No

Section 2 - Buildings and Surroundings

4. Is spoiled food and soiled litter removed from the pens and houses following depopulation? Yes No
5. Do you have fire extinguishers in every building? Yes No
6. Is there a fire alarm on site? Yes No

Section 3 - Stocking / Stocking Density

7. Do pen dimensions meet minimum standards agreed by the National Farm Animal Care Council Code of Practice for the Care and Handling of Farmed Mink? Yes No

Section 4 - Feed and Water

8. Is there sufficient storage of water to supply animals for at least 12 hours in an emergency? Yes No
9. Are all dried or ready mixed meals properly stored and monitored to ensure suitability for animal consumption? Yes No
10. Has the farm been using the same supplier for food and foodstuffs for at least 6 months? Yes No
11. Are fresh animal by-products upon arrival at the farm immediately (within 2 hours) processed or preserved? Yes No
12. Is food preparation and storage carried out under sanitary conditions? Yes No
13. Are containers used for collection of animal by products drip proof and thoroughly washed after each collection? Yes No
14. Is feed preparation machinery cleaned after each use and regularly maintained? Yes No
15. Is fresh / frozen food refrigerated or frozen appropriately? Yes No
16. Are foodstuffs regularly checked for Botulism Toxin? Yes No
17. Do you make your own feed? Yes No

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Section 5 - Health and Hygiene

18. Has the site the services of a specialist veterinary surgeon? Yes No
19. Are dead animals removed from pens daily? Yes No
20. Are mortality and culls recorded on a daily basis? (Stock records will be required in the event of a claim) Yes No
21. Are carcasses disposed of by one of the following methods?
 (a) Stored in vermin proof containers which are removed from site at least weekly Yes No
 (b) Incinerated on site Yes No
22. Has the farm been free of defects, ailments, diseases or contagious disease, during the past 12 months? Yes No
23. Has the average mortality rate over the past 3 years been below 3% for each year (0.25% per month)? Yes No
 If No, please state mortality rate: _____
24. Is Aleutian Disease (Plasmacytosis) present within the Mink population on the Farm? Yes No
 If yes, please confirm the month and year when the mink first became infected:
 Month:..... Year:.....

Section 6 - Managers and Stockmen

25. Are managers and stockmen competent / trained in the following before being given responsibility for the care of animals?
 (a) Normal and abnormal behaviour of animals, and fear reactions Yes No
 (b) Signs of good health and signs of poor health and disease Yes No
 (c) Correct handling of animals in a positive and compassionate manner Yes No
 (d) Humane slaughter methods Yes No
 (e) Equipment operation, maintenance, recognition of failures and action to be carried out to rectify Yes No
 (d) Recognition of the signs of thermal stress in animals and the procedures to be followed if a problem Yes No
26. Are untrained staff used without the direct supervision of trained personnel? Yes No

Section 7 - Plans and Safety Procedures

27. Are the following plans and policies available and implemented on site?
 (a) Annual cleaning plan Yes No
 (b) A Unit Site plan detailing house size, access points, location of fire extinguishers and first aid kits, water sources (fire-fighting) and pest control bait points. Yes No
 (c) An emergency action plan, sited in a prominent position near a telephone point, covering procedures to be followed in the case of emergencies such as fire, flood, power failure, equipment failure or the interruption of supplies. Yes No
28. Are procedures for dealing with contingencies plans known by staff and relevant telephone numbers displayed at a suitable point? Yes No

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



29. Is the farm manned 24 hours daily? Yes No

Section 8 – General

30. Has this farm been in operation for more than 12 months under the current management? Yes No

31. Is the farm located in an area at risk of flooding? Yes No

32. Does the farm make a profit? Yes No

33. Has any company declined a proposal from you, cancelled or refused to renew your policy or required special terms to insure you? Yes No

34. Have you been targeted by Animal Welfare activists over last 3 years? Yes No

35. Have you any other Mink located on this Mink Farm, whether owned by you or a third party, which are not proposed for insurance under this scheme? Yes No

If 'yes' please confirm the number of Mink not proposed for insurance under this policy:

Particulars	Numbers of Mink not proposed for Insurance
Females	_____
Males	_____
Kits	_____

a) What is the reason why these Mink are not to be insured?
.....
.....

b) Please provide details of how these Mink can be easily identified and distinguished from those proposed for insurance hereunder:
.....
.....

36. Are the animals proposed for insurance currently in a good state of health, with no signs of infection or disease? Yes No

If NO, please provide details:.....

Section 9 - Past Insurance History

Please enter details of current insurers and details of any claims made together with reasons for the claim within the last 3 years:

.....
.....
.....

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Section 10 - Comments

Where any questions have been answered with a tick in the right hand column please give details. Continue on a separate sheet if necessary:

Question No.	Comments
.....
.....

Declaration

I/we declare that the information disclosed on this proposal, is to the best of my/our knowledge and belief both accurate and complete. I/we have taken care not to make any misrepresentation in the disclosure of this information and understand that all information provided is relevant to the acceptance and assessment of this insurance, the terms on which it is accepted and the premium charged.

Notice to the Proposer

By signing the declaration below you are confirming that you understand the English language and the terms of cover where they have been provided to you in English. If you are unsure of any terms conditions or exclusions please seek assistance from your insurance adviser before you sign.

Signed:

Print Name:

Date:.....

Data Protection

Any information you have provided will be dealt with by us in compliance with the provisions of the Data Protection Act 1998. For the purpose of providing this insurance and handling of any claims or complaints which may arise under it, we may need to transfer certain information which you have provided to other parties. By signing this proposal you agree that such transfer(s) may be made.

Mink Quantity Schedule

Type	Males	Females	Kits
Wild			
Mahogany			
Pearl			
White			
Pastel			
Silver Blue			
Black Cross			
Black			
American Black			
Sapphire			
Blue Iris			
Other			
Total			

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



VETERINARY CERTIFICATE OF MINK HEALTH *

Date of inspection

I hereby state that during the past 12 months I have visited farm of

(Insured's name)

(Farm address)

.....

For routine veterinary procedures as the occasion has required, the veterinary practice has been attending the Mink on this property for..... years.

My assessment of the overall herd health from my regular visits to this farm confirms that these animals are in sound health, being free from illness, injury and contagious disease.

I have not individually inspected all of the animals to make this declaration, however my assessment is based upon our practice's on going Veterinary program with this farm, and observations carried out on the herd at this inspection.

Any other comments:

.....

.....

Signed

Name of Veterinarian

Name of Practice

Address of Practice

.....

.....

Phone/Fax No.

Email

*VET CERTIFICATE IS NOT REQUIRED FOR RENEWAL BUSINESS

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX – CANADA

Consignor Information:

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address _____

NAFA Main A/C No: _____

Telephone No: _____ Fax No: _____

E-mail: _____

Special Payment Instructions: _____

Pelt Information:

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

Payment Information: Please select one of the following payment methods:

By Cheque By Electronic Funds Transfer (EFT)*

*Electronic Funds Transfers: Please attach a personal cheque marked "VOID" in case your bank information has been changed during last year or this is the first time you are requesting to be paid by EFT.

Charges in Effect: Please see **Schedule A.**

This Agreement is subject to the Terms and Conditions as fully set out on the following page.

On behalf of
North American Fur Auctions Inc.

On behalf of
Consignor

(signature)

(print name)

(date)

(signature)

(print name)

2018-2019

SCHEDULE 2.5(1)**OPERATING CREDIT COMMITMENTS**

(All Operating Credit Commitments are stated in U.S. Dollars)

Canadian Imperial Bank of Commerce	(57% of the Authorized Credit Amount on the relevant date) minus U.S.\$5,000,000
HSBC Bank Canada	33% of the Authorized Credit Amount on the relevant date
Export Development Canada	10% of the Authorized Credit Amount on the relevant date

SCHEDULE 2.5(3)
SUPPLEMENTARY CREDIT COMMITMENTS

Canadian Imperial Bank of Commerce	100% of the Commitments in respect of the VISA Credit 66⅔% of the Commitments in respect of the Hedge Credit
HSBC Bank Canada	33⅓% of the Commitments in respect of the Hedge Credit

SCHEDULE 2.5(4)**SWINGLINE COMMITMENT****Lender****Commitments**

Canadian Imperial Bank of Commerce

U.S.\$5,000,000

SCHEDULE 2.5(5)**TRANCHE A CREDIT COMMITMENTS**

(All Tranche A Credit Commitments are stated in U.S. Dollars)

Export Development Canada	U.S.\$5,500,000
---------------------------	-----------------

SCHEDULE 4.7**SHIPPER LETTER OF CREDIT AGREEMENT**

N/A – the Borrower does not issue letters of credit to Shippers.

SCHEDULE 8.1(5)
OWNERSHIP SUBSIDIARIES

See attached.

SCHEDULE 8.1(21)
INSURANCE PARTICULARS

See attached.



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

**2018-2019
 SUMMARY OF INSURANCE**

November 1st, 2018

North American Fur Auctions Inc. et al.

*65 Skyway Avenue,
 Toronto, Ontario
 M9W 6C7*

Worldwide Locations

NAFA Canada HQ

*65 Skyway Avenue,
 Toronto, Ontario M9W 6C7*

T 416-675-9320

F 416-675-6865

Head Office

*500 Carlingview Drive,
 Toronto, Ontario M9W 5R3*

NAFA Canada West

*567 Henry Avenue,
 Winnipeg, Manitoba R3A 0T8*

T 204-774-1705

F 204-943-2941

NAFA USA

*205 Industrial Circle,
 Stoughton, Wisconsin 53589*

T 608-205-9200

F 608-205-9210

*1600 Williams Drive,
 Stoughton, Wisconsin 53589*

NAFA Polska Sp.z o.o.

*Loziczna,
 Ul, Granitowa 10
 72-100 Gm. Goleniow
 Poland*

T +48.91.350.9520

F +48.91.350.9539

NAFA Holland

*Sprokkelveld 5-6596 DH
 Milsbeek
 Holland*

T +31.485-514403

F +31.485-518

NAFA China

*B1121, Nanxincang Tower,
 A22/Dongsishitiao, Dongcheng District,
 Beijing, China 100007*

T +8610.5169.0916

F +8610.5169.0917



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Canada

Composite Mercantile Policy - *North American Fur Auctions Inc. A/O*

Les Encans de Fourrures de L'amerique du Nord Inc. A/O

North American Fur Producers Inc. A/O

NAFA Properties Inc. A/O

Canadian Mink Breeders Association A/O

Canadian Fox Breeders Association A/O

North American Fur Auctions Wild Fur Shippers Council

CNA Insurance Policy # MPR2347650 - November 1st, 2018-2019

\$ 147,379.

Property Section

Location 1 – 65 Skyway Avenue, Rexdale, Ontario M9W 6C7

\$ 24,720,000 On Building 1 (44,496)
 1,000,000 On Warehouse Equipment
 500,000 On Office Furniture & Equipment
 250,000 On Telephone & Security Equipment
 500,000 On Cafeteria & Kitchen Equipment
 500,000 On EDP Hardware & Software
 1,313,000 On Building 2 (Montana's) (added effective February 22nd, 2017) (3,283)
 26,250,000 Equipment Breakdown

Location 2 – 500 Carlingview Drive, Toronto, Ontario M9W 5R3

\$ 8,755,000 On Building (15,759)
 500,000 On Warehouse Equipment
 On Office Furniture & Equipment
 100,000 On EDP Hardware & Software
 100,000 On Telephone & Security Equipment
 9,200,000 Equipment Breakdown

Location 3 – 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8

\$ 100,000 On Leaseholds (including HVAC Equipment)
 100,000 On Warehouse Equipment
 10,000 On Office Furniture & Equipment
 5,000 On Telephone & Security Equipment
 20,000 On EDP Hardware & Software
 235,000 Equipment Breakdown

Location 4 – 4 Banigan Drive, Toronto, Ontario M49H 1E9 - OnX Canada

\$ 1,500,000 On EDP Hardware & Software



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

- \$ 50,000,000 Limit of Loss Total Insured Property Values "All Risks" Replacement Cost
- \$ 50,000,000 Annual aggregate for losses caused by the Peril of Earth Movement or Flood
- 5,000,000 Extra Expense Canadian Location 1
- 2,500,000 Extra Expense Canadian Location 2
- 500,000 Extra Expense Canadian Location 3
- 10,000 Arson and Crime Reward Payment
- 100,000 Ammonia Contamination
- 500,000 Blanket Limit
 - Accounts Receivable
 - Arson and Crime Reward Payments
 - Fine Arts
 - Fire Protection Equipment Recharge Expense
 - Leasehold Interest
 - Master Key Replacement
 - Personal Effects
 - Theft Damage to Unowned Building
- 5,000 Bonus Payments
- 50,000 Brands & Labels Clause
- 10,000 Data Restoration Expense
- Debris Removal
- 25,000 Deferred Payments
- 50,000 Event Cancellation
- 100,000 Expediting Expenses
- 500,000 Extra Expense
- 100,000 Ingress/Egress
- 50,000 Inventory or Appraisal
- 10,000 Portable Electronic Equipment
- 10,000 Loss Adjustment Expense
- 2,000,000 Newly Acquired or Newly Constructed Property
- 2,000,000 Newly Acquired Business Personal Property
 - Peak Season 25% Increase
- 10,000 Prepaid Rent
- 50,000 Property at Unnamed Locations
- 50,000 Property at Temporary Locations
- 50,000 Contents in Transit
- 50,000 Installation Coverage
- 25,000 Rents
- 50,000 Royalties
- 50,000 Trees, Shrubs, Plants or Lawns
- 100,000 Unintentional Errors and Omissions
- 500,000 Valuable Papers & Records
- 25,000 Water Damage (other Liquids, Powder or Molten Material Damage)
 - Coverage Limitations
 - Sub-Limit
 - 2,500 loss by theft
 - 2,500 furs/trimmed garments
 - 5,000 patterns molds and dies
 - 250 stamps tickets, letters of credit



INTERNATIONAL

Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Breakdown of Equipment included
 Building By-laws included in the Limit
 Contingent Business Income – 24 Hours
 500,000 Fine Art
 25,000 Fire Department Service Charges
 25,000 Fire Extinguisher Recharge
 25,000 Pollution Clean-up and Removal
 50,000 Preservation of Property
 10,000 Professional Fees
 100,000 Service Interruption
 Blanket Difference in Conditions Endorsement

Subject to the following Deductibles:

\$ 25,000 Each & Every Occurrence Canada
 10,000 Equipment Breakdown
 50,000 Flood,
 3% or 100,000 Earthquake and Landslide
Excluded Property Item: Fur Pelts
 90 Days Notice of Cancellation
 IBC Standard Mortgage Clause (6301)

Loss Payees & Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Business Development Bank of Canada – 1st Loss Payee & Mortgage - 65 Skyway Ave.
3985 Highway 7 East, Suite 201,
Markham, Ontario L3R 2A2

Farm Credit Canada - 1st Mortgagee - 500 Carlingview Drive
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

Farm Credit Canada – Loss Payee ATIMA – All Locations
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Additional Insureds:

*The Corporation of the City of Toronto
 Real Estate Division, Metro Hall
 55 John Street, 2nd Floor,
 Toronto, Ontario M5V 3C6*

*Rebecca's Gift Holdings Limited
 1350793 Ontario Limited
 The Estate of Joseph Black
 c/o (Address TBA)*

Inland Marine Section

\$ 156,919 Contractors /Mobile Equipment
 25,000 Blanket Commercial Property Floater – Each Occurrence
 131,919 Scheduled Commercial Equipment
 Subject to the following Deductibles:
 \$ 5,000 Each & Every Occurrence Canada

*3 – 2014 Hyster R30XMS3 Pickers c/w access
 1 – 2014 Hyster N35ZR2 Single Reach Truck c/w access*

Loss Payee:

*Business Development Bank of Canada - First Loss Payee and Mortgagee
 3985 Highway 7 East, Suite 201,
 Markham, Ontario L3R 2A2*

*National Leasing Group Inc. – Lessor Hyster Equipment
 Loss Damage Waiver Program Department
 1525 Buffalo Place,
 Winnipeg, Manitoba R3T 1L9*

Liability Section

\$ 2,000,000 Commercial General Liability – Each Occurrence
 2,000,000 Personal & Advertisers Liability
 2,000,000 Products Completed Operations Hazard
 25,000 Medical Expense
 5,000,000 General Aggregate Limit
 1,000,000 Tenants Legal Liability – any 1 premises
 5,000,000 TLL Aggregate
 1,000,000 Employee Benefits Liability
 2,000,000 Employers Liability
 100,000 Excess Repatriation (per Employee)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

250,000 Aggregate on Excess Repatriation

1,000,000 SPF#6 Non Owned Automobile

SEF # 94 – Non Owned Automobile Endorsement
 Private Passenger and Light Commercial
 \$ 75,000 Limit of Liability each occurrence
 SEF # 99 – Excluding Long Term Leased Vehicle
 Difference in Conditions Endorsement
 Financial Interest Coverage Endorsement

subject to a \$ 10,000 Combined BI & PD Deductible per Occurrence
 5,000 Employee Benefits & Employers Liability
 \$ 1,000 Deductible Non Owned Auto SEF #94

Includes Extension of Coverage for Auction Club Van Rentals
 Storage Trailer Rentals

Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Business Development Bank of Canada – 1st Loss Payee & Mortgage - 65 Skyway Ave.
3985 Highway 7 East, Suite 201,
Markham, Ontario L3R 2A2

Farm Credit Canada - 1st Mortgagee - 500 Carlingview Drive
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

Farm Credit Canada – Loss Payee ATIMA – All Locations
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

The Corporation of the City of Toronto
Real Estate Division, Metro Hall
55 John Street, 2nd Floor,
Toronto, Ontario M5V 3C6



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

*Rebecca's Gift Holdings Limited
 1350793 Ontario Limited
 The Estate of Joseph Black
 c/o (Address TBA)*

Cyber Liability Policy - *North American Fur Auctions Inc. et al*

CNA Insurance Policy # IRP2347649 - Effective November 1st, 2018-2019

\$ 11,400.

\$ 2,000,000 Security & Privacy Liability any one Loss
 2,000,000 Regulatory Proceedings each Loss
 2,000,000 Aggregate Limit of Liability
 2,000,000 Internet Media Liability
 250,000 Privacy Breach Costs each Privacy Event
 250,000 Digital Asset Replacement Expense each Security Event
 250,000 Cyber Extortion Threat each Threat
 250,000 Reward Payments Coverage each Cyber Extortion Event
 subject to a \$ 25,000 Retention each Claim Regulatory Proceeding,
 Privacy or Security Event or Cyber Extortion Threat

Umbrella Liability Policy- *North American Fur Auctions Inc. A/O
 Les Encans de Fourrures de L'amerique du Nord Inc. A/O
 North American Fur Producers Inc. A/O
 NAFA Properties Inc. A/O
 3306319 Nova Scotia Limited O/A NAFA Farms A/O
 Canadian Mink Breeders Association A/O
 Canadian Fox Breeders Association A/O
 North American Fur Auctions Wild Fur Shippers Council A/O
 NAFA Polska Sp.z o.o. A/O
 NAFA Europe B.V. A/O
 NAFA Europe Co-operatief UA*

CNA Insurance Policy # TBA - effective November 1st, 2018-2019

\$ 44,989.

\$ 23,000,000 Commercial Umbrella Liability Each Occurrence
 23,000,000 Products – Completed Operations Aggregate
 23,000,000 General Aggregate
 subject to a \$ 5,000 Self-Insured Retention
 23,000,000 Excess Liability Limit
 2,000,000 Minimum Attachment Limits –Canada, USA,& Poland
 1,000,000 Minimum Attachment Limits -NAFA Farms, China, & Holland

Endorsements: Cancellation 60 Days
 Currency Endorsement – Canadian (Limits & Premium)
 Financial Interest Coverage Endorsement



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Schedule of Underlying Insurance

Commercial General Liability Policies – Canada
 \$ 2,000,000 Limit of Liability Each Occurrence
 2,000,000 Products - Completed Operations Aggregate
 2,000,000 General Aggregate (other than Products/Completed Operations)

- **CNA Insurance Canadian G/L Policy # MRP2347650**

\$ 1,000,000 Premises Bodily Injury & Property Damage Liability
 1,000,000 Personal & Advertisers Liability
 2,000,000 Annual Aggregate

- **Clare Mutual Insurance Policy # F000669-17**
- **Clare Mutual Insurance Policy # C000670-17**

Automobile Liability - Ontario & Nova Scotia
 \$ 2,000,000 Third Party Liability

- **CNA Insurance Auto Policy # CAE2347651**
- **Dominion of Canada Policy # APC3057257**

Commercial General Liability Policy – USA
 \$ 2,000,000 Limit of Liability Each Occurrence
 2,000,000 Products - Completed Operations Aggregate
 2,000,000 General Aggregate (other than Products/Completed Operations)

- **CNA American Casualty Company G/L Policy # 6072228080**

Automobile Liability - Wisconsin USA
 \$ 2,000,000 Third Party Liability

- **CNA Insurance Wisconsin Auto Policy # 6072820238**

Commercial Public Liability Policy – Holland
 € 1,000,000 Limit of Liability Each Occurrence

- **CNA Insurance Policy #**

Commercial Public Liability Policy – China
 \$ 1,000,000 Limit of Liability Each Occurrence

- **CNA Insurance Policy #**

D&O & EPL Liability Policy- *North American Fur Auctions Inc. A/O*
Les Encans de Fourrures de L'amerique du Nord Inc. A/O
North American Fur Auctions (US) Inc.
North American Fur Producers Inc.

CNA Insurance Policy # MLP2347647 - effective November 1st, 2018-2019

\$ 47,900.

\$ 10,000,000 Management & Company Liability including Directors' & Officers
 subject to a \$ 25,000 Self-Insured Retention
 retroactive date March 28th, 1999



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

- 10,000,000 Employment Practice's Liability
 subject to a \$ 50,000 Self-Insured Retention
 retroactive date March 28th, 1999
- 10,000,000 Aggregate Limit Directors & Offices & Employment Practices Liability
- 1,000,000 Shared Punitive Damages sublimit of Liability D&O & EPL
- 1,000,000 Additional Limit for Defense Costs

- \$ 1,500,000 Employee Theft Coverage per loss Limit and Aggregate Limit
 subject to a \$ 10,000 Deductible
- 1,500,000 Employee Theft while on Client Premises
- 1,500,000 Forgery or Alteration including Personal Accounts
- 1,500,000 Theft, Disappearance and Destruction of Money & Securities
- 1,500,000 Robbery & Safe Burglary of Other Property
- 1,500,000 Counterfeit Money Orders and Currency
- 1,500,000 Computer and Funds Transfer Fraud
- 25,000 Proof of Loss Expense
 12 Month Discovery Period

Endorsements: Sanctions Endorsement
 Declaration of Emergency Endorsement
 United States Terrorism Risk Insurance Act Endorsement

Automobile Policy – *North American Fur Auctions Inc.*

CNA Insurance Policy # CAE2347651 - effective November 1st, 2018-2019 **\$ 7,608.**

- \$ 2,000,000 Third Party Liability
- Direct Compensation PD Deductible \$ Nil
- Accident Benefits (basic only)
- Optional Accident Benefits
 - Increased Medical Rehab & Attendant Care
 - Increased Death & Funeral
- All Perils Coverage (subject to a \$ 500 deductible) Power Units
- All Perils Coverage (subject to a \$ 1,000 deductible) Leased Trailers if any

- OPCF 20 – Transportation Replacement \$ 1,500 Limit
- OPCF 27 – Physical Damage Extension \$ 50,000 Limit per vehicle
- OPCF 35 – Emergency Assistance
- OPCF 44R – Family Protection Coverage

- 2010 Dodge Grand Caravan 2D4RN4DE4AR452937 (2662) (02-9)
- 2008 Ford Edge LI 2FMDK49C58BB37263 (3791) (02-9)
- 2014 Dodge Grand Caravan SE 2C4RDGBG8ER136792 (2662) (36-6)

Drivers: *Paul Culligan* C9220-61966-20907
Herman Jansen J0472-32714-61217
Douglas Lawson L0942-17935-80723 (G)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Additional Insured:

*Trailer Wizards Ltd. -
 1880 Britannia Road East,
 Mississauga, Ontario L4W 1J3*

NAFA Farms Nova Scotia Locations:

Location 1: 569 Middle Cross Road, Roxville, Nova Scotia
 Location 2: 241 Riverdale Road, Weymouth, Nova Scotia

Mailing: P. O. Box # 40, Weymouth, Nova Scotia, B0W 3T0

Composite Mercantile Policy – 3306319 Nova Scotia Limited

Clare Mutual Insurance Policy # F000669-17 - May 12th, 2018-2019

\$ 9,429.

Property Section – Broad Named Perils

Location 1 – 241 Riverdale Road, Weymouth, Nova Scotia

\$ 660,000 On Buildings (4 Pens @ \$ 165,000)	2,722
subject to a \$ 5,000 deductible	

Location 2 – 569 Middle Cross Road, Roxville, Nova Scotia

\$ 1,300,000 On Buildings (8 Pens @ ~ \$ 165,000)	5,362
subject to a \$ 5,000 deductible	

Scheduled Farm Equipment - *added October 6th, 2017*

2017 New Holland T4 Tractor T4.90 # ZGLE51470- Value \$ 77,000	539
2017 New Holland T4 Tractor T4.90 # ZGLE51747 - Value \$ 77,000	539
subject to a \$ 750 deductible	

Lessor: Blueline New Holland Limited
 16 Lower Truro Road,
 Lower Truro, Nova Scotia B6L 1L9

Loss Payee: CNH Industrial Capital Canada Ltd. – On Leased Tractors
 P.O. Box 5334
 Burlington, Ontario L7R 4Z8

Lienholder – Farm Credit Canada - Loss Payee & 1st Mortgagee
 Loan Administration Centre
 100-1133 St. George Boulevard,
 Moncton, New Brunswick E1E 4E1



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Liability Section

\$ 2,000,000 Public Liability – Each Occurrence	240	
2,000,000 Personal & Advertisers Liability		
2,000,000 Annual Aggregate		
subject to a \$ 500 deductible	Policy Fee	27

Composite Mercantile Policy – 3306319 Nova Scotia Limited

Clare Mutual Insurance Policy # C000670-17 - May 12th, 2018-2019 \$ 1,843.

Rented Dwellings – Broad Named Perils

Location – 241 Riverdale Road, Weymouth Nova Scotia B0W 3T0

\$ 372,000 On Rented Dwelling	1,701
On Landlords Contents	
30,000 on Detached Private Structures	
subject to a \$ 750 deductible on Property	

Mortgagee Loss Payee – Farm Credit Canada
 Loan Administration Centre
 100-1133 St. George Boulevard,
 Moncton, New Brunswick E1E 4E1

\$ 1,000,000 Premises Bodily Injury & Property Damage Liability	115
1,000,000 Personal & Advertisers Liability	
2,000,000 Annual Aggregate	
subject to a \$ 500 deductible	Policy Fee 27

Automobile Policy – 3306319 Nova Scotia Limited O/A NAFA Farms

Dominion of Canada Policy # APC3057257 - January 8th, 2018 - 2019 \$ 2,865.

\$ 2,000,000 Third Party Liability
 Direct Compensation PD Deductible \$ Nil
 Mandatory Accident Benefits (basic only)
 All Perils Coverage (subject to a \$ 1,000 deductible)
 NSEF 20 – Transportation Replacement \$ 1,500 Limit
 NSEF 27B – Physical Damage Extension \$ 45,000 Limit per vehicle
 NSEF 44 – Family Protection Coverage

2011 Chevrolet Silverado 2500 HD LTZ P/U 1GC1KYC81BF134160 (585804) (36-6)	972
2011 GMC Sierra 2500 HD SLE P/U 1GT020C86BF116850 (676402) (36-6)	996
2008 Chevrolet Silverado 3500 WT P/U 1GCJK34618E144377 (584302) (36-6)	897



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Drivers: *Jonathon Mullen* MULLE300376009
Heman Mullen MULLE300147004
Julie-Ann Mullen MULLE150277000

Unlicensed Trailers: Dump trailer 21.9GS43986B105221
 Stock trailer, 4FGL02429YC029876

USA

Composite Mercantile Policy - *North American Fur Auctions (US) Inc. A/O*
NAFPRO LLC (Wisconsin LLC) A/O
NAFA Properties Stoughton LLC A/O
NAFA Properties (US) Inc. A/O
American Mink Council

CNA – American Casualty Company # 6072228080 - November 1st, 2018-2019

\$ 43,846.USD

Property Section

Location 1 – 205 Industrial Circle, Stoughton, Wisconsin 53589 27,674

\$ 5,623,000 On Building
 1,500,000 On Warehouse Equipment
 100,000 On Office Furniture & Equipment
 100,000 On Telephone & Security Equipment
 5,000,000 On Pelt Processing Equipment
 150,000 On EDP Hardware & Software
 2,000,000 Extra Expense

Location 2 - 1600 Williams Drive, Stoughton, Wisconsin 53589 6,473

\$ 2,060,000 On Building
 100,000 On Warehouse Equipment
 5,000 On Office Furniture & Equipment
 5,000 On Telephone & Security Equipment
 100,000 Extra Expense

\$ 16,643,000 Limit of Loss Total Insured Property Values USD “All Risks” Replacement Cost
 Including Earthquake & Flood

Brands & Labels Expenses
 25,000 Contaminants by a Refrigerant
 Debris Removal - Included
 50,000 Debris Removal – Additional Costs & Expenses
 50,000 Demolition and Repair Cost
 Earthquake Sprinkler Leakage Coverge
 Electronic Vandalism – Not Covered
 25,000 Employee Theft – each occurrence



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Equipment Breakdown – Spoilage Coverage
 25,000 Expediting Expense
 100,000 Fine Arts – any one item
 500,000 Fire Department Service Charges (basket)
 Fire Protective Equipment Refills
 25,000 Forgery or Alteration
 25,000 Fungi
 50,000 Ingress/Egress
 500,000 Lost Key Replacement (basket)
 25,000 Loss Adjustment Expense
 10,000 Money & Securities
 1,000,000 Newly Acquired Premises – 180 Day Reporting
 500,000 Newly Acquired Property - 180 Day Reporting
 250,000 Newly Acquired Location – Time Element
 500,000 Non-Owned Detached Trailer Coverage (basket)
 25,000 Outdoor Trees Plants Shrubs 1,000 per Tree or Shrub
 10,000 Pollution Clean-up & Removal (Land & Water)
 Professional Fees
 100,000 Research & Development Property
 500,000 Reward Payments (basket)
 Theft Damage to Non-Owned Buildings
 250,000 Unintentional Errors & Omissions
 500,000 Accounts Receivable
 25,000 Transit per occurrence

\$ 16,643,000 Annual aggregate for losses caused by the Peril of Earth Movement & Flood

Subject to the following Deductibles:

\$ 25,000 Each & Every Occurrence
 3% or 50,000 Flood
 3% or 50,000 Earthquake and Landslide

Excluded Property Item: Fur Pelts
 60 Days Notice of Cancellation

Inland Marine Section

674

\$ 55,874 Contractors Scheduled Mobile Equipment
 50,000 Unscheduled Short term lease, borrowed or rented from others
 25,000 Unscheduled Short term lease, borrowed or rented from others, Max per item
 195,874 Maximum Occurrence Limit any one loss

Subject to the following Deductibles:

\$ 5,000 Each & Every Occurrence
 \$ 1,000 Unscheduled property of others

2 – 2018 Mitsubishi FB16PNT Electric Rider Forklift with Charger @ \$ 27,937 ea
 Serial Numbers AFB2500128 and AFB2500129
 Lease Numbers 100-10181280 & 100-10181283



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Loss Payee:

*De Lage Landen Financial Services Inc. – Lessor
 Lease Processing Center
 1111 Old Eagle School Road,
 Wayne, PA 19087 USA*

Liability Section

9,025

\$ 2,000,000 Commercial General Liability – Each Occurrence
 100,000 Damage to Premises Rented to you – Any one Premises
 15,000 Medical Expense Limit any one person
 2,000,000 Personal & Advertising Injury Limit
 2,000,000 General Aggregate Limit
 subject to a \$ 10,000 Deductible BI & PD Liability, Personal and Advertising
 Injury Liability, Medical Payments and Supplementary Payments
 1,000,000 Employee Benefits Liability – Each Employee
 subject to a \$ 1,000 Deductible

Loss Payees & Additional Insured:

*Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
 Central Operations Service Group
 595 Bay Street, Suite 500,
 Toronto, Ontario M5G 2C2*

*HSBC Bank of Canada - ATIMA (General Assignment)
 170 Atwell Drive,
 Toronto, Ontario M9W 5Z5*

*Export Development Canada - ATIMA (General Assignment)
 150 Slater Street,
 Ottawa, Ontario K1A 1K3*

Business Automobile Policy - North American Fur Auctions (US) Inc.

CNA – Transportation Insurance Company # 6072820238 - November 1st, 2018-2019 \$ 4,193.USD

\$ 2,000,000 Third Party Liability –Specifically Described Auto's & Mobile Equipment
 1,000,000 Uninsured Motorist – Owned Auto's subject to Compulsory UM Law
 1,000,000 Underinsured Motorist – Owned Auto's subject to Compulsory UM Law
 10,000 Auto Medical Payments
 Comprehensive Coverage (subject to a \$ 1,000 deductible)
 Collision Coverage (subject to a \$ 1,000 deductible)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

2006 Dodge Caravan 1D4GP45RG63573472 Code 232990 1.555
 2014 Honda CR-V 5J6RM4H33EL039568 Code 032990 1.798
 Non Owned/Hired Autos 820

Drivers: Nick Dolinsky D452-6398-7361-00 DOH- 12/9/11
 Ravin Chatfield C314-7307-8930-08 DOH -1/24/04
 Dennis Brady 02-17-1959 B630-1755-9057-02

US Workers Compensation – North American Fur Auctions (US) Inc.
 NAFPRO LLC (Wisconsin LLC)

Middlesex Mutual Assurance Policy # 8945073001 November 7th, 2017 – 2018 \$ 78,307.USD

Statutory Wisconsin Workers Compensation Benefits
 \$ 1,000,000 Employers Liability - each accident
 1,000,000 Employers Liability – disease each employee
 1,000,000 Employers Liability – disease policy limit

Schedule of Locations

1 – 205 Industrial Circle, Stoughton, Wisconsin 53589-1303
 2- 1600 Williams Drive, Stoughton, Wisconsin 53589

Class: (8810) Clerical Office Employees Noc - Class Min. if any Payroll - \$ 258.00
 (7380) Drivers, Chauffeurs and their Helpers Noc -
 Class Min. if any Payroll - \$ 900.00
 (8742) Salespersons, Collectors or Messengers - Outside
 Class Min. if any Payroll - \$ 315.00
 (8719) Stevedoring: Freight Handling Noc Trailers and Checcking Clerks
 Engaged in connection with Stevedore Work -
 Class Min. if any Payroll - \$ 5154.00

Location& & Premiums:

1. (7380)	\$ 60,000.00	@ \$ 6.42	= \$ 3,852
2. (8810)	\$ 189,614.00	@ \$ 0.21	= \$ 398
(8742)	\$ 66,612.00	@ \$ 0.53	= \$ 353
(8742)	\$ 2,761,072.00	@ \$ 1.64	= \$ 45,282

Total Location Premiums \$ 49,885

Premium for Increased Limit @ (1.10%) \$ 549

Premium subject to Modification \$ 50,434

Experience Rating Modification Factor (1.530) \$ 26,730

Terrorism \$ 615

Catastrophe (other than Terrorism) \$ 308

Estimated Annual Premium \$ 78,087

Declared Officers& Excluded Individuals:

Michael Mengar - President
 Gregg Dolinsky – Vice President



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Poland

Property Policy- *NAFA Polska Sp.z o.o.*

CNA - Compensa Vienna Insurance Group Policy # 68694 - November 1st, 2018-2019 \$ 40,948.USD
Net Local = 153.510.00 PLN

\$ 16,880,000 any one Loss or Occurrence (USD)
 All Values USD "All Risks" Replacement Cost

Location 1 – Lozienia, Ul. Granitowa 10, 72-100 Goleniow, Poland

\$ 14,708,000 On Building and Improvements	PLN 42.496.560.00	<i>On Building</i>
2,000,000 On Warehouse Equipment	PLN 7.512.310.00	<i>On Equipment</i>
200,000 On Office Furniture & Equipment		
50,000 On Telephone & Security Equipment		
100,000 On Cafeteria & Kitchen Equipment		
250,000 On EDP & Software		
2,500,000 On Business Income	PLN 7.945.173.00	
17,130,000 On Earthquake Flood & Wind	PLN 49.494.566.00	
250,000 On Extra Expense		
100,000 Fire Brigade Charges		
1,000,000 Newly Acquired Location		
100,000 Off Premises Power/Utilities/Service Interruption		
100,000 Unnamed Locations		
100,000 Valuable Papers		

Subject to the following Deductibles:

\$ 10,000 Each & Every Occurrence	PLN 28.610
10,000 Coverage Extensions	PLN 28.610
10,000 Water Back Flow	PLN 28.610
3% Min 50,000 Flood	PLN 38.538
3% Min 50,000 Earthquake	PLN 38.538

1 CAD = 2.884465 PLN.

1 USD = 3.74889 PLN

Liability Policy- *NAFA Polska Sp.z o.o.*

CNA - Compensa Vienna Insurance Group Policy# 1037956 - November 1st, 2018-2019 \$ 7,745.USD
Net Local = 29.036,00 PLN

\$ 2,000,000 Commercial General Liability – Each Occurrence – *5.778.795,00 PLN*
 2,000,000 Products Completed Operations Aggregate
 2,000,000 General Aggregate Limit



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

2,000,000 Non-Owned Automobile Liability
 1,000,000 Damage to Rented Building
 1,000,000 Personal Injury
 1,000,000 Employers Liability
 subject to a \$ 10,000 Deductible Each Occurrence - PLN 28,894,00 PLN

1 USD = 3.74889 PLN

Loss Payees & Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

China

Liability Policy- *North American Fur Auctions Inc. O/A North American Fur Auctions China Office*

CNA Insurance	effective November 1st, 2018-2019	\$ 1,605.USD
Ping An Property & Casualty Insurance Company of China Ltd.		
Policy # 10103003900542541255	<i>1,060</i>	
Policy # 10103003900542539475	<i>545</i>	

\$ 2,000,000 Public Liability per occurrence
 2,000,000 Aggregate Limit
 Coverage Extensions include:
 Fire Extinguishing Expense
 Water Damage
 Malicious Damage
 Tenants Legal Liability
 War or Terrorist Acts are excluded
 subject to a \$ 10,000 Deductible Each Occurrence = 89,256 RMB

1,000,000 Employers Liability per occurrence and aggregate
 Liability under the contract of Employment to pay Medical Expenses and
 Compensation including Legal costs in respect of death or bodily injury by
 accident or through occupational disease to any Employee whilst engaged
 in the course of Employment



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

subject to a \$ Nil Deductible

\$ 1 USD = 6.8792 RMB

\$ 1 CDN = 8.9256 RMB

Holland

Liability Policy- *NAFA Europe B.V. A/O*
NAFA Europe Co-operatief UA

CNA Insurance Policy # TBA -effective November 1st, 2018-2019 **€ 3,025. EUR**
\$ 3,428. USD

€ 1,000,000 Public Liability – Each Occurrence
 1,000,000 Products Completed Operations Aggregate
 1,000,000 General Aggregate Limit
 1,000,000 Non-Owned Automobile Liability
 1,000,000 Damage to Rented Building
 1,000,000 Personal Injury
 1,000,000 Employers Liability
 subject to a € 1,000 Deductible Each Occurrence

€ 1 EUR = \$ 1.13306 USD

Global Fur

Furriers Insurance Policy- *North American Fur Auctions Inc. A/O*
North American Fur Auctions (US) Inc. A/O
Associated Companies A/O Subsidiaries Companies

Price Forbes & Partners Policy # B0507SP1800431 - November 1st, 2018-2019 **\$ 250,000. USD**

Minimum Deposit & Installment Premiums \$ 250,000 USD

Premium Installments as follows:

Payable:	30 th , December 2018 -	\$ 62,500
	15 th April 2019 -	62,500
	15 th July 2019 -	62,500
	15 th September 2019 -	<u>62,500</u>

Minimum Annual Deposit Premium \$ 250,000 USD

Base Premium adjustable at 0.08 % of Actual Annual Sales

20% No Claims Bonus Clause included

\$ 50,000,000 USD On Fur Pelts and/or Skins and/or Garments any one location
 Owned Leased or Operated by the Insured other than Ranches



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Schedule of Locations

- 1 – 65 Skyway Avenue, Toronto, Ontario M9W 6C7
- 2 – 500 Carlingview Drive, Toronto, Ontario M9W 5R3
- 3 – 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8
- 4 – 205 Industrial Circle, Stoughton, Wisconsin 53589
- 5 – 1600 Williams Drive, Stoughton, Wisconsin 53589
- 6 – Spokkelveld 5, 6595 DH, Milsbeek, Holland
- 7 – Lozienica, Ul. Granitowa 10, Lozienica 72-100 Goleniów, Poland
- 8 – Norpol Sp. z o.o. - Ul. Granitowa 12 Lozienica 72-100 Goleniów, Poland

\$ 40,000,000 USD On any one Conveyance
 50,000,000 USD On any one Ranch and/or Flesher Location
 Selling Price Clause included

Subject to the following Deductibles:

- \$ 25,000 Each & Every Loss on Locations Owned Leased or Operated
- 10,000 Each & Every Loss at Farms or Flesher Locations or In Transit
- 100,000 Annual Aggregate Deductible above Each & Every Loss Deductible applies

Loss Payees:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Ontario Relationship Support Centre
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Waiver of Recourse:

Norpol Sp. Z.o.o.
Zdzaryl,
72-100 Goleniow and/or
Lozienica, ul. Granitowa 12,
72-100 Goleniow, Poland

Top Lot Farms Inc. O/A
Top Lot Processors
702 N. Industrial Avenue,
Arlington, South Dakota 57212, USA



Krause Edwards Insurance Brokers Limited
595 Cityview Blvd., Unit 15,
Vaughan, Ontario L4H 3M7
(B) 416.479.4294 (F) 416.479.4295

Furriers Excess Layer - *North American Fur Auctions Inc. A/O*
North American Fur Auctions (US) Inc. A/O
Associated Companies A/O Subsidiaries Companies

Price Forbes & Partners Policy # B0507SP1800799 - November 1st, 2018-2019 \$ 125,000. USD

\$ 150,000,000 USD On Fur Pelts and/or Skins each and every loss excess of
50,000,000 USD Primary Coverage On any one Ranch and/or Flesher Location
in storage at the Insured's Premises only

Schedule of Locations

- 1 - 65 Skyway Avenue, Toronto, Ontario M9W 6C7*
- 2 - 500 Carlingview Drive, Toronto, Ontario M9W 5R3*
- 3 - 205 Industrial Circle, Stoughton, Wisconsin 53589*
- 4 - 1600 Williams Drive, Stoughton, Wisconsin 53589*
- 5 - Lozienica, Ul. Granitowa 10, 72-100 Goleniow, Poland*

SCHEDULE 8.1(22)

RANCHER LIVESTOCK LOAN ADVANCES EXCEEDING U.S.\$1,500,000

See attached.

NAFA - Loan greater than US \$1,500,000.00

Required pursuant to Schedule 8.1(22) of the Third Amended and Restated Credit Agreement
July 15, 2019

ID	Name	USD	
		July 12, 2019	
2552	GOSP. ROLNO-HOD. RAJMUND GASIOREK	\$	15,958,147
856801	A & M DITTRICH MINK FARM INC.	\$	10,605,352
19599	JASON MULLEN MINK RANCH LTD. # 8	\$	6,180,743
856814	GOODRICH FUR FARM LLC	\$	5,944,277
17630	MR. KESTUTIS RISKUS, UKININKAS KESTUTIS RISKUS	\$	4,923,786
9306	AKCIJU SABIEDRIBA "GROBINA"	\$	4,895,285
5805	BALTIC DEVON MINK SIA	\$	4,520,353
17836	BO TORBEN LARSEN, GINDESKOVGARD MINK APS	\$	3,543,949
17410	NIEUWENHUIS WYMIARKI 1 SP J	\$	3,157,668
17633	MR. KESTUTIS RISKUS, UKININKAS KESTUTIS RISKUS	\$	2,465,138
808638	EAGLE EYE FARM INC.	\$	2,375,178
17413	GEBR. NIEUWENHUIS SP TERM LOAN	\$	2,229,269
30200	HODOWLA NOREK EDYTA GASIOREK	\$	1,748,026
Total		\$	68,547,172

SCHEDULE 8.1(23)

REGISTRATION PROCEDURES FOR RANCHER LIVESTOCK LOAN SECURITY

See attached.

REGISTRATION PROCEDURES FOR RANCHER LIVESTOCK LOAN SECURITY

When a livestock loan is approved for a new rancher, a lien on live mink and its proceeds will be registered under relevant local Personal Property Security Act (PPSA) for Canadian ranchers or Uniform Commercial Code (UCC) for US ranchers, to protect the security interest of NAFA. The initial registration will be done for five years with the assumption that ranchers will continually be shipping to, and borrowing from, NAFA. At the expiry, it will be renewed for another five years. At the request of the consignor, NAFA will release a lien if there are no outstanding amounts owing to NAFA at the time of the request.

In Europe, NAFA's security interest in each consignor's mink is also registered with the appropriate local or national authorities.

SCHEDULE 8.1(40)**BANK ACCOUNTS**

See attached.

NAFA - Bank Accounts
 Required pursuant to Schedule 8.1(40) of the Third Amended and Restated Credit Agreement
 July 15, 2019

Account Name	Account Number	Currency	Balance	Date	Name	Address	Telephone Number
Rabobank							
NAFA Europe B.V.	NL69 RABO 0140 6233 02	EUR	3,941.65	7/15/2019	NAFA Europe B.V.	Tendweg 3, 3987 MN 'T GOY The Netherlands	31 6225 20745
North American Fur Auctions Inc.	US87 RABO 0140 6241 39	EUR	240,292.62	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA Europe Cooperative U.A.	NL87 RABO 0153 1607 13	EUR	46.45	7/15/2019	NAFA Europe Cooperative U.A.	Tendweg 3, 3987 MN 'T GOY The Netherlands	31 6225 20745
Total		EUR	246,230.72				
NAFA Europe B.V.							
North American Fur Auctions Inc.	NL71 RABO 0140 6241 039	USD	91,312.97	7/15/2019	NAFA Europe B.V.	Tendweg 3, 3987 MN 'T GOY The Netherlands	31 6225 20745
Total		USD	294,977.00				416-675-9320
		USD	386,289.97				
NSIC							
Account Name	Account Number	Currency	Balance		Name	Address	Telephone Number
NAFA CAD	142-038113-001	CAD	885.07	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA RMB	142-038113-271	CNY	913,918.16	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
North American Fur Auctions BJ Rep	626-105183-001	CNY	1,76,695.96	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Total		CNY	1,090,614.12				
NAFA EUR	142-038113-270	EUR	818.04	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA POLISH BRANCH	PL07-1280-0003-0000-0031-8049-4021	EUR	797.87	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	416-675-9320
NAFA POLSKA SP Z O O	PL10-1280-0003-0000-0031-7771-4051	EUR	10,946.66	7/15/2019	NAFA Polska Sp.z o.o.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
NAFA POLSKA SP Z O O	PL44-1280-0003-0000-0031-7771-4021	EUR	49,237.50	7/15/2019	NAFA Polska Sp.z o.o.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
DAIKOKU SP Z O O	PL78-1280-0003-0000-0031-8615-2021	EUR	61,800.07	7/15/2019	DAIKOKU SP Z O O	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
NAFA POLSKA SP Z O O	PL87-1280-0003-0000-0031-7771-4023	EUR	102,521.35	7/15/2019	DAIKOKU SP Z O O	Granitowa 10, Lozemia, Poland	+48 91 350 9520
Total		EUR	2,192.07				
DAIKOKU SP Z O O	PL07-1280-0003-0000-0031-8615-2031	PLN	2,192.07	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
VAT account for customer 177714	PL17-1280-0003-0000-0031-7771-4701	PLN	198,315.84	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
North American Fur Auctions Inc.	PL34-1280-0003-0000-0031-8048-4031	PLN	28,018.73	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
NAFA POLSKA SP Z O O	PL51-1280-0003-0000-0031-7771-4032	PLN	331,047.99	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
DAIKOKU SP Z O O	PL65-1280-0003-0000-0031-8615-2701	PLN	75.65	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
NAFA POLSKA SP Z O O	PL72-1280-0003-0000-0031-8048-4701	PLN	1,053.37	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
VAT account for customer 180494	PL72-1280-0003-0000-0031-8048-4701	PLN	1,129.02	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	+48 91 350 9520
Total		PLN	55.25				
NAFA USD	142-038113-070	USD	29,935.21	7/15/2019	Wild Fur Shippers Council	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA POLSKA SP Z O O	PL17-1280-0003-0000-0031-7771-4022	USD	1,593,278.86	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA-POLISH BRANCH	PL72-1280-0003-0000-0031-8049-4022	USD	1,053.37	7/15/2019	North American Fur Auctions Inc.	ul. Granitowa 10, Lozemia, Goleniow, Poland	416-675-9320
Total		USD	1,129.02				
CIBC							
Account Name	Account Number	Currency	Balance		Name	Address	Telephone Number
TOR-FAYROLL IMPREST	3722 47-01119	CDN	(6,625.00)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO OPERATING	3722 47-01216	CDN	1,593,278.86	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
INVESTMENT ACCOUNT	3722 93-72113	CDN	31,871.11	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA/FCC	3722 88-55013	CDN	(5,384,063.37)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO PROCEEDS	3722 47-01712	CDN	55.25	7/15/2019	Wild Fur Shippers Council	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO DEPOSIT (IN/OUT)	3722 47-02018	CDN	29,935.21	7/15/2019	NAFA Properties Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
WFSC	3722 69-06214	CDN	(24,077,855.51)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA PROPERTIES INC	3722 66-73813	CDN	33,319,428.80	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO OPERATING	3722 02-20116	USD	(12,166,427.13)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
US CO OPERATING	3722 02-25711	USD	1,064.67	7/15/2019	NAFA Properties Inc.	920 N Kings Street, Winnipeg, MB R3A 0T8	204-774-1705
TORONTO/US PROCEEDS	3722 02-20213	USD	148.69	7/15/2019	NAFA Properties (US) Inc.	920 N Kings Street, Winnipeg, MB R3A 0T8	204-774-1705
US CO PROCEEDS	3722 02-48814	USD	12,803.85	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO DEPOSIT (IN/OUT)	3722 03-20914	USD	(23,767.19)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA PROPERTIES INC. - USD	3722 03-94017	USD	(1,237.22)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFA PROPERTIES (US) INC.	3722 03-55011	USD	36,751.46	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
3306519 NOVA SCOTIA LTD	3722 73-98417	CDN	12,803.85	7/15/2019	3306519 Nova Scotia LTD	710 Prince Street, Truro NS, B2M 5H1	416-675-9320
WINNIEPEG COLLECTORS	7 91-01012	CDN	(3,369.34)	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
WINNIEPEG COLLECTORS	7 02-03715	USD	1,003,936.6	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFPI	3722 70-05512	CDN	36,751.46	7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NAFPI	10039366	CDN		7/15/2019	North American Fur Auctions Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320

SCHEDULE 9.1(5)(iv)**PAYMENT POLICIES**

See attached.



MINK KIT
LOAN &
PELT
ADVANCES -
POLICY &
PRACTICES

2018/19

NORTH AMERICAN FUR AUCTIONS

Contents

1	Livestock loans	
1.1	Livestock loan per pelt.....	2
1.2	Procedure.....	2
1.3	PPSA/UCC registrations.....	3
1.4	Solicitor visit.....	3
1.5	Livestock insurance.....	4
1.6	Pelting/processing charges.....	4
1.7	Loan administration fee.....	4
2	Livestock Sale by Consignors	4
3	Pelt advances	
3.1	Advance per pelt.....	4
3.2	Procedure.....	5
4	Operating/Bridge/Other loans.....	5
5	Approving authorities.....	6
6	Interest rates.....	7
7	Loan recovery.....	7
8	Six Basic C's of All Lending.....	8
9	Other Control Procedures.....	8

1. Livestock loans

NAFA has made it an annual practice to grant mink kit loans to mink ranchers who have agreed to consign their mink to NAFA. This activity is an important part of the business and a vital mink solicitation tool. The purpose of these loans is to feed the mink from the time that they are weaned from their mother to the time when they are harvested for their pelts as well as to provide for basic ranch operating expenses such as labour. Usually, funds for livestock loans are advanced starting in June of each year until February of the following year. These loans are repaid when the harvested mink pelts are sold at auction.

1.1 Livestock loan per pelt

Loans to qualified rancher applicants will be based on the estimated number of kits he/she expects to ship to NAFA during the upcoming auction season. The maximum loan value per kit is approved each year by the NAFA Board of Directors; but general practice is to establish the maximum loan value as the lower of 50% of the previous auction season average per pelt or a per pelt value based upon present market conditions and the estimated costs of production. Currently, the standard livestock loan per pelt for North American ranchers is approximately \$20.00-\$25.00 US (between \$22.50 and \$27.50 for Canadian ranchers) and for European ranchers Euro 10.00- 20.00.

In situations where there are carried forward balances from the previous season, individual agreements are to be made with the rancher in consultation with senior management.

In addition to the normal kit loan disbursed to each North American rancher, a further amount of up to \$5 per pelt will be made available as an advance to cover pelting costs which is normally paid directly by NAFA to the pelt processor of choice for each consignor's mink. Pelting invoices for European ranchers will be considered on a case by case basis, as a pelt advance.

1.2 Procedure

In North America, the process starts with sending out standard NAFA Livestock Loan application package to ranchers at the beginning of May. Once NAFA head office receives properly completed and signed applications back from the ranchers, the formal livestock loan approval forms will be prepared. Due diligence such as PPSA/UCC searches and feedback from North American solicitors will be obtained as required before recommending the loan to the relevant approving authority.

In Europe, the branch offices receive the kit loan inquiries mainly through the European solicitor network. The solicitors visit the ranchers and gather the information required to process the kit loans early in the spring, and pass on the information to the branch offices who then obtain the necessary loan approvals.

In the case of recurrent loan request, the previous track record of financial dealings with NAFA, evidence of a reasonable financial situation, concrete arrangements for financing the crop over the full year will primarily be considered by the approving authority. New applications will be considered on a case by case basis. For larger loans, a monthly cash flow projection for the farm may be requested, along with a farm financial statement.

Special conditions or concessions might be recommended and later approved based on the past consignor performance, prior experience with the account or circumstances arising out of current market conditions.

Once the livestock loan is approved, security registrations will be done, if it does not already exist in PPSA or UCC systems. Standard loan agreement and security package will be mailed out to the qualified applicants indicating loan amount, pelt commitment, disbursement schedule, interest rate and other terms/conditions of the loan.

Once the loan and security agreements have been completed, signed and received back by NAFA, the loan disbursements will commence according to the previously established loan schedule, usually the first of each month between July and December. No disbursement will be made until Financial Institution Declaration is received. In the case of any financial institution indicating that it has a loan with a pledge on rancher's mink, a subordination agreement will be obtained in order to ensure NAFA has a priority interest on rancher's mink, unless exempted by approving authority.

1.3 PPSA/UCC registrations

When a livestock loan is approved for a new rancher, a lien on live mink and its proceeds will be registered under Personal Property Security Act (PPSA) for Canadian ranchers or Uniform Commercial Code (UCC) for US ranchers, to protect the security interest of NAFA. The initial registration will be done for five years with the assumption that rancher will continually be shipping to and borrowing from NAFA. At the expiry, it will be renewed for another five years. At the request of the consignor, NAFA will release lien, if there are no outstanding amounts owing to NAFA at the time of request.

In Europe, NAFA's security interest in each consignor's mink is also registered with the appropriate local or national authorities.

1.4 Solicitor visit

NAFA's solicitors will normally on an annual basis visit each mink rancher or farm and conduct a physical count of kits in order to verify the estimates made at the time of loan approval. In case of considerable deviations from the previously established kit production estimate, the livestock loan will be reduced or revised accordingly.

1.5 Livestock insurance

Most ranch livestock in Europe and growing population in North America are insured by Live Mink Insurance of which 50% of insurance premium is borne by NAFA. The policy runs for one year and the rancher's share of insurance premium is charged to individual account on Prompt Date of the first NAFA auction.

1.7 Pelting/processing charges

Once a pelting plant sends invoices to NAFA, for an individual rancher or farm that has made use of the plant's services in pelting their mink, along with the payment authorization form, NAFA will charge any amounts owing to the relevant rancher/farm account maintained in NAFA's consignor accounting system known as Creskin. Unless the processor is a NAFA owned and operated pelting plant, pelting costs will be considered part of loan and standard interest rates will apply to any payments made in respect of pelting costs.

1.8 Loan Administration Fee

NAFA charges an annual loan administration fee of \$100 to cover the costs such as PPSA/UCC searches, security registrations and other administration costs.

2. Livestock Sale by Consignors

It is customary in mink farming that ranchers may have the opportunity to sell livestock. Under the terms of NAFA Loan Agreement, a rancher who has a loan and committed to sell their pelts to NAFA, must notify their intention to sell livestock to NAFA's regional solicitor or the main office. NAFA will then determine the impact of intended livestock sale on the pelt commitment and the loan. NAFA will always work with the rancher to decide if such sale is viable and will make sure that consignor takes necessary steps to ensure the loan is covered. Therefore, prior authorization from NAFA is mandatory before any livestock sale can proceed.

3. Pelt advances

Pelt advances are funds loaned to a consignor that are over and above the normal kit loan limits. They are disbursed as a means of additional financing to any rancher that has already shipped goods to NAFA for an upcoming auction. The pelts have to be received by a NAFA warehouse, collection depot or authorized pelting plant in order for the pelt advance funds to be released.

3.1 Advance per pelt

The maximum advance per pelt will be decided case by case basis depending on the current market for type of pelt, quality of pelts and past averages of the consignor. However, the advance should not exceed 60% of

average price recorded in comparable previous year auction unless current market circumstances indicate that this amount should be reconsidered (usually down instead of up). For example, advance per pelt on pelts received for Spring 2019 auction should not exceed 60% of Spring 2018 average price for the consignor unless current market conditions, either good or bad, dictate some other form of loan limit in this regard.

3.2 Procedure

Consignors can request a pelt advance from any NAFA office/depot via phone or email. The NAFA office will then forward the request to NAFA Toronto for the approval and/or disbursement. Amount of the pelt advance will be based on the number of pelts received by NAFA or an authorized pelting plant. In the case where the pelts are already in possession of NAFA at the time of request, no additional documentation will be required before disbursing the advance. If the pelt advance request includes any pelts not already in NAFA's possession (i.e. to be delivered to a NAFA location within a short period of time), a signed promissory note will be obtained indicating the pelt commitment and associated financial obligation.

4. Operating/Bridge/Other loans

NAFA may approve operating/bridge/other loans based on special requests/circumstances. The CEO shall be consulted on most such loans unless they are less than \$50,000 in which case the CFO may authorize such a loan.

A promissory note in NAFA's format will be signed by consignor and NAFA and held on file at NAFA. As is the case with all other form of loan, any amount owing by a consignor will be deducted from the next available auction proceeds unless some other payment terms have been previously negotiated.

5. Approving authorities

Region	Loan Type	Loan Value	Approval Required
North America	Annual kit loan – recurring consignment	\$25/pelt to a max of \$250,000	NAFA regional solicitor, CFO or CEO
North America	Annual kit loan – recurring consignment	\$25/pelt to any amount exceeding \$500,000	NAFA regional solicitor, CFO & CEO
North America	Pelt advance – recurring consignment	60% of prior year's auction average to a max of \$500,000	NAFA regional solicitor, CFO or CEO
North America	Pelt advance – recurring consignment	Total kit & pelt advance loan amount exceeding \$500,000	NAFA regional solicitor, CFO & CEO
North America	Kit loan - new consignor	\$25/pelt to a max of \$100,000	NAFA regional solicitor, CFO or CEO
North America	Kit loan - new consignor	\$25/pelt to any amount exceeding \$100,000	NAFA regional solicitor, CFO & CEO
North America	Pelt advance - new consignor	60% of current projected market value after inspection to a max of \$250,000	NAFA regional solicitor, CFO or CEO
North America	Pelt advance - new consignor	Total kit & pelt advance loan amount exceeding \$250,000	NAFA regional solicitor, CFO & CEO

Region	Loan Type	Loan Value	Approval Required
Europe	Annual kit loan – recurring consignment	Up to 20€/pelt to a max of 500,000€	SVP Europe, CFO or CEO
Europe	Annual kit loan – recurring consignment	Up to 20€/pelt to any amount exceeding 500,000€	SVP Europe, CFO & CEO
Europe	Pelt advance – recurring consignment	60% of prior year's auction average to a max of 1,000,000€	SVP Europe, CFO or CEO
Europe	Pelt advance – recurring consignment	Total kit & pelt advance loan amount exceeding 1,000,000€	SVP Europe, CFO & CEO

Europe	Kit loan - new consignor	Up to 20€/pelt to a max of 250,000€	SVP Europe, CFO or CEO
Europe	Kit loan - new consignor	Up to 20€/pelt to any amount exceeding 250,000€	SVP Europe, CFO & CEO
Europe	Pelt advance - new consignor	60% of prior year's auction average to a max of 500,000€	SVP Europe, CFO or CEO
Europe	Pelt advance - new consignor	Total kit & pelt advance loan amount exceeding 500,000€	SVP Europe, CFO & CEO

The above lending ranges (i.e., up to 60% of prior year's averages) are not intended to be publically acknowledged to outside of NAFA. It is always NAFA management's preference to lend a consignor less money per pelt if possible so as to continue to reduce NAFA's exposure to any future loan losses and increase a consignor's own equity stake in their mink. However, NAFA will lend on a competitive basis where required.

Further, the limits above are also not intended to override good, sound judgement about the merits of any loan. If the elements of any loan look questionable and despite the authorization limits above, the CEO should be consulted on whether the loan should be granted or otherwise increased or modified in any material respect.

6. Interest rates

Standard interest rates on loan/advance are as follows;

Canadian Dollar loans/advances	Citi Canada prime rate plus 3%
US Dollar Loans/advances	Citibank prime rate plus 3%
European consignor loans/advances	Interest (known as a "special commission charge" on Polish loans) is set based on the Consignor Risk Rating. The Base Rate is set at 4.5% and discounts or premiums are applied based on the risk calculated by pre-determined parameters

Unless specifically stated otherwise in the individual loan agreement, standard interest rates will apply on all livestock loans and advances.

7. Loan recovery

Loan repayments and all related loan charges will be taken from the net proceeds of upcoming auction sale(s) at which the pelts are sold.

8. Six Basic C's of All Lending

- i. **Character** - Specific purpose for loan and serious intent to repay loan.
- ii. **Capacity** - Customer has legal authority to sign binding contract.
- iii. **Cash** - Does the borrower have the ability to generate enough cash to repay the loan?
- iv. **Collateral** - Does the borrower have adequate assets to support the loan?
- v. **Conditions** - Must look at the changing economic conditions to assess ability to repay.
- vi. **Control** - Does loan meet written loan policy?

9. Other Control Procedures

The Audit Committee of the NAFA Board will meet from time to time with the CFO during the course of each year (approximately 3 times a year) to review NAFA's total current consignor loan portfolio for reasonability in terms of loan amounts on a per pelt basis and general correctness.

SCHEDULE 9.1(15)(v)
EXISTING LOANS TO FARMERS

See attached.

This is Exhibit "B" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, appearing to be 'J. Wuthmann', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

OFFICER'S CERTIFICATE

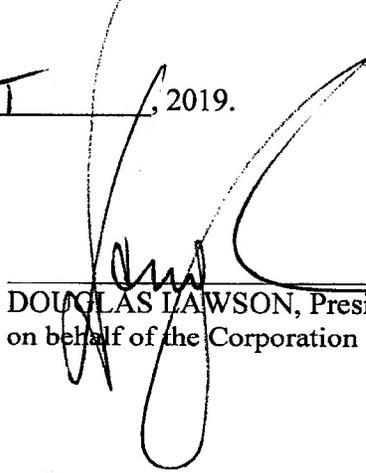
TO: Canadian Imperial Bank of Commerce (the "Agent")

The undersigned, Douglas Lawson, the President of North American Fur Auctions Inc. (the "Corporation") hereby certifies on behalf of the Corporation, and not in a personal capacity, as follows:

Capitalized Terms used but not defined herein have the meanings ascribed thereto in the Third Amended and Restated Credit Agreement dated as of July 17, 2019 and the Forbearance, Waiver and Second Amendment Agreement made as of August 14, 2019.

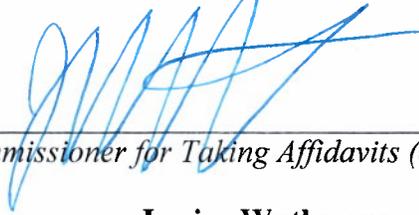
1. As an officer of the Corporation, I have personal knowledge of the matters hereinafter certified. I am the duly appointed President of the Corporation and the signature below is my true signature.
2. The Corporation has obtained Gross Auction Proceeds from the Third Auction of at least the amount of the Target Gross Auction Proceeds.

DATED as of this 28th day of AUGUST, 2019.



 DOUGLAS LAWSON, President,
 on behalf of the Corporation

This is Exhibit "C" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, appearing to be 'J. Wuthmann', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann



Blake, Cassels & Graydon LLP
 Barristers & Solicitors
 Patent & Trade-mark Agents
 199 Bay Street
 Suite 4000, Commerce Court West
 Toronto ON M5L 1A9 Canada
 Tel: 416-863-2400 Fax: 416-863-2653

Milly Chow

Partner

Dir: 416-863-2594

milly.chow@blakes.com

August 2, 2019

VIA E-MAIL

North American Fur Auctions Inc.

65 Skyway Avenue
 Rexdale, ON
 M9W 6C7

Email: dlawson@nafa.ca

Attention: Mr. Doug Lawson, President

RE: Third Amended and Restated Credit Agreement dated as of July 17, 2019 (as may be amended, restated or supplemented from time to time, the "**Credit Agreement**") between Canadian Imperial Bank of Commerce, as Agent (in such capacity, the "**Agent**"), the lenders party thereto (collectively, the "**Lenders**"), and North American Fur Auctions Inc. ("**NAFA**" or the "**Borrower**"), as borrower

Re: Notice of Additional Default and Demand on Total Indebtedness Owed to the Lenders

Dear Sir:

As you are aware, we are counsel to the Agent in connection with the above noted matter. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Credit Agreement.

The obligations of the Borrower under the Credit Agreement are secured pursuant to, among other things, the security (collectively, the "**Security**") granted to the Agent on behalf of the Lenders pursuant to the agreements set out on Schedule "A" hereto (collectively, the "**Security Agreements**").

By way of letter dated July 30, 2019 (the "**Notice of Default**"), the Agent, among other things: (i) notified NAFA of the occurrence of an Event of Default under the Credit Agreement, as a result of the Borrower's failure to satisfy the covenant provided for under Section 9.1(37) of the Credit Agreement to obtain an expression of interest or non-binding letter of intent by July 26, 2019 for the sale of the Group Party's entire business, the Group Party's European Business or the Group Party's European Kit Loan Portfolio (the "**LOI Event of Default**"), and (ii) reserved all rights and remedies in respect of the LOI Event of Default and any other Event of Default that may occur.



In addition to the LOI Event of Default, there has been an additional Event of Default as a result of the Borrower's failure to renew or extend the Red Rock Insurance Policy by July 30, 2019, until at least September 30, 2019 (together with the LOI Event of Default, the "**Existing Events of Default**").

As a result of the LOI Event of Default, the Borrower will not be able to satisfy certain other Sale Milestones in the Credit Agreement, namely the delivery of a Binding Offer by August 2, 2019 (Section 9.1(37)(iv)), the selection of an Acceptable Bid by August 9, 2019 (Section 9.1(37)(v)), and a closing of an Acceptable Bid by August 19, 2019 (Section 9.1(37)(vi)), each of which are additional anticipatory breaches of the Credit Agreement by the Borrower (collectively, the "**Additional Events of Default**").

Due to the Existing Events of Default and the Additional Events of Default, the Lenders are, among other things, entitled to enforce all of their rights and remedies under the Credit Agreement, including, without limitation, to declare all of the indebtedness of the Borrower to the Agent and the Lenders under the Credit Agreement to be due and payable and enforce the Security.

On behalf of the Agent, we hereby declare that the outstanding principal amount of all loans and all other obligations under the Credit Agreement are immediately due and payable in the amounts set out in Schedule "B" hereto as at July 30, 2019, together with all accrued interest thereon at the rate(s) determined in accordance with the Credit Agreement and all costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and Lenders, that are payable by the Borrower under the Credit Agreement, Security Agreement and other Documents, incurred and unpaid as at such date (the "**Current Indebtedness**").

On behalf of the Agent, we hereby make formal demand from the Borrower of the Current Indebtedness, plus all interest and costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and the Lenders, that are payable by the Borrower under the Credit Agreement, Security Agreements and other Documents, which continue to accrue or be incurred after July 30, 2019 until the Lenders are indefeasibly paid in full (collectively, the "**Total Indebtedness**"). For greater certainty, interest continues to accrue on the Total Indebtedness at the rate(s) determined in accordance with the Credit Agreement.

If payment of the Total Indebtedness is not made by way of certified cheque, bank draft or other immediately available funds by **5:00 p.m. Toronto time on August 12, 2019**, the Agent and Lenders will take any and all steps necessary to collect the Total Indebtedness, including without limitation, enforcing all Security granted by the Borrower. In that regard, we enclose a Notice of Intention to Enforce Security, which is hereby served on the Borrower in accordance with Section 244 of the *Bankruptcy and Insolvency Act* (Canada), together with a consent for the immediate enforcement by the Agent on behalf of the Lenders (the "**Consent**"). Please return the Consent executed by duly authorized representatives of the Borrower as soon as possible.



Page 3

This letter shall be without prejudice to the Lenders which have not waived and have hereby expressly reserved and retained all rights and remedies with respect to any and all Events of Default (including the Existing Events of Default and Additional Events of Default) and indebtedness (including the Total Indebtedness) which may be owing under the Credit Agreement from time to time, including, without limitation, the right to demand payment of the Total Indebtedness from any Guarantor.

Yours truly,



Milly Chow

Encl.

- c. M. Conzelman, B. Kay, S. Sarin (CIBC)
- M. Laniel & A. Shalviri (Blakes)
- D. McIntosh & G. Karpel (A&M)
- S. Popoff & D. Ullmann (Blaney)

SCHEDULE "A"

SECURITY AGREEMENTS

1. General Security Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
2. Security Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
3. Demand Debenture in the principal amount of \$65,000,000 dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
4. Debenture Pledge Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
5. Securities Pledge Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
6. Security under section 427 of the *Bank Act (Canada)* granted by North American Fur Auctions Inc. in favour of Canadian Imperial Bank of Commerce
7. Security under section 427 of the *Bank Act (Canada)* granted by North American Fur Auctions Inc. in favour of HSBC Bank Canada
8. General Assignment of Accounts Receivable dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
9. General Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
10. Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
11. Demand Debenture in the principal amount of \$100,000,000 dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
12. Debenture Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
13. Securities Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
14. Security under section 427 of the *Bank Act (Canada)* granted by North American Fur Auctions Inc. in favour of Canadian Imperial Bank of Commerce
15. Security under section 427 of the *Bank Act (Canada)* granted by North American Fur Auctions Inc. in favour of HSBC Bank Canada
16. General Assignment of Accounts Receivable dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
17. Confirmation of Security dated as of July 17, 2019 among North American Fur Auctions Inc., North American Fur Producers Inc., North American Fur Auctions (US) Inc., NAFA Properties Inc. and NAFPRO LLC.

SCHEDULE "B"

(AS AT JULY 30, 2019)

BREAKDOWN OF THE CURRENT INDEBTEDNESS

Credit	Amount
Operating Credit	USD \$55,776,083
Tranche A Credit	USD \$4,950,000
Hedge Credit	USD \$5,000,000*
Visa Credit	CAD \$144,000
Total Current Indebtedness (as at July 30, 2019)**	USD \$65,726,083 CAD \$144,000

* this amount represents the maximum Hedge Credit. Note that the actual amount outstanding under the Hedge Credit will depend upon mark to market rates (which may vary depending upon market conditions) as at any applicable settlement or termination date.

** together with all accrued interest thereon at the rate(s) determined in accordance with the Credit Agreement and all costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and Lenders, that are payable by the Borrower under the Credit Agreement, the Security Agreements and other Documents, incurred and unpaid as at July 30, 2019.

NOTICE OF INTENTION TO ENFORCE SECURITY

(Rule 124)

(Section 244 of the Bankruptcy and Insolvency Act)

TO: NORTH AMERICAN FUR AUCTIONS INC., an insolvent person
(the "**Debtor**")
65 Skyway Avenue
Rexdale, ON
M9W 6C7
VIA EMAIL: dlawson@nafa.ca

Attention: Doug Lawson, President

Take notice that:

1. Canadian Imperial Bank of Commerce in its capacity as agent (in such capacity, the "**Agent**") for the lenders (the "**Lenders**") party to the Third Amended and Restated Credit Agreement dated as of July 17, 2019 (as may be amended, restated or supplemented from time to time, the "**Credit Agreement**"), intends to enforce its Security (as defined herein) on the property of the Debtor, as described on Schedule "A" (collectively, the "**Collateral**") and all proceeds of the Collateral.
2. The security ("**Security**") that is to be enforced has been granted pursuant to the agreements listed on Schedule "B" hereto.
3. The total amount of the indebtedness secured by the Security as at July 30, 2019 is set out in Schedule "C" hereto, plus all interest accrued thereon and all unpaid costs, fees expenses, and charges whatsoever, including legal fees of the Agent and Lenders, payable by NAFA under the Credit Agreement, Security and other Documents incurred and unpaid as at such date, plus all interest and costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and the Lenders, that are payable by NAFA under the Credit Agreement, Security and other Documents, which continue to accrue or be incurred after July 30, 2019 until the Lenders are indefeasibly paid in full.
4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

[signature page follows]

SCHEDULE "A"**COLLATERAL**

1. All Accounts, Contracts (including Chattel Paper and Trade Mark Licenses), Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights), Inventory, Money, Securities and all Proceeds thereof, all as defined and more particularly described in the General Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent.
2. All Equipment, Inventory, Related Contracts of NAFA as defined and more particularly described in the Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent, and all interests, property and rights of every kind and description of NAFA and all proceeds of the foregoing, all as more particularly described in the Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent.
3. All the undertaking, property and assets of NAFA, both present and future, of every nature and kind and wherever situate including, without limitation, its franchises and uncalled capital, all as more particularly described in the Demand Debenture dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent.
4. The Pledged Securities (as defined and more particularly described in the Securities Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent), and all dividends in respect of any of the Pledged Securities, all other property that may at any time be received or receivable by or otherwise distributed to the Borrower in respect of, or in substitution for, or in exchange for the foregoing, and all cash, securities and other proceeds of the foregoing and all rights and interests of NAFA in respect of thereof or evidenced thereby, including all moneys received from time to time by NAFA in connection with the sale or other disposition of the Pledged Securities, all as more particularly described in the Securities Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent.
5. Products of agriculture, products of the forest and all goods, wares and merchandise, manufactured or otherwise, and all goods, wares and merchandise used in or precured for the packing of such products, goods, wares and merchandise that may hereafter be in Canada or the United States, all as more particularly described in the Security under section 427 of the *Bank Act* (Canada) granted by North American Fur Auctions Inc. in favour of Canadian Imperial Bank of Commerce and HSBC Bank of Canada, respectively.

SCHEDULE "B"**LIST OF SECURITY AGREEMENTS**

1. General Security Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
2. Security Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
3. Demand Debenture in the principal amount of \$65,000,000 dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
4. Debenture Pledge Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
5. Securities Pledge Agreement dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
6. Security under section 427 of the *Bank Act* (Canada) granted by North American Fur Auctions Inc. in favour of Canadian Imperial Bank of Commerce
7. Security under section 427 of the *Bank Act* (Canada) granted by North American Fur Auctions Inc. in favour of HSBC Bank Canada
8. General Assignment of Accounts Receivable dated as of June 12, 2000 granted by North American Fur Auctions Inc. in favour of the Agent
9. General Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
10. Security Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
11. Demand Debenture in the principal amount of \$100,000,000 dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
12. Debenture Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
13. Securities Pledge Agreement dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
14. Security under section 427 of the *Bank Act* (Canada) granted by North American Fur Auctions Inc. in favour of Canadian Imperial Bank of Commerce

15. Security under section 427 of the *Bank Act* (Canada) granted by North American Fur Auctions Inc. in favour of HSBC Bank Canada
16. General Assignment of Accounts Receivable dated as of November 26, 2014 granted by North American Fur Auctions Inc. in favour of the Agent
17. Confirmation of Security dated as of July 17, 2019 among North American Fur Auctions Inc., North American Fur Producers Inc., North American Fur Auctions (US) Inc., NAFA Properties Inc. and NAFPRO LLC.

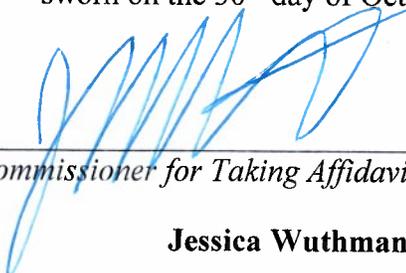
SCHEDULE "C"
(AS AT JULY 30, 2019)
BREAKDOWN OF THE CURRENT INDEBTEDNESS

Credit	Amount
Operating Credit	USD \$55,776,083
Tranche A Credit	USD \$4,950,000
Hedge Credit	USD \$5,000,000*
Visa Credit	CAD \$144,000
Total Current Indebtedness (as at July 30, 2019)**	USD \$65,726,083 CAD \$144,000

* this amount represents the maximum Hedge Credit. Note that the actual amount outstanding under the Hedge Credit will depend upon mark to market rates (which may vary depending upon market conditions) as at any applicable settlement or termination date.

** together with all accrued interest thereon at the rate(s) determined in accordance with the Credit Agreement and all costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and Lenders, that are payable by the Borrower under the Credit Agreement, the Security Agreements and other Documents, incurred and unpaid as at July 30, 2019.

This is Exhibit "D" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.



Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

EXECUTION VERSION**FORBEARANCE, WAIVER AND SECOND AMENDMENT AGREEMENT**

THIS FORBEARANCE, WAIVER AND SECOND AMENDMENT AGREEMENT is made as of August 14, 2019 among **NORTH AMERICAN FUR AUCTIONS INC.** (the “**Borrower**”), **CANADIAN IMPERIAL BANK OF COMMERCE**, in its capacity as agent (the “**Agent**”), and the Lenders party hereto.

RECITALS:

- A. The Borrower is indebted and liable to the Lenders in the amounts set out in **Schedule “A”** hereto as at July 30, 2019, together with all interest accrued thereon¹ and all unpaid costs, fees, expenses, charges and other amounts whatsoever, including legal fees of the Agent and Lenders, payable by the Borrower under the Credit Agreement, Security and other Documents incurred and unpaid as at such date, plus all interest and costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and the Lenders, that are payable by the Borrower under the Credit Agreement, Security and other Documents, which continue to accrue or be incurred after July 30, 2019 until the Lenders are indefeasibly paid in full, being collectively referred to as the “**Indebtedness**”.
- B. The Borrower and the Guarantors have executed and delivered to the Agent and the Lenders certain security, guarantees and other documentation for the purpose of securing the obligations of the Borrower under the Credit Agreement, including the payment of the Indebtedness of the Borrower to the Lenders (the “**Security**”). Unless otherwise stated, all references to the “**Security**” include all security, agreements and guarantees (the “**Guarantees**”) provided by the Guarantors.
- C. KPMG Corporate Finance has been engaged by the Borrower as its financial advisor to assist the Borrower with the Sale Process and to secure financing to replace the Lenders’ credit facilities under the Credit Agreement.
- D. The Borrower is in default of its obligations (i) under Section 9.1(37)(iii) of the Credit Agreement to obtain an expression of interest or a non-binding letter of intent for the sale of the Group Party’s entire business, the Group Party’s European business or the Group Party’s European Kit Loan portfolio (“**LOI**”) on or before July 26, 2019, and (ii) under Section 9.1(44) of the Credit Agreement, to renew or extend the Red Rock Insurance Policy by July 30, 2019, until at least September 30, 2019 (the “**Existing Events of Default**”).
- E. As a result of its failure to obtain a LOI by July 26, 2019, the Borrower will not be able to satisfy certain other Sale Milestones in the Credit Agreement, namely the delivery of a Binding Offer by August 2, 2019 (Section 9.1(37)(iv)), the selection of an Acceptable Bid by August 9, 2019 (Section 9.1(37)(v)), and a closing of an Acceptable Bid by August 19, 2019 (Section 9.1(37)(vi)), each of which are additional anticipatory breaches of the Credit Agreement by the Borrower (collectively, the “**Additional Events of Default**”).

¹ Pursuant to Section 4.3 of the Credit Agreement, interest continues to accrue at the default rate as set out therein.

- 2 -

- F. As a result of the Existing Events of Default and the Additional Events of Default, the Borrower acknowledges receipt of the following from the Agent on behalf of the Lenders: (i) notice of default dated July 30, 2019 from the Agent, (ii) demand letter dated August 2, 2019, and (iii) notice of intention to enforce security dated August 2, 2019 (collectively, the “**Demand and Notices**”).
- G. The Borrower has requested, and the Agent and the Lenders have agreed, to (i) forbear from enforcing its and their respective rights under the Credit Agreement, Security and other Documents in respect of the Existing Events of Default, Additional Events of Default or Ancillary Events of Default from the Effective Time until the earlier of (i) the occurrence or existence of any Termination Event and (ii) September 6, 2019, as such date may be extended from time to time by the Agent in writing and on such terms and conditions, in the Agent’s sole and absolute discretion (the “**Forbearance Period**”), and (iii) continue to extend the Credits under the Credit Agreement while the Borrower, with the assistance of KPMG Corporate Finance, implements the Sale Process and seeks a refinancing of the Indebtedness owed to the Lenders under the Credit Agreement.
- H. The Borrower has also requested that the Lenders (i) waive (A) the restrictions under Sections 9.1(55) to (58) of the Credit Agreement in respect of the advance of further Kit Loans which are triggered by the failure of the Borrower to satisfy the Sale Milestones under Sections 9.1(37)(iii) to (vi) of the Credit Agreement, and (B) the requirement for a Binding Offer to be received by August 2, 2019 and compliance with Sections 9.1(37) (iii) and (iv) of the Credit Agreement as conditions under the Authorized Credit Amount Milestone Conditions, and (ii) acknowledge the Borrower’s proposed terms and conditions for the treatment of buyer’s deposits, credits and brokers’ commissions and proposed terms and conditions for the treatment of new deposits from potential buyers in the conduct of the Third Auction as set out in **Schedule “C”** and **Schedule “D”** hereto, respectively, and to be reflected in revised auction terms and conditions for the Third Auction (the “**NAFA Revised Auction Terms**”).
- I. The Agent and the Lenders have agreed during the Forbearance Period, (i) to forbear from enforcing its and their respective rights under the Credit Agreement, the Security, the other Documents, and/or under Applicable Law, and (ii) to continue extending the Credits to the Borrower, subject to and on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Interpretation**

All capitalized terms used herein (including in the Preamble and in the Recitals) shall have the respective meanings assigned thereto in the Credit Agreement (as hereinafter defined) unless otherwise defined herein.

- 3 -

2. Additional Definitions

As used herein, the following terms shall have the respective meanings given to them below:

- (a) “**Additional Events of Default**” shall have the meaning set forth in Recital E;
- (b) “**Ancillary Events of Default**” shall mean those defaults and Events of Default under Section 8.1(8), Section 8.1(30), Section 10.1(5) and Sections 10.1(4)(ii) and (iii) of the Credit Agreement that result solely from the Existing Events of Default and/or Additional Events of Default;
- (c) “**Agent**” shall have the meaning set forth in the Preamble;
- (d) “**Agreement**” means this agreement, including all Schedules and Exhibits hereto, as each may be amended, supplemented, restated or replaced from time to time;
- (e) “**Borrower**” shall have the meaning set forth in the Preamble;
- (f) “**Borrower’s Financial Advisor**” means KPMG Inc., in its capacity as the Borrower’s financial advisor;
- (g) “**Buyer Fees and Charges**” means all fees, charges (including, without limitation, applicable insurance, storage, packing/handling, and delivery and delivery related charges), commissions, accrued interest and other amounts payable by a buyer to the Borrower in connection with the purchase of pelts by such buyer at the Third Auction;
- (h) “**Buyers’ Receipts**” means the amount of monies received from Buyers for pelts sold by the Borrower, including at the Third Auction;
- (i) “**Credit Agreement**” means the third amended and restated credit agreement dated as of July 17, 2019 among the Borrower, the Agent and the Lenders, as amended by the first amendment agreement dated as of July 19, 2019, as such agreement may be further amended, restated, supplemented or otherwise modified from time to time;
- (j) “**Demand and Notices**” shall have the meaning set forth in Recital F;
- (k) “**Effective Time**” shall have the meaning set forth in Section 4 hereof;
- (l) “**Excess Buyers’ Receipts**” means the aggregate amount of Buyers’ Receipts on a cumulative basis received by the Borrower in excess of the cumulative amount of Buyers’ Receipts forecasted in the Cash Flow Forecast at the end of each week ending August 30, 2019 and September 6, 2019;
- (m) “**Existing Events of Default**” shall have the meaning set forth in Recital D;

- 4 -

- (n) “**Forbearance Period**” shall have the meaning set forth in Recital G;
- (o) “**Gross Auction Proceeds**” means the aggregate of the “hammer price” for all pelts sold at the Third Auction, together with any private treaty sales of pelts available for sale at the Third Auction through August 29, 2019, before any deduction or adjustments of any kind whatsoever;
- (p) “**Guarantees**” shall have the meaning set forth in Recital B;
- (q) “**Indebtedness**” shall have the meaning set forth in Recital A;
- (r) “**Insolvency Statutes**” shall mean the *Winding-up and Restructuring Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), any corporate statute in respect of any arrangement or compromise of debt, and any other foreign bankruptcy, insolvency, or analogous statutes or laws;
- (s) “**LOI**” shall have the meaning set forth in Recital D;
- (t) “**NAFA Revised Auction Terms**” shall have the meaning set forth in Recital H;
- (u) “**Security**” shall have the meaning set forth in Recital B;
- (v) “**Target Gross Auction Proceeds**” means Gross Auction Proceeds in an amount equal to US\$53.0 million; and
- (w) “**Termination Event**” shall have the meaning set forth in Section 11 hereof.

3. **Forbearance.**

Subject to the conditions set out in Section 4 below, and the rights of the Agent and the Lenders upon the occurrence of a Termination Event, and notwithstanding the terms and conditions of the Credit Agreement, during the Forbearance Period, the Agent and the Lenders will refrain from (i) terminating the Credits, in whole or in part; and (iii) enforcing any other rights and remedies under the Credit Agreement, the Security, any other Document and/or under Applicable Law as a result of the Existing Events of Default, Additional Events of Default or the Ancillary Events of Default.

4. **Conditions Precedent.**

This Agreement and the Agent’s and the Lenders’ consent and agreement to continue the Credits to the Borrower as set out herein, shall become effective as of 5:00 p.m. (Toronto time) on the date (the “**Effective Time**”) on which all of the following conditions precedent have been met (or waived) as determined by the Agent, in its sole and absolute discretion; provided, however, that the Effective Time shall occur by no later than **5:00 p.m. (Toronto time) on August 14, 2019:**

- (a) Receipt by the Agent of a copy of this Agreement, duly executed by the Borrower, each of the Guarantors, the Agent and the Lenders.

- 5 -

- (b) No defaults shall have occurred under this Agreement, the Credit Agreement, the Security or any other Document, except for the Existing Events of Default, the Additional Events of Default and the Ancillary Events of Default.
- (c) No material adverse change in the business, financial condition or affairs or assets of the Borrower or any of the Guarantors shall have occurred since the original date of the Credit Agreement, being July 17, 2019.
- (d) Receipt by the Agent of all required corporate documents and certificates from the Borrower and each of the Guarantors, in form and substance satisfactory to the Agent, as the Agent may request.
- (e) KPMG Corporate Finance shall have confirmed to the Agent in writing that the data room has been established for the Sale Process with respect to the Group Party's European business including, details of the Kit Loans portfolio documentation for the Group Party's European business, and for any refinancing, and to the best of its knowledge, the information contained in the data room is complete and up to date, subject to any additional requests from the potential buyers or other interested persons.
- (f) The Agent shall have received an executed acknowledgement of receipt of the Demand and Notices and consent to immediate enforcement from the Borrower, each in form and substance satisfactory to the Agent, in its sole and absolute discretion.
- (g) The Agent shall have received an executed acknowledgement of receipt of demands and notices of intention to enforce security and consent to immediate enforcement from each of NAFA Properties Inc., North American Fur Producers Inc. and such other Guarantors as the Agent may require, each in form and substance satisfactory to the Agent in its sole and absolute discretion.
- (h) The Agent shall have received an updated Business Plan and an updated March 2020 Cash Flow Forecast.
- (i) The Agent shall have received from the Borrower and the Guarantors such documentation and confirmations relating to the CCC Agreement and related arrangements as the Agent may request.
- (j) NAFA Polska sp. zo.o. shall have executed and delivered a written confirmation, in form and substance satisfactory to the Agent, not to file a motion for the deregistration of the existing Polish pledge agreements entered into on or about November 26, 2014 any earlier than the date which is 1.5 year after the Polish security documents delivered pursuant to Section 7.2(1) of the Credit Agreement have been registered with the District Court.

- 6 -

5. **Covenants of the Borrower.**

In consideration of the forbearance from the Lenders provided for herein, each of the Borrower and the Guarantors hereby covenants and agrees to do or cause to be done the following:

- (a) Provide written notice to the Lenders as soon as it becomes aware that the aggregate amount owing by the Borrower to the Lenders at any time under the Operating Credit is greater than the amount permitted under Section 2.1(i) of the Credit Agreement.
- (b) Obtain a LOI acceptable to the Lenders, in their sole and absolute discretion on or before August 26, 2019.
- (c) Provide copies of any refinancing expression of interest or non-binding letter of intent received forthwith upon receipt.
- (d) All disbursements shall be reviewed by the Borrower's Financial Advisor to confirm compliance with the Cash Flow Forecast and the list of weekly disbursements provided to the Borrower's Financial Advisor by the Borrower at the beginning of each week and the Borrower agrees that the Borrower's Financial Advisor shall report to the Agent with respect to its review and the Borrower's compliance therewith.
- (e) Obtain Gross Auction Proceeds from the Third Auction of at least the amount of the Target Gross Auction Proceeds, as certified by the Borrower's President, such certificate to be delivered to the Agent by no later than August 30, 2019.
- (f) Subject to Schedule "D", all Gross Auction Proceeds, together with all Buyer Fees and Charges, paid to the Borrower or on the Borrower's behalf, shall be deposited into one or more bank accounts with the Agent that are subject to the CCC Agreement, to be treated in accordance with the terms of the CCC Agreement.
- (g) Not purchase any pelts for its own account.
- (h) Put into place the NAFA Revised Terms of Auction for the conduct of the Third Auction and conduct the Third Auction in accordance with those terms.
- (i) Deliver to the Agent on or before August 30, 2019, an updated Business Plan and updated March 2020 Cash Flow Forecast.
- (j) Renew or extend the Red Rock Insurance Policy by August 30, 2019, until at least September 30, 2019.
- (k) The Borrower shall cause to be delivered to the Agent on or before August 19, 2019, an opinion from Domański Zakrzewski Palinka sp.k., Polish counsel for the Borrower, covering such matters relating to NAFA Polska sp. zo.o., the Documents executed and delivered by NAFA Polska sp. zo.o. and such other matters, in form and substance satisfactory to the Agent, acting reasonably.

- 7 -

6. Credit Availability Restrictions

Notwithstanding anything in the Credit Agreement, including Section 2.1(i) (as amended herein), or this Agreement, at all times during weeks ending August 30, 2019 and September 6, 2019, the maximum availability under the Operating Credit shall be restricted to a maximum aggregate amount equal to the amount of aggregate disbursements set out in the Cash Flow Forecast for such week, with all such disbursements to be reviewed by the Borrower's Financial Advisor in accordance with Section 5(d).

7. Waivers.

- (a) From the Effective Time and only during the Forbearance Period (as it may be extended in writing by the Lenders at the Lenders' sole and absolute discretion), the requirements under sections 9.1(55) to (58) of the Credit Agreement of the Borrower not to make any further Kit Loans if certain Sale Milestones have not been satisfied or waived by the Lenders, are hereby temporarily waived.
- (b) From and after the Effective Time, the conditions under Section 1.1.10(1), Section 1.1.10(2) and Section 1.1.10(5) of the Credit Agreement in respect of the Authorized Credit Amount Milestone Conditions are hereby waived.
- (c) From the Effective Time and only during the Forbearance Period (as it may be extended in writing by the Lenders at the Lenders' sole and absolute discretion), the condition under Section 2.2(v) of the Credit Agreement is hereby temporarily waived.

8. Amendments to Credit Agreement.

On the Effective Time, the Credit Agreement is hereby amended as follows:

- (a) The definition of "Agent" in Section 1.1.3 of the Credit Agreement is hereby deleted and replaced with the following:

1.1.3. Agent" means CIBC, in its capacity as Agent for the Lenders hereunder, or any successor Agent appointed pursuant to Section 11.9.

- (b) The definition of "Authorized Credit Amount" in Section 1.1.9 of the Credit Agreement is hereby deleted and replaced with the following:

"1.1.9. Authorized Credit Amount" means (i) U.S.\$58,000,000, (ii) commencing on August 2, 2019, provided that the Authorized Credit Amount Milestone Conditions have been satisfied or waived, as confirmed by the Agent in writing, U.S.\$60,000,000, (iii) commencing on August 30, 2019 until September 6, 2019, U.S.\$53,000,000, less any Excess Buyers' Receipts, and (iv) commencing on September 7, 2019, U.S.\$42,000,000, less any Excess Buyers' Receipts, less in each case of clauses (i) to (iv) above, any mandatory repayments and permanent reductions pursuant to Section 3.2, without duplication.

- 8 -

- (c) The following definition of “Business Plan” is hereby added to the Credit Agreement as new Section 1.1.19A as follows:

1.1.19A “Business Plan” means a consolidated business plan of the Group Parties through to the period ending March 31, 2020, which assumes (i) no sale of the Group Party’s European business or Group Party’s European Kit Loan portfolio business, and (ii) the sale of the Group Party’s European business or at a minimum the sale of the Group Party’s European Kit Loan portfolio, in each case in form and substance satisfactory to the Lenders, in their sole and absolute discretion.

- (d) The phrase “(including by the March 2020 Cash Flow Forecast if acceptable to the Lenders in their sole discretion)” is hereby deleted from the definition of “Cash Flow Forecast” in Section 1.1.23 of the Credit Agreement.

- (e) The definition of “March 2020 Cash Flow Forecast” in Section 1.1.89 of the Credit Agreement is hereby deleted and replaced with the following:

“1.1.89 “March 2020 Cash Flow Forecast” means consolidated financial forecasts through to the period ending March 31, 2020 (including an estimate of the Lenders’ security position throughout the period), which assume (i) no sale of the Group Party’s European business or Group Party’s European Kit Loan portfolio business, and (ii) the sale of the Group Party’s European business or at a minimum the sale of the Group Party’s European Kit Loan portfolio, in each case in form and substance satisfactory to the Agent in its sole and absolute discretion.

- (f) The first sentence of Section 2.1(i) is hereby deleted and replaced with the following:

(i) the Operating Lenders hereby confirm the continuance of an operating credit facility (the “Operating Credit”) in favour of the Borrower, in a maximum aggregate principal amount equal at any time to the lesser of (a) the Authorized Credit Amount at such time, (b) the amount of the Borrowing Base then in effect;

- (g) The phrase “(the “March 2020 Cash Flow Forecast”)” is hereby deleted from Section 9.1(42) of the Credit Agreement.

- (h) Section 9.1(43) of the Credit Agreement is hereby deleted and replaced with the following:

(43) Deliver to the Agent, on or before August 30, 2019, an updated Business Plan and an updated March 2020 Cash Flow Forecast.

- (g) Section 9.1(49) of the Credit Agreement is hereby deleted and replaced with the following:

(49) By no later than August 30, 2019, pay all accrued and unpaid fees and expenses of (i) the Lenders’ legal counsel (including foreign local counsel) and its

- 9 -

consultant, Alvarez & Marsal Canada ULC, and (ii) the Borrower's legal counsel (including foreign local counsel), Borrower's Financial Advisor and sales advisor, KPMG Corporate Finance.

- (h) Section 9.1(64) of the Credit Agreement is hereby deleted and replaced with the following:

(64) After the conduct of the Third Auction and on or before September 6, 2019, deliver an updated Business Plan and updated March 2020 Cash Flow Forecast to the Lenders, each in form and substance satisfactory to the Lenders, in their sole and absolute discretion.

9. **Representations and Warranties.**

Each of the Borrower and the Guarantors represents and warrants to the Lenders that:

- (a) Each of the Borrower and the Guarantors is a corporation or limited liability company, as applicable, duly organized or formed, as applicable, validly existing and, to the extent such concept applies, in good standing under the laws of its jurisdiction of incorporation or formation, as applicable. Each of the Borrower and the Guarantors has all requisite corporate or other organizational power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and to carry out the transactions contemplated hereby.
- (b) The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of each of the Borrower and the Guarantors that is a party hereto. The execution, delivery and performance by each of the Borrower and the Guarantors of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any provision of any law or any governmental rule or regulation applicable to each of the Borrower and the Guarantors, the constating documents of each of the Borrower and the Guarantors or any order, judgment or decree of any court or other agency of government binding on each of the Borrower and the Guarantors, (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of each of the Borrower and the Guarantors, other than any such conflict, breach or default caused by the notices of default and notices of intention to enforce delivered by the Agent and Lenders as referenced herein, (iii) result in or require the creation or imposition of any Security Interest upon any of the properties or assets of any of the Borrower and the Guarantors (other than any Security created under any of the new security to be grantor in favor of the Agent and Lenders), or (iv) require any approval of stockholders or any approval or consent of any person, except for such approvals or consents which will be obtained on or before the Effective Time and disclosed in writing to the Agent.

- 10 -

- (c) The execution, delivery and performance by each of the Borrower and the Guarantors of this Agreement and the consummation of the transactions contemplated hereby do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, provincial, state or other governmental authority or regulatory body except such as have been obtained and are in full force and effect.
- (d) This Agreement has been duly executed and delivered by each of the Borrower and the Guarantors and is the legally valid and binding obligation of each such party, enforceable against each such party in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.
- (e) The representations and warranties contained in the Credit Agreement and each of the Documents are and will be true, correct and complete in all material respects on and as of the Effective Time to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date, and each of the agreements and covenants in the Credit Agreement and the Documents is hereby reaffirmed with the same force and effect as if each were separately stated herein and made as of the date hereof.
- (f) As of the date hereof, the Borrower has complied with all of the terms and conditions of the Credit Agreement, except as set out in subsection 4(b) of this Agreement.
- (g) The Agent and the Lenders' security interests, mortgages and charges in the collateral subject to the Security continue to be valid, binding, and enforceable first-priority security interests which secure the Indebtedness and all other obligations secured thereunder, subject to Permitted Encumbrances.

10. **Confirmations, Acknowledgements and Consents.**

- (a) Each of the Borrower and Guarantors confirms, acknowledges and agrees that:
 - (i) the Indebtedness owing by the Borrower to the Lenders under the Credit Agreement as at July 30, 2019, is set out in **Schedule "A"** hereto and none of the Borrower or the Guarantors have any rights of compensation, off-set, defenses, claims or counterclaims with respect to any of the Indebtedness and each of the Guarantees remain valid and enforceable, free from any rights of compensation, off-set, defenses, claims or counterclaims of any kind whatsoever;

- 11 -

- (ii) the Security remains in full force and effect, continues to secure all of the obligations and the indebtedness of the Borrower and Guarantor, as applicable, and is enforceable in accordance with its terms;
 - (iii) the Existing Events of Default, Additional Events of Default and Ancillary Events of Default have occurred and are continuing;
 - (iv) notwithstanding anything in this Agreement or the Lenders' willingness to forbear in accordance with the terms of this Agreement, the Lenders do not, in any way, waive any of the Existing Events of Default, Additional Events of Default or Ancillary Events of Default nor do they renounce any of their respective rights pursuant to the Documents or release any Security and expressly reserves their respective rights in respect thereof such that nothing herein shall be interpreted as constituting such a waiver, renunciation or release;
 - (v) except as provided for under this Agreement, neither the Agent nor any Lender has made any representation to any Borrower or any Guarantor with respect to any other accommodation in connection with the Credit Agreement or any of the other Documents;
 - (vi) the Cash Flow Forecast referenced in this Agreement is the Cash Flow Forecast attached as **Schedule "B"** to the Credit Agreement, which is an amendment to the Cash Flow Forecast attached as Schedule 1.1.23 to the Credit Agreement; and
 - (vii) the Recitals set out above are true, correct and are hereby incorporated into this Agreement.
- (b) The Agent and Lenders acknowledge that in respect of the conduct of the Third Auction, the Borrower may, after the date hereof, deposit new cash deposits paid to the Borrower after the date hereof by potential buyers of pelts at the Third Auction into a segregated non-interest bearing bank account of the Borrower with the Agent, subject to the terms and conditions set out in **Schedule "D"** hereto.

11. **Termination Event.**

The Lenders reserve their rights at their sole option to terminate the forbearance contained in Section 3 hereof, and to immediately, without any further notice of any kind to the Borrower, any of the Guarantors, or any other Person, to terminate the Credits and enforce the Security against the Borrower and to pursue the Guarantees, and enforce on the Security granted by the Guarantors, upon the occurrence of any one or more of the following events (individually, a "**Termination Event**"):

- (a) subject to paragraph (b) below, if the Borrower or any Guarantor fails to comply with any of the terms and conditions of this Agreement, the Credit Agreement, or any other Document, as the case may be, including, without limitation, the

- 12 -

covenants set out in Section 5 hereof, which failure in case shall not, notwithstanding any provision in the Credit Agreement or any other Document to the contrary, be subject to any cure period;

- (b) if, at any time or for any reason, the aggregate amount owing by the Borrower to the Lenders under the Operating Credit is greater than the limitation set forth in Section 2.1(i) of the Credit Agreement (as amended hereby) or Section 6 herein;
- (c) if any representation, warranty or other statement made or deemed to be made in this Agreement, the Credit Agreement, the Security, any other Documents or in any of the documents to be delivered to the Agent pursuant to this Agreement by the Borrower or any Guarantor shall prove untrue in any material respect;
- (d) if any action is taken by or against or consented to by the Borrower or any Guarantor to wind-up, dissolve or liquidate or to liquidate any of their respective property, assets or undertaking or to institute proceedings to be adjudicated a bankrupt or insolvent or consent to the institution of bankruptcy or insolvency or similar proceedings against any one or either of them or file a petition or consent seeking reorganization or relief from creditors or take or commence any other steps or proceedings under any one or more of the Insolvency Statutes, including, without limitation, the filing of a notice of intention to make a proposal, or the appointment of a receiver, receiver and manager, interim receiver or trustee or similar official in respect of the Borrower or any Guarantor or any of their respective assets;
- (e) if the Borrower or any Guarantor sells, transfers or assigns or otherwise disposes of (other than Inventory or non-material assets sold in the ordinary course of business for fair market value) or grants a charge, pledge, mortgage or security interest in any of their respective property, assets or undertaking or enters into any agreement to do so other than as specifically contemplated in this Agreement or the Credit Agreement;
- (f) if any creditor or encumbrancer of the Borrower or any Guarantor takes possession of a material portion of any of their respective property or assets or if distress or execution is levied or enforced against the property or assets of the Borrower or any Guarantor or the Borrower or any Guarantor shall cease or threaten to cease to carry on its business;
- (g) if the Borrower or any Guarantor contests or denies in any manner the legality, validity, binding nature or enforceability of this Agreement, the Credit Agreement, the Security, any other Document or any liabilities and obligations to the Lenders thereunder or relating thereto;
- (h) if the assets and property of the Borrower or any Guarantor or any other property in the possession or control of the Borrower or any Guarantor is removed from the premises out of which of it operates, or where they are customarily stored, out of the ordinary course of business other than as specifically contemplated in this Agreement or with the prior written consent of the Agent; or

- 13 -

- (i) if the Agent determines, in its sole and absolute discretion, that there is a material adverse change in the financial condition, operations or assets of the Borrower or any Guarantor since July 17, 2019.

12. **Remedies upon Termination Event.**

Upon the occurrence of a Termination Event, the Agent may declare the Forbearance Period to be terminated (provided that in the case the occurrence of a Termination Event in respect of those matters contemplated by paragraph 11(d), 11(f) or 11(g) above, the Forbearance Period shall automatically terminate), and the Lenders shall be entitled, without further notice or demand, to immediately terminate the Credits and enforce the Security against the Borrower and to pursue the Guarantees, and enforce on the Security granted by the Guarantors, and:

- (a) all of the Indebtedness shall be immediately due and payable without further notice, presentment, demand or request and the Agent and the Lenders may proceed to enforce the Security;
- (b) the Borrower and each of the Guarantors hereby consents to the appointment of a receiver, receiver and manager or interim receiver of its assets, property and undertaking;
- (c) in the event that the Agent or Lenders commence the enforcement of the Security, the Borrower and each of the Guarantors agrees to immediately surrender possession of any collateral charged by the Security to such creditor or any receiver, receiver and manager, interim receiver or agent appointed by the Agent or Lenders; and
- (d) any or all of the rights and remedies available to the Lenders under the Security or otherwise at law or in equity may be immediately exercised.

All of such rights may be exercised by the Agent and Lenders notwithstanding any proceedings that may be pending under one of Insolvency Statutes.

13. **Expenses.**

Notwithstanding and in addition to any like provision in the Credit Agreement, the Security or any other Document, the Borrower shall pay all of the Agent and Lenders' costs, charges and expenses (including, without limitation, legal fees on a full indemnity basis) in connection with the negotiation, preparation of, registration or amendment of this Agreement, the perfection, opposability or preservation of the Security or any other Document, the enforcement by any means of any of the provisions hereof or under the Security or the exercise of any rights, powers or remedies hereunder or under the Security or any other Document, including, without limitation, all such costs, charges and expenses in connection with taking possession of any of the collateral granted as Security in support of the Indebtedness, carrying on the Borrower's business, collecting the Borrower's accounts and taking custody of, preserving, repairing, processing, preparing for disposition and disposing of any of the collateral granted as Security in support of the Indebtedness,

- 14 -

together with interest on such costs, charges and expenses from the dates incurred to the date of payment at the rate stated in the Credit Agreement.

14. **Amendments to the Credit Agreement and Security.**

The terms and conditions of the Credit Agreement are amended to the extent required to provide for the provisions set forth in this Agreement. Furthermore, each of the Borrower and the Guarantors hereby acknowledges and agrees that (i) the Lenders hereby expressly reserve all of the rights created or granted by the Borrower and the Guarantors under the Security, (ii) all Security granted by the Borrower and the Guarantors will also secure the obligations set forth in this Agreement and (iii) each Guarantor confirms that the guarantee(s) granted by each such Guarantor continues in full force and effect and hereby ratifies and confirms its obligations under such guarantee(s).

15. **Credit Agreement and Security in Effect.**

Except as specifically stated herein, this Agreement shall not constitute (a) a modification or alteration of the terms, conditions or covenants of the Credit Agreement, the Security or any other Document or any other document, or (b) a waiver, release or limitation upon the exercise by the Agent and Lenders of any of the rights, legal or equitable, thereunder. Except to the extent amended by this Agreement, the Credit Agreement, the Security and the other Documents shall continue in full force and effect in accordance with the provisions thereof and all documents issued or granted in connection therewith are hereby ratified and confirmed and shall continue in full force and effect. Subject to the terms and conditions hereof, the Lenders reserve any and all rights and remedies which it has had, has or may have had under the Credit Agreement, the Security, any other Document and any other documents and this Agreement shall not operate any novation of any Indebtedness or any obligations under the Credit Agreement, the Security or the other Documents.

16. **Reference to the Credit Agreement.**

The term "Agreement" in the Credit Agreement, and all references to the Credit Agreement in any Security shall mean the Credit Agreement, as amended hereby.

17. **Release.**

In consideration of the agreement of the Lenders to forbear and other covenants under this Agreement and for other good and valuable consideration (the receipt and adequacy of which are hereby acknowledged), each of the Borrower and the Guarantors, on behalf of itself, its subsidiaries and all of their respective officers, directors, employees, agents, successors and assigns and anyone claiming through or under them (collectively, the "Releasers") do hereby release, remise and forever discharge the Agent and the Lenders (including its affiliates, associates, holding bodies corporate and subsidiaries and all officers, directors, employees, agents, successors and assigns and anyone claiming through or under it) of and from any and all claims and demands of every nature and kind at law or in equity or under any statute, actions, causes of action, suits, debts, dues, sums of money, damages, losses, indemnities and costs, which the Releasers or any one or more of them now have or ever had, can, shall or may have in respect of or in any way

- 15 -

arising out of or related to the dealings or transactions in respect of the Credit Agreement, the Security, any other Document, this Agreement, and any dealings with any of the Releasers relating to the Indebtedness and the Security, prior to the date hereof except for any obligations arising out of or related to this Agreement (collectively, the “**Released Claims**”), provided that such Released Claims shall not include any claims and demands to the extent they are determined by a court of competent jurisdiction by final and nonappealable judgement to have resulted from the gross negligence or wilful misconduct of the Agent or any Lender. The releases granted under this Section shall survive the termination of this Agreement.

18. **Other Agreements.**

In the event of an inconsistency between the provisions of this Agreement and the provisions of the Security or any other Document, the provisions of this Agreement shall govern and prevail; provided that, to the extent that either this Agreement or the Security or any other Document shall be silent in respect of any particular matter or issue, the Security, this Agreement or other Document, as the case may be, which is not silent shall govern with respect to such matter or issue.

19. **Further Assurances.**

The Borrower and each Guarantor hereby undertakes and agrees to execute and deliver such other documents, papers, matters and assurances as the Agent may require or request in connection with the transactions contemplated by this Agreement for the purpose of giving effect to this Agreement.

20. **Waiver.**

A waiver by the Lenders of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Agent. No waiver will be inferred from or implied by any failure to act or delay in acting by the Lenders in respect of any default, breach or non-observance or by anything done or omitted to be done by the Borrower. The waiver by the Lenders of any default, breach or non-compliance under this Agreement will not operate as a waiver of the Lenders’ rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

21. **Entire Agreement.**

This Agreement, together with the Credit Agreement, constitutes the entire agreement between the Lenders and the Borrower with respect to the subject matter hereof and replaces all prior agreements. For the avoidance of doubt, the Credit Agreement, as amended by this Agreement and subject to the terms and conditions herein, remains in full force and effect. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between such parties other than as expressly set forth herein. No modification or amendment of any provision of this Agreement shall in any event be effective unless the same shall be in writing and duly executed by the parties hereto or thereto and then such modification or amendment shall be effective only in the specific instance and for the purpose for which it was given.

- 16 -

22. **Severability.**

If any provision hereof is held to be illegal, invalid or unenforceable in any jurisdiction, such provision shall be deemed to be severed from the remainder of this Agreement with respect only to such jurisdiction and the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

23. **Miscellaneous.**

Unless expressly stated otherwise, all dollar amounts in this Agreement are in U.S. Dollars.

24. **Applicable Law.**

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

25. **Time.**

Time will in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder will operate as a waiver or implied waiver of this provision.

26. **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or electronic copy shall be effective as delivery of a manually executed counterpart of this Agreement.

27. **Acknowledgements.**

Each of the Borrower and Guarantors hereby acknowledges that:

- (a) it has carefully read and fully understood all of the terms and conditions of this Agreement;
- (b) it has consulted with, or had a full and fair opportunity to consult with, and has been advised by, fully competent counsel (independent counsel in respect of the Guarantors) in the negotiation, execution and delivery of this Agreement;
- (c) it has had a full and fair opportunity to participate in the drafting of this Agreement and that no provision of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of any party hereto having or being deemed to have structured, dictated or drafted such provision; and
- (d) it is freely, voluntarily, knowingly and intelligently entering into this Agreement.

- 17 -

**[THE BALANCE OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK;
SIGNATURE PAGES TO FOLLOW]**

S-1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Agent and Lender**

By: 
Name: **MARK CONZELMAN**
Title: **SENIOR VICE PRESIDENT**

HSBC BANK CANADA, as Lender

By: _____
Name:
Title:

**EXPORT DEVELOPMENT CANADA, as
Lender**

By: _____
Name:
Title:

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name:
Title:

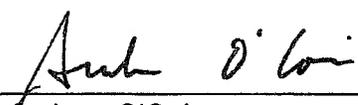
S-1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Agent and Lender**

By: _____
Name:
Title:

HSBC BANK CANADA, as Lender

By:  _____
Name: Andrew O'Coin
Title: Assistant Vice President

 _____
Name: JOHN R. BORCH
Title: ASSISTANT VICE PRESIDENT
HSBC BANK CANADA

**EXPORT DEVELOPMENT CANADA, as
Lender**

By: _____
Name:
Title:

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name:
Title:

S-1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Agent and Lender**

By: _____
Name:
Title:

HSBC BANK CANADA, as Lender

By: _____
Name:
Title:

**EXPORT DEVELOPMENT CANADA, as
Lender**

By:		
Name:	Sajjad Jafri	Christopher Wilson
Title:	Financing Manager	Senior Financing Manager

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name:
Title:

S-1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Agent and Lender**

By: _____
Name:
Title:

HSBC BANK CANADA, as Lender

By: _____
Name:
Title:

**EXPORT DEVELOPMENT CANADA, as
Lender**

By: _____
Name:
Title:

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
Name: *James L. Wilson*
Title: *President*

S-2

ACKNOWLEDGED AND AGREED as of the day and year first above written.

NORTH AMERICAN FUR PRODUCERS INC.

By: 
Name: Serge Lariviere
Title: Chairman

NORTH AMERICAN FUR AUCTIONS (US) INC.

By: _____
Name: _____
Title: _____

NAFPRO LLC

By: _____
Name: _____
Title: _____

NAFA POLSKA Sp.Zo.o.

By: _____
Name: _____
Title: _____

NAFA PROPERTIES INC.

By: _____
Name: _____
Title: _____

S-2

ACKNOWLEDGED AND AGREED as of the day and year first above written.

NORTH AMERICAN FUR PRODUCERS INC.

By: _____
Name: _____
Title: _____

NORTH AMERICAN FUR AUCTIONS (US) INC.

By: _____
Name: _____
Title: _____
Jouglas L. Anders
PRESIDENT

NAFPRO LLC

By: _____
Name: _____
Title: _____
Jouglas L. Anders
PRESIDENT

NAFA POLSKA Sp.Zo.o.

By: _____
Name: _____
Title: _____

NAFA PROPERTIES INC.

By: _____
Name: _____
Title: _____
Jouglas L. Anders
PRESIDENT

S-2

ACKNOWLEDGED AND AGREED as of the day and year first above written.

NORTH AMERICAN FUR PRODUCERS INC.

By: _____
Name:
Title:

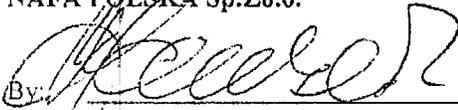
NORTH AMERICAN FUR AUCTIONS (US) INC.

By: _____
Name:
Title:

NAFPRO LLC

By: _____
Name:
Title:

NAFA POLSKA Sp.Zo.o.

By: 
Name: SEBASTIAN JANSEN
Title: SENIOR VICE PRESIDENT

NAFA PROPERTIES INC.

By: _____
Name:
Title:

S-3

NAFA PROPERTIES (US) INC.

By:
Name:
Title:

[Handwritten Signature]
Douglas L. Hansen
PRESIDENT

NAFA PROPERTIES STOUGHTON LLC

By:
Name:
Title:

[Handwritten Signature]
Douglas L. Hansen
PRESIDENT

3306319 NOVA SCOTIA LIMITED

By:
Name:
Title:

[Handwritten Signature]
Douglas L. Hansen
PRESIDENT

SCHEDULE "A"

INDEBTEDNESS
(as at July 30, 2019)

Credit	Amount
Operating Credit	USD \$55,776,083
Tranche A Credit	USD \$4,950,000
Hedge Credit	USD \$5,000,000*
Visa Credit	CAD \$144,000
Total Current Indebtedness (as at July 30, 2019)**	USD \$65,726,083 CAD \$144,000

* this amount represents the maximum Hedge Credit. Note that the actual amount outstanding under the Hedge Credit will depend upon mark to market rates (which may vary depending upon market conditions) as at any applicable settlement or termination date.

** together with all accrued interest thereon at the rate(s) determined in accordance with the Credit Agreement² and all costs, fees, expenses, charges and other amounts whatsoever, including without limitation, all legal fees and expenses of the Agent and Lenders, that are payable by the Borrower under the Credit Agreement, the Security Agreements and other Documents, incurred and unpaid as at July 30, 2019.

² Pursuant to Section 4.3 of the Credit Agreement, interest accrues at the default rate set out therein.

SCHEDULE "B"
AMENDED CASH FLOW FORECAST

Weekly Cash Flow Forecast						
For the period August 3, 2019 to September 6, 2019						
(USD)	Forecast 1 9-Aug-19	Forecast 2 16-Aug-19	Forecast 3 23-Aug-19	Forecast 4 30-Aug-19	Forecast 5 6-Sep-19	Forecast Total
Receipts						
Buyer Receipts - May Auction	759,783	925,744	925,744	235,970	667,838	3,515,079
Buyer Receipts - August Auction	-	-	1,390,900	4,011,473	13,505,933	18,908,307
Proceeds from Sale of Carlingview	-	-	-	7,045,917	-	7,045,917
HST Refund	-	1,307,478	-	281,955	-	1,589,433
Other	58,594	-	-	-	-	58,594
Total Inflow	818,376	2,233,222	2,316,644	11,575,316	14,173,772	31,117,330
Disbursements						
Long term debt financing and interest payments	-	48,035	-	39,727	57,869	145,631
Employee costs	70,009	428,157	139,235	557,652	75,000	1,270,053
Total occupancy costs	-	101,986	-	-	119,561	221,547
IT & administrative expenses	16,600	194,500	117,500	206,500	67,000	602,100
Consignor solicitation and collection expenses	1,070	36,370	70,000	-	-	107,440
Total grading and warehousing costs	19,993	40,684	46,100	20,748	-	127,525
Total auction and selling costs	-	-	300,000	100,000	-	400,000
Marketing expenses	635	42,800	-	-	50,000	93,435
Kit loans - Europe	491,154	2,357,445	1,131,554	1,103,005	1,384,425	6,467,582
Kit loans - North America	53,017	990,984	422,024	372,415	491,120	2,329,560
Auction payouts	123,159	772,347	-	-	-	895,506
GST/HST payments	-	-	-	200,000	-	200,000
Restructuring & sale process professional fees	25,000	-	-	468,479	-	493,479
Professional fees for Lender's counsel and financial advisor	-	-	-	1,147,001	-	1,147,001
Bank interest	3,979	287,514	-	-	379,981	671,474
Outstanding Commissions payments	-	218,241	-	363,510	297,713	879,463
Red Rock Insurance - annual premium	-	-	-	-	400,000	400,000
Total Outflow	804,617	5,519,062	2,226,413	4,579,035	3,322,668	16,451,795
Net cash flow	13,759	(3,285,840)	90,231	6,996,280	10,851,104	14,665,535
Opening bank cash balance	-	-	-	-	2,688,016	-
Term loan drawdown / (repayment)	-	3,000,000	-	-	(5,000,000)	(2,000,000)
Revolver draw / (repayment)	(13,759)	285,840	(90,231)	(4,308,265)	-	(4,126,415)
Closing bank cash balance	-	-	-	2,688,016	8,539,120	8,539,120
Cumulative Revolver Balance						
Opening balance	(4,126,415)	(4,112,656)	(4,398,496)	(4,308,265)	-	-
Revolver repayment / (draw)	13,759	(285,840)	90,231	4,308,265	-	-
Closing bank revolver balance	(4,112,656)	(4,398,496)	(4,308,265)	-	-	-
Loan Balance						
Term loan balance	(52,000,000)	(55,000,000)	(55,000,000)	(55,000,000)	(50,000,000)	(50,000,000)
Revolver balance	(4,112,656)	(4,398,496)	(4,308,265)	-	-	-
Total Facility balance	(56,112,656)	(59,398,496)	(59,308,265)	(55,000,000)	(50,000,000)	(50,000,000)
Total borrowing need (bank)	(56,112,656)	(59,398,496)	(59,308,265)	(52,311,984)	(41,460,880)	(41,460,880)
Add: Outstanding Cheques	(1,426,096)	-	-	-	-	-
Total borrowing need (book)	(57,538,753)	(59,398,496)	(59,308,265)	(52,311,984)	(41,460,880)	(41,460,880)

SCHEDULE "C"

NAFA REVISED AUCTION TERMS

PERMITTED PAYMENT AND APPLICATION OF OUTSTANDING BROKER COMMISSIONS AND PERMITTED APPLICATION OF OUTSTANDING PURCHASER CREDITS AT AUGUST AUCTION PROCESS

This section addresses how and when Purchasers with outstanding Purchaser/Buyer deposits, Purchaser overpayments, sale rebates payable and other credits directly attributed to a Purchaser as at July 26, 2019 in accordance with the Company's records (the "**Outstanding Purchaser Credits**"), and Outstanding Commissions (as defined below) to Brokers (together, the "**Outstanding Credits**"), are available to be applied in part or in full toward purchases of goods during the Third Auction. No other application or utilization of the Outstanding Credits shall be permitted at the Third Auction or any private treaty sales.

1. In the normal course of business, an agent acting for a third party for the purpose of purchasing goods at auction (a "**Broker**"), earns commissions ("**Commissions**") from a Purchaser or Buyer (as defined in the Conditions of Sale), and the Company may receive funds from a Purchaser on behalf of a Broker in respect of Commissions. This document addresses how and when Brokers with outstanding Commissions paid to the Company shall be able to receive full or partial payment from the Company in connection with the Company's Third Auction and any private treaty sales through August 29, 2019 for goods available at the Third Auction (together, the "**August Auction Process**").
2. Payments of Commissions which are outstanding to any Broker in accordance with the Company's records as at July 26, 2019 (including payments made to the Company by that date which may not yet have been applied to a Broker account) (the "**Outstanding Commissions**") will be paid to Brokers by the Company, up to the amount of the Broker's Outstanding Commissions as per the Company's records, in aggregate, as set out below.
3. A Broker who advises the Company during the Third Auction or in writing before the commencement of the Third Auction advising that it has Outstanding Commissions that it wishes to utilize at the August Auction Process, will be entitled to receive and apply the following credits against the Outstanding Commissions owing to such Broker as follows:
 - A) an inspection credit (the "**Inspection Credit**") in an amount equal to the lesser of (i) \$5,000 and (ii) the amount of the Outstanding Commissions owed to such Broker, which will be earned and paid in cash to the Broker promptly upon attendance by the Broker at the pre-auction inspection (or such later date as the Company may agree in its discretion). The Broker may elect by written notice to have its Inspection Credit transferred to a Purchaser represented by such Broker, to be applied against the purchase of goods at the August Auction Process by such Purchaser. The amount of any Inspection Credit paid to a Broker or transferred to a Purchaser in accordance with this section 3(A) shall reduce the amount of the Outstanding Commissions owed to such Broker by the amount of the Inspection Credit so paid or transferred;
 - B) an attendance credit (the "**Attendance Credit**") equal to the lesser of (i) \$15,000 and (ii) the amount of the Outstanding Commissions owed to such Broker, if the Broker facilitates purchases on its Broker's account, for one or more Purchasers for whom the Broker is acting as agent at the August Auction Process, of at least \$20,000 in the aggregate in goods offered for sale at the August Auction Process. The Attendance Credit would be earned and paid to the Broker in cash promptly following the conclusion of the August Auction Process (or such

later date as the Company may agree in its discretion). The Broker may elect by written notice to have its Attendance Credit transferred to a Purchaser represented by such Broker, to be applied against the purchase of goods at the August Auction Process by such Purchaser. The amount of the Attendance Credit paid to a Broker or transferred to a Purchaser in accordance with this section 3(B) shall reduce the amount of the Outstanding Commissions owed to such Broker by the amount of the Attendance Credit so paid or transferred; and

- C) an auction earned credit (the "**Broker Auction Earned Credit**") in the amount calculated in accordance with the Auction Earned Credit Formula in section 5 below. The Broker Auction Earned Credit would be earned and payable to such Broker in cash promptly following the completion of the August Auction Process and completion of the sale (i.e. payment in full for the purchased goods) and upon the determination by the Company of the Gross Auction Proceeds (as defined below). The Broker may elect by written notice to have its Broker Auction Earned Credit transferred to a Purchaser represented by such Broker, to be applied against the purchase of goods at the August Auction Process by such Purchaser. The amount of any Broker Auction Earned Credit paid to a Broker or transferred to a Purchaser in accordance with this section 3(C) (the "**Broker Auction Earned Credit Payment**") shall reduce the amount of the Outstanding Commissions owed to such Broker by the amount of the Broker Auction Earned Credit Payment so paid or transferred. The balance of the Broker Auction Earned Credit, if any, remaining after deducting the Broker Auction Earned Credit Payment (the "**Broker Auction Earned Credit Balance**") will be applied as set out below.
4. A Purchaser whose account is in good-standing and who advises the Company at the August Auction Process or in writing before the commencement of the Third Auction, that it has Outstanding Purchaser Credits that it wishes to utilize at the August Auction Process (an "**Electing Purchaser**"), will be entitled to apply against its purchase of goods at the August Auction Process, an auction earned credit (the "**Purchaser Auction Earned Credit**" and the Broker Auction Earned Credit, being, an "**Auction Earned Credit**") in the amount calculated in accordance with the Auction Earned Credit Formula in section 5 below, in the manner set out in section 7 below.
5. An Auction Earned Credit shall be calculated in accordance with the following formula:

Auction Earned Credit Formula:

August Auction Process Purchases ("P") (Hammer value)	x	Auction Earned Credit % (% of August Auction Process Purchases)	=	Auction Earned Credit \$
$P \leq \$500,000$		1.50% x Factor		A
$\$500,000 < P \leq \$1,000,000$		3.00% x Factor		B
$P > \$1,000,000$		4.50% x Factor		C
= Auction Earned Credit (A+B+C)				
Target Gross Auction Proceeds for the August Auction Process are set in the amount of \$53,000,000. Auction Earned Credit is adjusted, as applicable, by a "Factor" as outlined above. The Factor is equal to the actual Gross Auction Proceeds as a % of Target Gross Auction Proceeds (being the aggregate of the "hammer price" for all goods sold at the August Auction Process, before any deduction or adjustments of any kind whatsoever.)				

Forthwith following the conclusion of the August Auction Process, the Company will provide each Broker and Electing Purchaser with a statement confirming the Auction Earned Credit for each such Broker and Electing Purchaser.

6. The amount of any Broker Auction Earned Credit Balance in respect of a Broker, after deducting the applicable Broker Auction Earned Credit Payment, will be applied against any Outstanding Purchaser Credits of a Purchaser represented by such Broker, as follows:
 - A) Provided the Purchaser's account is in good-standing, the Broker Auction Earned Credit Balance will be applied to reduce the amount owing by such Purchaser for purchases of goods at the August Auction Process by such Purchaser, up to the amount of the Outstanding Purchaser Credits, if any, for such Purchaser. The amount of any Broker Auction Earned Credit Balance applied against the purchase of goods by such Purchaser shall reduce the amount of the Outstanding Purchaser Credits of such Purchaser in the amount of such Broker Auction Earned Credit Balance so applied.
 - B) The Broker Auction Earned Credit Balance cannot be utilized or applied in any matter other than against amounts owing by a Purchaser for August Auction Process purchases of goods in accordance with the terms set out herein. For greater certainty, all Broker Auction Earned Credit Balances have no cash value.
7. The amount of any Purchaser Auction Earned Credit will be applied as follows:
 - A) Provided the Electing Purchaser's account is in good-standing, the Purchaser Auction Earned Credit will be applied to reduce the amount owing by such Electing Purchaser for purchases of goods at the August Auction Process by such Electing Purchaser, up to the amount of the Outstanding Purchaser Credits, if any, for such Electing Purchaser. The amount of any Purchaser Auction Earned Credit applied against the purchase of goods by such Electing Purchaser shall reduce the amount of the Outstanding Purchaser Credits of such Electing Purchaser in the amount of such Auction Earned Credit so applied.
 - B) The Purchaser Auction Earned Credit cannot be utilized or applied in any matter other than against amounts owing by an Electing Purchaser for August Auction Process purchases of goods in accordance with the terms set out herein. For greater certainty, all Purchaser Auction Earned Credits have no cash value.
8. Outstanding Purchaser Credits cannot be utilized or applied to August Auction Process purchases by a Purchaser in any other manner than through the use of the Broker Auction Earned Credit Balance and the Purchaser Auction Earned Credit as set out herein.

For greater certainty, the amount of Inspection Credit, Attendance Credit and Broker Auction Earned Credit available to be applied against the Outstanding Commissions of any Broker and the amount of the Broker Auction Earned Credit Balance and Purchaser Auction Earned Credit available to be applied against purchases of goods at the August Auction Process by any Purchaser in accordance with the terms herein, in each case cannot exceed the amount of the Outstanding Commissions owed to such Broker or the Outstanding Purchaser Credits available to such Purchaser, as applicable. To the extent any Outstanding Credit remains outstanding after application of the credits as set out herein, such amounts will continue to be an obligation owing by the Company to the Broker and/or Purchaser, as applicable. Following the conclusion of the August Auction Process, the Company will communicate its plan to pay/make available remaining Outstanding Credits.

SCHEDULE "D"

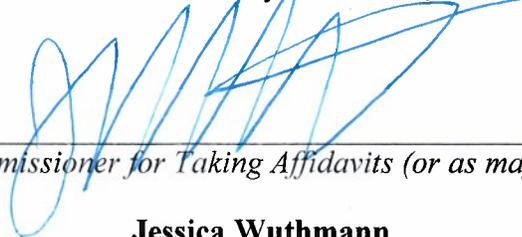
TREATMENT OF NEW BUYER'S DEPOSITS

The Agent and the Lenders acknowledge that in respect of the conduct of the Third Auction, the Borrower may, after the date of this Agreement, deposit new cash deposits paid to the Borrower after the date of this Agreement by potential buyers of pelts at the Third Auction (each, a "**New Deposit**" and collectively, the "**New Deposits**") into a segregated non-interest bearing bank account held by the Borrower with the Agent outside the CCC Agreement (the "**New Deposits Account**"), subject to the following terms and conditions:

- (a) The New Deposits Account is not a trust account and shall at all times be subject to the Lenders' Security;
- (b) The Borrower may only withdraw funds from the New Deposits Account to refund a potential buyer its New Deposit or portion thereof (as applicable) if:
 - (i) such potential buyer purchased pelts (the "**Purchased Pelts**") at the Third Auction and has paid the Borrower the full amount of the Pelts Purchase Price (inclusive of the New Deposit paid by such potential buyer) by way of cash or letter of credit (which has been drawn) by October 31, 2019, but the Purchased Pelts have not been delivered to such potential buyer (storage at the request of such potential buyer shall be deemed to constitute delivery for the purposes of this section), in which case the full amount of the applicable New Deposit shall be refunded to such potential buyer from the funds in the New Deposits Account;
 - (ii) such potential buyer purchased pelts at the Third Auction and has paid the Borrower the full amount of the Pelts Purchase Price (inclusive of the New Deposit paid by such potential buyer) by way of cash or letter of credit (which has been drawn) by October 31, 2019 and has received the Purchased Pelts but there is a balance remaining in the New Deposit paid by such potential buyer, in which case the amount of such balance shall be refunded to such potential buyer from the funds in the New Deposits Account;
 - (iii) such potential buyer does not purchase any pelts at the Third Auction, in which case the full amount of the New Deposit shall be refunded to such potential buyer promptly after completion of the Third Auction; or
 - (iv) the New Deposit paid by such potential buyer for Purchased Pelts is less than twenty five percent (25%) of the invoice value to be paid by Prompt Day for such Purchased Pelts, and on or before October 31, 2019, the Borrower has resold the applicable Purchased Pelts to another party, in which case the full amount of the applicable New Deposit shall be refunded to such potential buyer from the funds in the New Deposits Account;

- (c) The Borrower hereby irrevocably authorizes and directs the Agent to transfer from the New Deposits Account into any bank account held by the Borrower with the Agent which is subject to the CCC Agreement, the following:
- (i) the full amount of the applicable New Deposit immediately upon payment in full of the Pelts Purchase Price for the applicable Purchased Pelts sold at the Third Auction for which such New Deposit was made into the New Deposits Account (which has not been refunded to the applicable potential buyer in accordance with clause (b) above), written notice of which shall be immediately provided by the Borrower to the Agent;
 - (ii) the full amount of any New Deposit that is forfeited by a potential buyer, written notice of which shall be immediately provided by the Borrower to the Agent, and
 - (iii) all funds in the New Deposits Account on November 1, 2019;
- (d) Until the occurrence of any event set forth in clause (c) above, the Agent shall not be entitled to set-off funds in the New Deposits Account against any of the Indebtedness;
- (e) For greater certainty, no other amounts are permitted to be deposited in the New Deposits Account; and
- (f) **“Pelts Purchase Price”** for the purposes of this Schedule “D”, shall mean the purchase price for the pelts as determined at the Third Auction, without set-off, deduction, counterclaim or offset of any kind whatsoever, but for greater certainty, inclusive of all applicable taxes, accrued interest, fees and other charges to buyers, including applicable broker’s commissions earned in respect of the Purchased Pelts at the Third Auction (except to the extent that such commissions have been paid by the buyer directly to the broker in respect of such Purchased Pelts and satisfactory confirmation thereof has been provided by the buyer and broker).

This is Exhibit "E" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

September 19, 2019

VIA EMAIL

TO: NORTH AMERICAN FUR AUCTIONS INC., NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC, NAFA PROPERTIES (US) INC., NAFA POLSKA SP.ZO.O., and 3306319 NOVA SCOTIA LIMITED

65 Skyway Avenue
Rexdale, ON
M9W 6C7
Email: dlawson@nafa.ca

Attention: Mr. Doug Lawson, President

RE: Third Amended and Restated Credit Agreement dated as of July 17, 2019 among Canadian Imperial Bank of Commerce, as Agent (in such capacity, the “**Agent**”), the lenders party thereto (collectively, the “**Lenders**”), and North American Fur Auctions Inc. (the “**Borrower**”), as borrower, as amended by the First Amendment, the Forbearance Agreement, the First Forbearance Amendment Agreement and the Second Forbearance Amendment Agreement (as each term is defined below) (as may be further amended, restated or supplemented from time to time, the “**Credit Agreement**”)

Re: Notice of default and occurrence of Termination Event under the Forbearance Agreement (as defined below)

Dear Mr. Lawson:

Unless otherwise specified, all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement or the Forbearance Agreement, as applicable.

In addition to the Credit Agreement, reference is made herein to the following documents:

- (i) The First Amendment Agreement dated as of July 19, 2019 among the Borrower, the Agent and the Lenders, together with the confirmation of Guarantors appended thereto (the “**First Amendment**”);
- (ii) The Forbearance, Waiver and Second Amendment Agreement dated as of August 14, 2019 among the Borrower, the Guarantors, the Agent and the Lenders (as amended by the First Forbearance Amendment Agreement and the Second Forbearance Amendment Agreement (as each term is defined below), the “**Forbearance Agreement**”);
- (iii) The First Amendment Agreement to Forbearance Agreement and Third Amendment Agreement to Credit Agreement dated as of September 6, 2019 among the Borrower, the Guarantors, the Agent and the Lenders (the “**First Forbearance Amendment Agreement**”); and

- (iv) The Second Amendment Agreement to Forbearance Agreement and Fourth Amendment Agreement to Credit Agreement dated as of September 16, 2019 among the Borrower, the Guarantors, the Agent and the Lenders (the “**Second Forbearance Amendment Agreement**”).

As you are aware, certain Events of Default have occurred and are continuing under the Credit Agreement as more particularly described in the Forbearance Agreement. Pursuant to the Forbearance Agreement, the Lenders had agreed to forbear from exercising their rights and remedies in respect of the Existing Events of Default, the Additional Events of Default, the Ancillary Events of Default and the August Events of Default during the Forbearance Period (as each term is defined in the Forbearance Agreement), all as set out in and subject to the terms and conditions of the Forbearance Agreement.

Pursuant to the Forbearance Agreement, the Forbearance Period expires on the earlier of: (i) the occurrence or existence of a Termination Event, and (ii) 11:59 p.m. (Toronto time) on September 19, 2019. Further, under the Forbearance Agreement, upon the occurrence of a Termination Event, the Lenders, in their sole option, have the right to, among other things, terminate the Credits.

This notice is to formally advise the Borrower and the Guarantors that a Termination Event has occurred under the Forbearance Agreement and accordingly, the Forbearance Period is hereby terminated and all of the Credits are hereby immediately terminated.

Pursuant to Section 11 of the Forbearance Agreement, the following events, among others, are Termination Events:

- (i) if the Borrower or any Guarantor fails to comply with any of the terms and conditions of the Forbearance Agreement, the Credit Agreement or any other Document, as the case may be, which failure in case shall not, notwithstanding any provision in the Credit Agreement or any other Document to the contrary, be subject to any cure period; and
- (ii) if the Agent determines, in its sole and absolute discretion, that there is a material adverse change in the financial condition, operations or assets of the Borrower or any Guarantor since July 17, 2019.

Pursuant to Section 4(a) of the Second Forbearance Amendment, the Borrower covenanted to deliver to the Agent (and its advisors as requested by the Agent) by no later than September 18, 2019, written confirmation that Waygar (as defined therein) has received all applicable credit committee approvals in connection with the Potential Refinancing Transaction (as defined therein) on terms and subject to conditions precedent satisfactory to the Lenders in their sole and absolute discretion. No such confirmation has been received by the Agent by such date. Accordingly, pursuant to Section 11(a) of the Forbearance Agreement, a Termination Event has occurred under the Forbearance Agreement (the “**Waygar Termination Event**”).

In addition to the Waygar Termination Event, on September 16, 2019, the Agent was advised by the Borrower: (i) that the Netherlands Tax and Customs Administration (the “**NTCA**”) and other Dutch authorities are investigating certain mink breeders (which may be consignors to the Borrower) who have allegedly diverted income through intermediaries to accounts located in Luxembourg, and that the NTCA is also investigating the Borrower and other auction houses as part of such investigation (the “**Dutch Investigation**”); and (ii) that the Borrower has been advised

by Rabobank that in connection with the Dutch Investigation, funds in the bank accounts of the Borrower located in the Netherlands as at September 11, 2019 and funds in the bank accounts of the Borrower's indirect subsidiary, NAFA Europe B.V., in the aggregate total amount of approximately U.S. \$160,000, had been subject to sequestration.

On September 18, 2019, the Lenders were advised by counsel to the Borrower that another sequestration by the NTCA may have been imposed in the approximate amount of €1,000,000 (the "**Additional Sequestration**"), resulting in the Borrower being unable to access and remit those funds to three consignors to whom the Borrower owes Prompt Date Payments (the "**Missed Prompt Date Payments**").

On September 18, 2019, Dutch counsel to the Borrower/NAFA Europe B.V. advised the Agent that a letter had been received from a Dutch authority which indicated that the Dutch Investigation extends to funds paid into any foreign bank account and not just accounts domiciled in Luxembourg. In addition, Dutch counsel for the Borrower/NAFA Europe B.V. has advised the Agent that based upon interviews conducted by Dutch authorities of representatives of the Borrower and certain Group Parties, the scope of the Dutch Investigation may include: (i) potential allegations of irregularities in the conduct of fur auctions since as early of 2010 and the reporting of auction proceeds derived therefrom that are payable to Dutch mink farmers, and (ii) whether the Borrower has been involved in activities orchestrated to underreport income to Dutch mink farmers, more generally.

Pursuant to the Credit Agreement, a default by any Group Party to pay when due, whether by acceleration or otherwise, any indebtedness (other than under the Documents) in the aggregate principal amount greater than U.S.\$100,000 is an Event of Default. Accordingly, as a result of the Missed Prompt Date Payments, an immediate Event of Default has also occurred under the Credit Agreement, resulting in an additional Termination Event under Section 11(a) of the Forbearance Agreement (the "**Missed Prompt Date Payment Termination Event**").

Further, the Additional Sequestration, Missed Prompt Date Payments and the new developments in the Dutch Investigation result, in the Agent's view, to a material adverse change in the financial condition, operations or assets of the Borrower and/or Guarantors since July 17, 2019. Accordingly, pursuant to Section 11(i) of the Forbearance Agreement, an additional Termination Event has occurred under the Forbearance Agreement (such Termination Event, together with the Waygar Termination Event and the Missed Prompt Date Payment Termination Event, being the "**Existing Termination Events**").

As a result of the Existing Termination Events, pursuant to the Forbearance Agreement and Credit Agreement, all of the Credits are hereby immediately terminated and each of the Agent and Lenders hereby exercise their respective rights to set-off, combine, consolidate, merge, apply, and/or transfer all deposits, accounts and/or sums standing to the credit of the Borrower and/or Guarantors towards the satisfaction of the Indebtedness. Accordingly, and for greater certainty, no further Drawdowns, advances or other credits are available to the Borrower under any of the Credits.

Further, due to the termination of the Forbearance Period, the Lenders' forbearance with respect to the Existing Events of Default, the Additional Events of Default, the Ancillary Events of Default, the August Events of Default has been terminated and the Lenders are, among other things, immediately entitled to enforce all of their rights and remedies under the Credit Agreement,

including, without limitation, to enforce the Security against the Borrower and/or any of the Guarantors.

c.

S. Popoff & D. Ullmann (*Blaney McMurtry LLP, counsel to the Borrower and Guarantors*)
M. Chow, M. Laniel & A. Shalviri (*Blake, Cassels & Graydon LLP, counsel to the Agent*)

[remainder of page intentionally left blank]

DATED at Toronto, this 19th day of September, 2019.

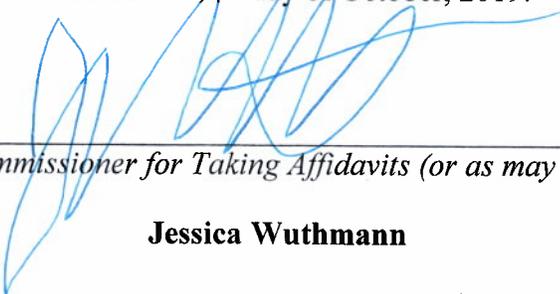
**CANADIAN IMPERIAL BANK OF
COMMERCE, in its capacity as Agent for
the Lenders**

Per: 

Name: Mark Conzelman

Title: Senior Vice President

This is Exhibit "F" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.



Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

[coat of arms]

Fiscal Information and Investigation Service

Dutch Tax and Customs Administration

OFFICIAL REPORT OF PREJUDGMENT ATTACHMENT BY GARNISHMENT (MODEL B)

Investigation: 64307 Mandarijn-C / 6064307

Document code IBN-007-04

Treating Public Prosecutor P. van de Kerkhof

Re Notice and official report of prejudgment attachment of bank balances
 NL69RABO0140623302 USD
 NL69RABO0140623302 EUR
 pursuant to Section 94a of the Dutch Code of Criminal Procedure

Defendant: NAFA Europe BV

PPS number 10/996562-19

OFFICIAL REPORT

I, the reporting officer, Tim Gijsberts, investigating officer and detective, employed by the Dutch Tax and Customs Administration/Fiscal Information and Investigation Service, Zwolle office, confirm that the following was attached before judgment: the balances in the bank accounts NL69RABO0140623302 USD and NL69RABO0140623302 EUR.

Place of the attachment: Zwolle

Day, date and time: Wednesday 11 September 2019 at approx. 14:00 h.

The attachment was levied:

- on the instructions of the Public Prosecutor, P. van de Kerkhof, affiliated with the National Public Prosecutor's Office in Rotterdam, PO Box: 9164, Postcode 3007 AD and city/town: Rotterdam
- outside the scope of a search

The attachment was levied against the following legal entity:

Name: NAFA Europe BV

Address: Tiendweg 4

Postcode + place of business: 3997MN 't Goy

Legal form: Incorporated enterprise

Listed in the Commercial Register under number: 12039042

Legal ground for the attachment:

This attachment is based on:

- the written leave to levy prejudgment attachment pursuant to Section 103 of the Dutch Code of Criminal Procedure

Purpose of the attachment:

The purpose of the attachment is to preserve the right of recovery of:

- a (maximum) fine of €830,000 to be imposed (Section 94a(1) Dutch Code of Criminal Procedure)

The garnishee

The attachment is hereby levied at:

Name: Coöperatieve Rabobank U.A.
 Address: PO Box 17100
 Postcode + place of business: 3500 HG Utrecht
 Chamber of Commerce registration number: 30046259

Assets attached before judgment:

The following assets are hereby attached before judgment: the bank balances in bank accounts NL69RABO0140623302 USD and NL69RABO0140623302 EUR held in the name of the defendant which he can claim from the garnishee, such as security for recovery of the claim as described above.

Should it not be possible to attach the aforementioned assets before judgment, then the defendant's and/or of the latter's spouse's/registered partner's stake in the aforementioned assets is hereby attached.

Pending proceedings

The proceedings on the merits, for the purpose of which this attachment was levied, have not been instituted yet.

Order and custody

The garnishee is hereby ordered to retain possession (as a custodian) of anything covered by the attachment and not taken during the attachment and not to pay for or handover to or for the benefit of the defendant/person sentenced and/or the latter's spouse/registered partner, on penalty of vitiation of any payment or surrender made in contravention of the garnishee order.

Notification

This official report will be served by a bailiff upon both the garnishee, which will be issued two copies of a declaration form, and the defendant/sentenced person.

Upon expiry of a four-week period, the garnishee must complete the declaration form stating anything it owes now or in the future to the defendant/sentenced person and/or the latter's spouse/registered partner.

Failure to complete the form or failing to do so truthfully may result in the garnishee being held liable for the claim for recovery of which this attachment is levied.

Annexes

copy of the leave to levy the prejudgment attachment
 Texts of Sections 189, 190 and 200 of the Dutch Criminal Code and Section 552a of the Dutch Code of Criminal Procedure

In witness whereof this official report was drawn up under solemn affirmation by me. I completed and signed it in Zwolle on Wednesday 11 September 2019.

T. Gijssberts

[signature]

[coat of arms]

Fiscal Information and Investigation Service

Dutch Tax and Customs Administration

OFFICIAL REPORT OF PREJUDGMENT ATTACHMENT BY GARNISHMENT (MODEL B)

Investigation: 64307 Mandarin-C / 6064307
 Document code: IBN-007-05
 Treating Public Prosecutor: P. van de Kerkhof

Re: Notice and official report of prejudgment attachment of bank balance in bank account NL86RABO1097400247 held at Coöperatieve Rabobank UA pursuant to Section 94a of the Dutch Code of Criminal Procedure

Defendant: NAFA Europe BV
 PPS number: 10-996562-19
 Examining Magistrate: J.J.J. Schols

OFFICIAL REPORT

I, the reporting officer, Tim Gijsberts, investigating officer and detective, employed by the Dutch Tax and Customs Administration/Fiscal Information and Investigation Service, Arnhem office, certify: that the following was attached before judgment: the balances in the bank accounts NL69RABO0140623302 USD and NL69RABO0140623302 EUR. The attachment was already levied on 11 September 2019. The balances, however, are currently higher than at the moment of the initial attachment. Therefore, attachment is levied again.

Place of the attachment: Arnhem
 Day, date and time: Tuesday 17 September 2019 at approx. 10:30 h.

The attachment was levied:

- on the instructions of the Public Prosecutor, P. van de Kerkhof, affiliated with the Public Prosecutor's Office for Financial, Economic and Environmental Offences in Rotterdam; PO Box 9194, 3007 AD Rotterdam;
- outside the scope of a search.

The attachment was levied against the following legal entity:

Name: NAFA Europe BV
 Address: Tiendweg 4
 Postcode + place of business: 3997MN 't Goy
 Legal form: Incorporated enterprise
 Listed in the Commercial Register under number: 12039042

Legal ground for the attachment:

This attachment is based on:

- the written leave to levy prejudgment attachment pursuant to Section 103 of the Dutch Code of Criminal Procedure

Purpose of the attachment:

The purpose of the attachment is to preserve the right of recovery of:

- a (maximum) fine of €830,000 to be imposed (Section 94a(1) Dutch Code of Criminal Procedure)

The garnishee

The attachment is hereby levied at:

Name: Coöperatieve Rabobank U.A.
 Address: PO Box 17100
 Postcode + place of business: 3500 HG Utrecht

Legal form: UA (liability excluded)
Registration number: 30046259

Assets attached before judgment:

The following assets are hereby attached before judgment: the bank balances in bank accounts NL69RABO0140623302 USD and NL69RABO0140623302 EUR held in the name of the defendant which he can claim from the garnishee, such as security for recovery of the claim as described above.

Should it not be possible to attach the aforementioned assets before judgment, the defendant's/sentenced person's stake in the aforementioned assets are hereby attached.

Pending proceedings

The proceedings on the merits, for the purpose of which this attachment was levied: the criminal case has not been instituted yet.

Order and custody

The garnishee is hereby ordered to retain possession (as a custodian) of anything covered by the attachment and not to pay for or hand over to or for the benefit of the defendant and/or the defendant's spouse, on penalty of vitiation of any payment or surrender made in contravention of the garnishee order.

Notification

This official report will be served by a bailiff upon both the garnishee, which will be issued two copies of a declaration form, and the defendant.

Upon expiry of a four-week period, the garnishee must complete the declaration form stating anything it owes now or in the future to the defendant.

Failure to complete the form or failing to do so truthfully may result in the garnishee being held liable for the claim for recovery of which this attachment is levied.

Annexes

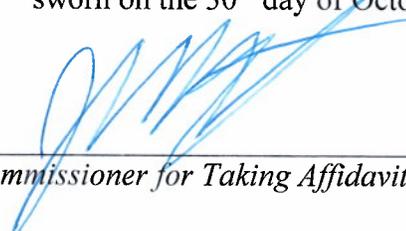
- Copy of the leave to levy the prejudgment attachment;
- Texts of Sections 189, 198 and 200 of the Dutch Criminal Code and Section 552a of the Dutch Code of Criminal Procedure.

In witness whereof this official report was drawn up under solemn affirmation by me. I completed and signed it in Arnhem on Tuesday 17 September 2019.

T. Gijssberts

[signature]

This is Exhibit "G" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.



Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

EXECUTION VERSION

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

between

**CANADIAN IMPERIAL
BANK OF COMMERCE,**

as Agent, Lead Arranger & Sole Bookrunner and
Administrative Agent

and

**NORTH AMERICAN FUR
AUCTIONS INC.,**
as Borrower

*and the Lenders from time
to time parties hereto*

dated as of September 27, 2019

Blakes

TABLE OF CONTENTS

ARTICLE 1 - INTERPRETATION	2
1.1 Defined Terms.....	2
1.2 Accounting Terms.....	26
1.3 General	26
1.4 Currency	26
1.5 Schedules.....	26
1.6 Law of Contract.....	27
1.7 Evidence of Indebtedness	27
1.8 General Provisions as to Certificates and Opinions, etc.....	27
1.9 Existing Events of Default	28
1.10 Termination of Existing Credits	28
1.11 Amendment and Restatement.....	28
ARTICLE 2 - THE CREDITS AND DRAWDOWNS.....	29
2.1 Credits	29
2.2 Utilization of the Credits	29
(1) Utilization of the Operating Tranche A Credit.....	29
(2) Utilization of the Operating Tranche B Credit	30
(3) Utilization of the Term Tranche A Credit	30
2.3 Making of Loans under the Operating Tranche B Credit.....	30
2.4 Making of Loans under Term Tranche A Credit.....	30
2.5 Commitments	30
2.6 Drawdown Notice.....	31
2.7 Borrowings	32
2.8 Funding of Borrowings	32
2.9 Swingline Loans	32
2.10 [Intentionally Deleted.]	32
2.11 Equalization of Exposures re Swingline Loans.....	32
2.12 Evidence of Indebtedness	34
ARTICLE 3 - REPAYMENT AND TERMINATION OF THE CREDITS	34
3.1 Operating Credits	34
3.2 Mandatory Prepayments.....	34
3.3 VISA Credit.....	35
3.4 Term Tranche A Credit	35

ARTICLE 4 - INTEREST, FEES AND LETTERS OF CREDIT	35
4.1 Interest	35
4.2 U.S. Dollar LIBOR Loans	37
4.3 Default Interest	37
4.4 Agent's Certificate	37
4.5 Other Fees	37
4.6 Letters of Credit	38
ARTICLE 5 - PAYMENTS	38
5.1 Place and Manner of Payments	38
5.2 Net Payments, etc	39
ARTICLE 6 - CHANGE IN CIRCUMSTANCES AND INDEMNITIES	40
6.1 Increased Costs	40
6.2 Unlawful, etc	40
6.3 Currency Indemnity	41
6.4 Environmental Indemnity	42
6.5 General Indemnity	43
6.6 Third Party Beneficiaries	44
6.7 Agent and Lenders Not Liable	44
6.8 Security	44
6.9 Survival	45
ARTICLE 7 - CONDITIONS PRECEDENT	45
7.1 Closing	45
7.2 Conditions Precedent to Closing	45
7.3 Conditions Precedent to Drawdowns	49
ARTICLE 8 - REPRESENTATIONS AND WARRANTIES	50
8.1 Representations and Warranties of the Borrower	50
ARTICLE 9 - COVENANTS	60
9.1 Borrower	60
9.2 Accounting, Financial Statements and Other Information	72
ARTICLE 10 - DEFAULT AND ENFORCEMENT	74
10.1 Events of Default	74
10.2 Application of Payments	77
10.3 Deferral	78
10.4 Legal Proceedings	78
10.5 No Prejudice, etc	78
10.6 Set Off	78

10.7	Appropriation of Moneys Received	78
10.8	Application of Proceeds of Enforcement	79
10.9	Standstill.....	79
ARTICLE 11 - THE AGENT		80
11.1	Appropriation of Moneys Received	80
11.2	Limitation of Duties of Agent	80
11.3	Lack of Reliance on the Agent.....	80
11.4	Certain Rights of the Agent.....	81
11.5	Reliance by Agent	81
11.6	Indemnification of Agent	81
11.7	The Agent in its Individual Capacity.....	82
11.8	May Treat Lender as Owner.....	82
11.9	Successor Agent	82
11.10	Defaulting Lenders	82
11.11	Security.....	84
11.12	New Deposits Account.....	84
11.13	Operating Tranche B Credit Account Transfers.....	84
ARTICLE 12 - MISCELLANEOUS		84
12.1	Payment of Expenses.....	84
12.2	Assignment.....	85
12.3	Waivers; Amendments	86
12.4	Communication	87
12.5	Survival of Representations and Warranties of the Borrower.....	89
12.6	Further Assurances.....	89
12.7	Conflict.....	89
12.8	Severability.....	89
12.9	Non-Merger.....	89
12.10	Confidentiality.....	90
12.11	Waiver of Jury Trial	90
12.12	Time	91
12.13	Entire Agreement	91
12.14	Anti-Money Laundering Legislation Information.....	91
12.15	Release	91

EXECUTION VERSION**FOURTH AMENDED AND RESTATED CREDIT AGREEMENT**

THIS AGREEMENT is dated as of September 27, 2019 and is entered into among **Canadian Imperial Bank of Commerce**, as Agent, **North American Fur Auctions Inc.**, as Borrower, and the Lenders from time to time parties hereto.

Background

Canadian Imperial Bank of Commerce, as agent, North American Fur Producers Marketing Inc. (now North American Fur Auctions Inc.) (the "Borrower"), and Canadian Imperial Bank of Commerce and HSBC Bank Canada, as lenders, entered into a senior operating credit agreement (the "Original Credit Agreement") dated as of June 12, 2000, pursuant to which certain credits were established in favour of the Borrower;

The Original Credit Agreement was the subject of a number of amendments prior to being amended and restated in the form of that certain amended and restated credit agreement (the "First Restated Credit Agreement") dated as of April 8, 2011 among Canadian Imperial Bank of Commerce, as agent, the Borrower and the lenders from time to time party thereto;

The First Restated Credit Agreement was the subject of a number of amendments prior to being amended and restated in the form of that certain second amended and restated credit agreement (the "Second Restated Credit Agreement") dated as of November 26, 2014 among Canadian Imperial Bank of Commerce, as agent, the Borrower and the lenders from time to time party thereto;

The Second Restated Credit Agreement was the subject of a number of amendments prior to being amended and restated in the form of that certain third amended and restated credit agreement (the "Third Restated Credit Agreement") dated as of July 17, 2019 among Canadian Imperial Bank of Commerce, as agent, the Borrower and the lenders from time to time party thereto;

The Third Restated Credit Agreement has been the subject of a number of amendments (the Third Restated Credit Agreement, as amended to date, being hereinafter referred to as the "Existing Credit Agreement"), and the parties hereto wish to further amend the Existing Credit Agreement by way of an amendment and restatement of the Existing Credit Agreement;

Pursuant to a letter dated September 19, 2019 from the Agent to the Borrower and the Guarantors, the Borrower and the Guarantors were formally advised that a Termination Event (as defined in the Forbearance, Waiver and Second Amendment Agreement dated as of August 14, 2019, as amended by the First Amendment Agreement to Forbearance Agreement and Third Amendment Agreement to Credit Agreement dated as of September 6, 2019 and the Second Amendment Agreement to Forbearance Agreement and Fourth Amendment Agreement to Credit Agreement dated as of September 16, 2019, the "Forbearance Agreement") had occurred under the Forbearance Agreement and accordingly, the Forbearance Period (as defined in the Forbearance Agreement) was thereby terminated and all of the Credits (as defined in the Existing

- 2 -

Credit Agreement) were thereby immediately terminated, remain terminated as of the date hereof and will continue to remain terminated, and each of the Agent and the Lenders (as defined in the Existing Credit Agreement) are entitled to exercise their respective rights to set-off, combine, consolidate, merge, apply, and/or transfer all deposits, accounts and/or sums standing to the credit of the Borrower and/or Guarantors towards the satisfaction of the Obligations owing to the Agent and such Lenders and to enforce all of their rights and remedies under this Agreement, including, without limitation, to enforce the Security against the Borrower and/or any of the Guarantors.

Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund LP has agreed to establish a new Credit in favour of the Borrower pursuant to the terms and conditions set forth in this Agreement.

Now therefore, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

Article 1 - Interpretation

1.1 **Defined Terms.** In this Agreement or any amendment hereto or supplement hereof, unless the context otherwise requires, the following words and phrases will have the meanings set forth below.

- (1) **“Acceptable Bid”** means a Binding Offer that (i) is acceptable to the Agent in its sole discretion, or (ii) provides for (a) the indefeasible payment in full by no later than August 19, 2019 of all amounts owing to the Agent and the Lenders under this Agreement and the other Documents, (b) a deposit of the lesser of 5% of the total purchase price or U.S.\$2,000,000, and (c) conditions to closing acceptable to the Lenders, in their sole discretion.
- (2) **“Affiliate”** means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.
- (3) **“Agent”** means CIBC, in its capacity as Agent for the Lenders hereunder, or any successor Agent appointed pursuant to Section 11.9.
- (4) **“AML Legislation”** means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” applicable laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.
- (5) **“Anti-Corruption Laws”** means all laws, rules, and regulations of any jurisdiction applicable to the Credit Parties and their Affiliates from time to time concerning or relating to bribery or corruption, including without limitation, the *Corruption of Foreign Public Officials Act* (Canada).

- 3 -

(6) “Applicable Laws” means, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and all applicable official directives, rules, consents, approvals, authorizations and orders of any Governmental Authority or Person having authority over such Person, property, transaction or event (whether or not having the force of law).

(7) “Applicable Percentage” means, in respect of any Lender at any time, with respect to a Credit or all Credits, the percentage of such Credit or of all Credits, as the case may be, which such Lender has agreed to make available to the Borrower at such time, determined by dividing such Lender’s Commitment in respect of such Credit or of all Credits, as the case may be, by the aggregate of all of the Lenders’ Commitments with respect to such Credit or all Credits, as the case may be; provided that, in the case of Section 11.10, when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If any Commitments have terminated or expired, the Applicable Percentages in respect of the terminated or expired Commitments shall be determined based upon the relevant Commitments most recently in effect (prior to their termination or expiry), giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination. For the purposes of Section 2.11, an Operating Tranche A Credit Lender’s Applicable Percentage of the total Swingline Exposure will equal the percentage of the total Swingline Commitment which such Operating Tranche A Credit Lender is required to acquire from the Swingline Lender pursuant to Section 2.11.

(8) “Auditors” means (i) KPMG LLP, Chartered Accountants, or (ii) a firm of chartered accountants who at the relevant time (a) are the duly appointed auditors of the Borrower, (b) are in fact independent of the Borrower, and (c) have been approved in writing by the Agent, such approval not to be unreasonably withheld.

(9) “Banking Day” means any day on which the Agent is open for business in Toronto, Ontario and, in the case of a U.S. Dollar LIBOR Loan, any day on which banks are open for euro and eurodollar business in New York, New York and London, U.K. but, in any event, shall not include a Saturday, Sunday or statutory or legal holiday in Ontario or, in the case of a U.S. Dollar LIBOR Loan, New York or London, U.K.

(10) “Bankruptcy Event” means, with respect to any Person, the occurrence of any one or more of the following events:

- (i) such Person passes a resolution or institutes proceedings for its winding-up, liquidation, or dissolution or consents to the filing of any petition with respect thereto or files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under any Applicable Law or consents to the filing of any such petition or to the appointment of a receiver, receiver-manager, manager, liquidator or trustee or similar officer of itself or any part of its property or makes an assignment for the benefit of creditors or is unable, or admits in writing its inability, to pay its debts as they become due or otherwise acknowledges its insolvency or is deemed for the purposes of any Applicable Law to be insolvent or voluntarily suspends

- 4 -

transaction of its usual business or any action is taken by such Person in furtherance of any of the aforesaid purposes or if such Person takes any action pursuant to the *Winding-Up Act* (Canada) or any similar statute; or

- (ii) any application or proposal is made with respect to such Person under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any legislation seeking reorganization, readjustment, arrangement, composition or similar relief for such Person under any other Applicable Law, or a proceeding is instituted for the winding up, liquidation or dissolution of such Person or seeking an order adjudging such Person insolvent or the appointment of any receiver, receiver-manager, manager, liquidator or trustee of such Person or over all or any part of its property or a petition in bankruptcy is presented against such Person under a bankruptcy or similar statute.

(11) "Base Rate" means, for any day, the rate of interest per annum equal to the greater of (i) the per annum rate of interest which the Agent quotes or establishes for such day as its reference rate of interest for loans in U.S. Dollars in Canada to its Canadian borrowers; and (ii) the Federal Funds Rate plus 50 basis points per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to the Borrower or any other Person.

(12) "Base Rate Loan" means a U.S. Dollar advance or overdraft loan on which interest is calculated by reference to the Base Rate.

(13) "Binding Offer" has the meaning given in Section 9.1(37)(iv).

(14) "Borrower" means North American Fur Auctions Inc. and its permitted successors and assigns.

(15) "Borrower's Financial Advisor" means KPMG Inc., in its capacity as the Borrower's financial advisor.

(16) "Borrowing Base" means the aggregate, without duplication, of clauses (i) through (x) below less both (A) Priority Payables of the Borrower and any of its Subsidiaries and (B) 75% of Demand Deferred Proceeds:

- (i) 75% of outstanding Eligible Buyer Accounts Receivable which are not fully secured by a Buyer L/C or insured by Export Development Canada;
- (ii) 90% of outstanding Eligible Buyer Accounts Receivable which are fully secured by a Buyer L/C;
- (iii) 90% of outstanding Eligible Buyer Accounts Receivable which are insured by Export Development Canada;
- (iv) 85% of Insured Kit Loans which have been outstanding less than 225 days, with no single Insured Kit Loan exceeding U.S.\$750,000 (provided that such

- 5 -

U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Insured Kit Loan in excess of U.S.\$750,000), provided that the maximum permitted contribution to the Borrowing Base pursuant to this clause (iv) is U.S.\$25,500,000;

- (v) the lesser of:
 - (a) 90% of outstanding North American Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single North American Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such North American Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (b) U.S.\$12,500,000;
- (v.1) the lesser of:
 - (a) 90% of outstanding Foreign Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single Foreign Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Foreign Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (b) U.S.\$15,000,000
- (vi) 90% of outstanding Shipper Pelt Loan Advances;
- (vii) 90% of outstanding HST refund claims of the Borrower which are acceptable to the Agent;
- (viii) the lesser of:
 - (a) 50% of the amount that is calculated by subtracting Priority Supplier Accounts Payable of the Borrower from Eligible Inventory less than 240 days; and
 - (b) U.S.\$15,000,000;
- (ix) 50% of Eligible Accounts Receivable; and
- (x) 50% of Eligible Buyer Accounts Receivable greater than 120 days and less than 180 days, where a deposit of 25% has been received and the Borrower has possession of the consigned pelts.

- 6 -

- (17) “Borrowing Base Certificate” means a certificate of a Senior Officer of the Borrower in the form of Schedule 1.1.17.
- (18) “BMO Accounts” means, collectively, account #4808578743 with BMO Harris Bank N.A. and account #4808578751 with BMO Harris Bank N.A.
- (19) “Business Plan” means a consolidated business plan of the Group Parties through to the period ending July 31, 2020, which assumes (i) no sale of any Group Party’s European business or any Group Party’s European Kit Loan portfolio business, and (ii) the sale of each Group Party’s European business or at a minimum the sale of each Group Party’s European Kit Loan portfolio.
- (20) “Buyer” means any Person which buys pelts from the Borrower or any of its Subsidiaries.
- (21) “Buyer Accounts Receivable” means an account receivable relating to the purchase price of pelts purchased by a Buyer at auction or by private treaty plus all carrying charges and other costs incurred by the Borrower or any of its Subsidiaries in respect of such pelts for which such Buyer is responsible.
- (22) “Buyer L/C” means an irrevocable letter of credit or bank guarantee issued by a financial institution satisfactory to the Agent and on terms satisfactory to the Agent, acting reasonably.
- (23) “Buyer Receipts” means the amount of monies received from Buyers for pelts sold by the Borrower, including at the Third Auction, inclusive of all applicable taxes, accrued interest, fees and other charges to Buyers, including applicable broker’s commissions (except to the extent that such commissions have been paid by the Buyer directly to the broker in respect of such pelts and satisfactory confirmation thereof has been provided by the Buyer and broker).
- (24) “Carlingview Property” means the property located at 500 Carlingview Drive, Toronto, Ontario.
- (25) “Cash Flow Forecast” means a cash flow forecast from the Borrower for the period of the Restatement Date to October 18, 2019, as attached to this Agreement as Schedule 1.1.25, as such forecast may be amended or extended from time to time with the Lenders’ prior written consent, in their sole discretion.
- (26) “Cash Flow Variance Report” has the meaning given in Section 9.2(3)(10)(a).
- (27) “Cash Taxes” means, for any period, the aggregate taxes paid in cash during such period.
- (28) “CCC Agreement” has the meaning given in Section 7.2(20).
- (29) “Cdn. Dollars”, “Cdn. \$” and “\$” mean lawful currency of Canada.

- 7 -

(30) “CDOR Rate” means, on any date, the annual rate of interest which is the rate based on an average rate applicable to Cdn. Dollar bankers’ acceptances for a term of 30 days appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. definitions, as modified and amended from time to time) at approximately 10:00 a.m. (Toronto time), on such date, or if such date is not a Banking Day, then on the immediately preceding Banking Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such date as contemplated, then the CDOR Rate on such date shall be based on an average rate applicable to Cdn. Dollar bankers’ acceptance for a term of 30 days appearing on the “Telerate Screen CDOR Page” at approximately 10:00 a.m. (Toronto time), on such date, or if such date is not a Banking Day, then on the immediately preceding Banking Day, provided that if such rate does not appear on the Telerate Screen CDOR Page on such date as contemplated, then the CDOR Rate on such date shall be calculated as the arithmetic mean of the rates for the term referred to above applicable to Cdn. Dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. (Toronto time) on such date or, if such date is not a Banking Day, then on the immediately preceding Banking Day.

(31) “Change in Law” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any new Applicable Law after the date of this Agreement, (b) any change in any existing Applicable Laws or in the administration, interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) the making or issuance of any requests, rules, regulations, guidelines and directives by any Governmental Authority. All requests, rules, regulations, guidelines and directives under, or issued in connection with, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* or promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision pursuant to Basel III (or any successor or similar authority or any United States, Canadian or foreign regulatory authority), all interpretations and applications thereof, and any compliance by any Lender with any request or directive relating thereto, shall be deemed a “Change in Law” regardless of the date enacted, adopted, applied or issued.

(32) “CIBC” means Canadian Imperial Bank of Commerce and its successors.

(33) “Collateral” means all property, of whatsoever nature and kind, which is the subject of any Security Interest created pursuant to any of the Documents comprising the Security.

(34) “Commitments” means, collectively, the Operating Tranche A Credit Commitments, the Operating Tranche B Credit Commitments, the Swingline Commitment and the Supplementary Credit Commitment.

(35) “Compliance Certificate” means a certificate in the form of Schedule 1.1.35 executed by a Senior Officer of the Borrower.

(36) “Contaminant” means any pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, toxic substance, hazardous waste, hazardous material, hazardous

- 8 -

substance, nuclear material or contaminant, or like substance including any of the foregoing as defined in any Environmental Law.

(37) “Control” means, in respect of a particular Person, the ownership of voting securities of such Person carrying (i) more than 51 per cent of the votes for the election of directors of such Person, and (ii) sufficient votes, if exercised, to elect a majority of the board of directors of such Person. “Controlling” and “Controlled” have meanings correlative thereto.

(38) “Credit Parties” means, collectively, the Borrower and the Guarantors, and “Credit Party” means any one of them.

(39) “Credits” means, collectively, the Operating Tranche A Credit, the Operating Tranche B Credit and the Term Tranche A Credit.

(40) “Current Ratio” means, at any time, the ratio of current assets at such time to current liabilities at such time, all on a consolidated basis and as defined by and determined in accordance with GAAP unless otherwise specified herein. For the purposes of this definition, current liabilities shall include scheduled principal amortization payments due within 12 months of the date as of which the Current Ratio is being calculated.

(41) “Default” means an event which, with the giving of notice and/or lapse of time and/or a determination being made under the relevant provisions of this Agreement, would constitute an Event of Default.

(42) “Defaulting Lender” means any Lender that has:

- (i) failed to fund any portion of its Commitments or its participations in Letters of Credit within one Banking Day of the date required to be funded by it hereunder;
- (ii) notified the Borrower in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit;
- (iii) failed, within one Banking Day after request by the Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit; or
- (iv) otherwise failed to pay over to the Agent or any other Lender any other amount required to be paid by it hereunder within one Banking Day of the date when due unless the subject of a good faith dispute,

provided that a Lender shall cease to be a Defaulting Lender when none of the aforementioned criteria apply to it any longer.

(43) “Defined Benefit Plan” means a “registered pension plan”, as that term is defined in subsection 248(1) of the *Income Tax Act* (Canada), which is or was sponsored, administered or contributed to, or required to be contributed to by, the Borrower or under which the Borrower

has any actual or potential liability, and which contains a “defined benefit provision”, as defined in subsection 147.1 of the *Income Tax Act* (Canada).

(44) “Demand Deferred Proceeds” means cash amounts received by the Borrower from Buyers constituting amounts which are to be paid by the Borrower to Ranchers in satisfaction of amounts payable by the Borrower to Ranchers in respect of consigned pelts provided to the Borrower by Ranchers for sale to Buyers in the ordinary course of the operation of the Borrower’s business provided that, for the purposes of Section 1.1(16) (*Borrowing Base*), Demand Deferred Proceeds shall not include any such cash amounts received which the Rancher to whom such cash amounts would otherwise be paid has agreed may be treated as term credit extended by such Rancher to the Borrower, the term credit period (as agreed to by such Rancher) of which has not expired.

(45) “Designated Branch” means the Canadian Imperial Bank of Commerce, Main Branch, Commerce Court, Toronto, ON, M5L 1G9, or such other branch of the Agent as may be designated from time to time.

(46) “Documents” means this Agreement, the Security and all certificates and other documents delivered or to be delivered to the Agent pursuant hereto or thereto including all Letter of Credit applications signed by the Borrower.

(47) “Drawdown” means the availment by the Borrower of any of the Credits and includes a Loan.

(48) “Drawdown Notice” means a notice substantially in the form of Schedule 1.1.48.

(49) “Dutch Investigation” means the investigation launched by the NTCA of certain mink breeders (which may include consignors) for alleged tax-related offences.

(50) “Dutch Investigation Sequestration” means, in connection with the Dutch Investigation, funds subject to sequestration in (a) the bank accounts of the Borrower held with Rabobank located in the Netherlands and (b) the bank accounts of NAFA Europe B.V. held with Rabobank in the aggregate total amount of approximately U.S.\$160,000 and €1,000,000.

(51) “EBITDA” means, for any period, the sum of: (i) net income for such period, plus (ii) Interest Expense for such period, plus (iii) income taxes, whether paid or deferred, which are deducted in determining net income for such period, if any, plus (iv) depreciation and amortization expense for such period, all on a consolidated basis and as defined by and determined in accordance with GAAP unless otherwise specified herein.

(52) “Eligible Accounts Receivable” means each account receivable of the Borrower or any of its Subsidiaries, other than Buyer Accounts Receivable, Rancher Livestock Loan Advances, Shipper Pelt Loan Advances and GST refund claims, which meets each of the following requirements:

- (i) it arose as a result of goods sold or services rendered by the Borrower or any of its Subsidiaries in the ordinary course of business;

- 10 -

- (ii) it is not subject to any Security Interest other than a Security Interest in favour of the Agent or in favour of any of the Subordinated Lenders;
 - (iii) the Security Interest in favour of the Agent in respect thereof is perfected or otherwise registered in accordance with the laws of the jurisdiction in which the account debtor is located;
 - (iv) it is evidenced by an invoice (dated not later than the date of performance and having payment terms not more favourable to the account debtor than those payment terms which are standard in the industry of the Borrower) rendered to such account debtor, and it is not evidenced by any instrument or chattel paper;
 - (v) no invoice evidencing such account receivable is unpaid 60 days after the date of such invoice;
 - (vi) the account receivable does not arise from a sale to or rendering of services to an affiliate of the Borrower or to an employee, shareholder, or director of the Borrower or an affiliate of the Borrower;
 - (vii) the account debtor obligated on the account receivable has not suspended business, made a general assignment for the benefit of its creditors, consented to or applied for the appointment of a receiver, trustee, custodian, liquidator for itself or any of its property and no petition has been filed by or against the account debtor under any bankruptcy or reorganization law; and
 - (viii) the Agent has not, by written notice to the Borrower, excluded such account receivable or accounts receivable owing by the account debtor or accounts receivable relating to the sale or service giving rise to such account receivable.
- (53) “Eligible Buyer Accounts Receivable” means all Buyer Accounts Receivable which are:
- (i) outstanding less than 90 days from the Prompt Date; or
 - (ii) outstanding for 90 days or longer from the Prompt Date but less than 120 days where the deposit received from the Buyer for the pelts to which the Buyer Accounts Receivable relates is maintained at an amount equal to 25% or more of the Buyer Accounts Receivable; or
 - (iii) outstanding for any period and which are fully secured by a Buyer L/C,

provided that in each of (i) and (ii) the Borrower or any of its Subsidiaries has possession of the pelts which gave rise to the Buyer Accounts Receivable and the terms of the sale giving rise to the Buyer Accounts Receivable state that the Buyer may not take delivery of the pelts purchased without making payment in full of the Buyer Accounts Receivable relating to such pelts, except that such pelts may be delivered to a dresser at the request of the Buyer provided that such dresser acknowledges the title of the Borrower or any of its Subsidiaries to and the Security Interest of the Agent in such pelts by executing a written acknowledgement.

- 11 -

(54) “Eligible Export Development Canada Insured Receivables” means each account receivable of the Borrower or any of its Subsidiaries which is either an Eligible Account Receivable or a Buyer Account Receivable and the payment of which has been insured through the Export Development Canada.

(55) “Eligible Inventory” means all Inventory of the Borrower which meets each of the following requirements:

- (i) it is not subject to any Security Interest other than a Security Interest in favour of the Agent or in favour of any of the Subordinated Lenders;
- (ii) the Security Interest in favour of the Agent in respect thereof is perfected or otherwise registered in accordance with the laws of the jurisdiction where the Inventory is located;
- (iii) if the Inventory is located at a leased property, such consents of the landlord and any prior mortgagees as are required by the Agent have been obtained;
- (iv) it is not work-in-process; and
- (v) it is adequately insured.

(56) “Environmental Activity” means any past, present or future activity, event or circumstance in respect of a Contaminant, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil, surface water or groundwater.

(57) “Environmental Law” means any and all Applicable Laws relating to the environment or any Environmental Activity.

(58) “Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing.

(59) “Event of Default” has the meaning given in Section 10.1.

(60) “Excess Buyers’ Receipts” means the aggregate amount of Buyers’ Receipts on a cumulative basis received by the Borrower in excess of the cumulative amount of Buyers’ Receipts forecasted in the Cash Flow Forecast at the end of each applicable week.

(61) “Exchange Equivalent” in respect of one currency means, at the date of determination, the amount of such currency (the “new currency”) that the Agent could purchase,

in accordance with its normal practice, with a specified amount of the other currency (the “original currency”) based upon the applicable Bank of Canada noon spot rate on such date.

- (62) “Existing Credit Agreement” is defined in the “Background” section on page 1 of this Agreement.
- (63) “Existing Events of Default” has the meaning set forth in Section 1.9.
- (64) “FCC (Ontario) Intercreditor Agreement” means the intercreditor agreement dated as of June 16, 2017 between the Agent, Farm Credit Canada and the applicable Credit Parties, as such agreement may be amended, restated or otherwise modified from time to time.
- (65) “Federal Funds Rate” means, for any day, the per annum rate equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System of the United States of America arranged by Federal funds brokers, as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Board of New York, or, if such rate is not so published for any day which is a Banking Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.
- (66) “Fixed Charge Coverage Ratio” means, for any period, the ratio of:
- (i) EBITDA for such period plus any discretionary special consignor rebates approved and declared by the Borrower’s Board of Directors and accrued during the period and thereafter consented to be paid in the following period by the Agent and the Lenders, less the aggregate of Unfunded Capital Expenditures and Cash Taxes for such period, to
 - (ii) the aggregate of (A) principal repayments and payments of interest, in both cases as required hereunder, during such period, and (B) any dividends or discretionary special consignor rebates approved by the Borrower’s Board of Directors and accrued during the period and thereafter consented to be paid in the following period by the Agent and the Lenders (with the timing of the payment in the following period being subject to the approval of the Agent and the Lenders with reasonable notice of any such payment to be provided to the Agent and the Lenders by the Borrower).
- (67) “Fixed Rate” means 13.25% per annum.
- (68) “Fixed Rate Loan” means an advance or overdraft loan on which interest is calculated by reference to the Fixed Rate.
- (69) “Foreign Rancher Livestock Loan Advances” mean Rancher Livestock Loan Advances made to a Rancher located in a member state of the European Union.
- (70) “GAAP” means Accounting Standards for Private Enterprises and the related statements and interpretations (if applicable) issued by the Canadian Institute of Chartered Accountants or any successor body in effect from time to time unless otherwise stated herein.

- (71) “Goleniow Premises” means, collectively, the real property owed by NAFA Polska sp. z o.o. located at (i) ul. Granitowa in Goleniow, Poland, (composed of 0.8916 hectares of land and development erected thereon), and (ii) ul. Produkcyjna in Goleniow, Poland, (composed of 0.8003 hectares of land and development erected thereon).
- (72) “Goleniow Premises Mortgages” means, collectively (i) any and all mortgage security over the Goleniow Premises in favour of the Agent or any Lender or any combination of any one or more of them, as well as (ii) any and all security interests over all proceeds of any sale, lease or other disposition thereof and all insurance proceeds in connection therewith.
- (73) “Governmental Authority” means any nation or government (including Canada and the United States), any provincial, municipal, state or other political subdivision thereof, and any entity exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.
- (74) “Group Parties” means, collectively, NAFA Parent, the Credit Parties and each Subsidiary thereof, and “Group Party” mean any one of them.
- (75) “GST” means the tax imposed pursuant to Part IX of the *Excise Tax Act* (Canada).
- (76) “Guarantor” means any Person that has guaranteed the obligations of the Borrower under this Agreement and the other Documents. As of the Restatement Date, the Guarantors are NAFA Parent, NAFA US, NAFPRO LLC, a Wisconsin limited liability company, NAFA Polska Sp.Z oo, a Polish company, NAFA Properties, NAFA Properties (US) Inc., a Delaware company, NAFA Stoughton, and NAFA NS.
- (77) “Hedge Credit” means the credit established by Section 2.1(ii) of the Existing Credit Agreement.
- (78) “HSBC” means HSBC Bank Canada and its successors.
- (79) “Indebtedness” of any Person includes, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits (other than customer deposits in the ordinary course) or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable, accrued expenses and deferred rent expense, in each case incurred in the ordinary course of business), (f) all guarantees by such Person of Indebtedness of others, (g) all capital lease obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of Letters of Credit, (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, and (j) the net amount of obligations of such Person (determined on a marked-to-market basis) under hedging agreements or any similar agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general or limited partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other

relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For certainty, Indebtedness does not include amounts payable by the Borrower to a Rancher in respect of the sale of pelts consigned by such Rancher to the Borrower.

(80) “Indemnified Persons” has the meaning given in Section 6.5(1).

(81) “Insolvent Defaulting Lender” means any Defaulting Lender that (a) has been adjudicated as, or determined by an Governmental Authority having regulatory authority over such Person or its assets to be, insolvent, (b) becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding, or (c) becomes the subject of an appointment of a receiver, receiver and manager, monitor, trustee or liquidator under the *Bank Act* (Canada) or any applicable bankruptcy, insolvency or similar law now existing or hereafter enacted; provided that a Lender shall not be an Insolvent Defaulting Lender solely by virtue of the ownership or acquisition by a Governmental Authority of an instrumentality thereof of any Equity Securities in such Lender or a parent company thereof.

(82) “Insured Kit Loans” means loans made by the Borrower or any of its Subsidiaries to any Rancher, the full repayment of which is insured by the Red Rock Insurance Policy.

(83) “Interest Expense” means, for any period, the aggregate of interest charges, finance charges and other debt service charges paid, payable or accrued in respect of such period, all on a consolidated basis and as defined by and as determined in accordance with GAAP unless otherwise specified herein.

(84) “Inventory” means all inventory determined in accordance with GAAP, including goods held for sale or lease, goods furnished or to be furnished to any Person under contracts of lease, consignment or service, goods which are raw material or work-in-process, goods used in or procured in the processing, packaging, or shipping of the same, and all finished goods which are held as inventory and excluding inventory which is no longer saleable and goods of another Person held on consignment.

(85) “Issuing Bank” means CIBC, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity.

(86) “Kit Loans” means loans made by the Borrower to any Rancher (and includes, for greater certainty, Insured Kit Loans and Rancher Livestock Loan Advances).

(87) “Kit Loans List” has the meaning given in Section 7.2(18).

(88) “LC/LG Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

(89) “LC/LG Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC/LG Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

- 15 -

- (90) “Lenders” means, collectively, the Operating Tranche A Credit Lenders, the Operating Tranche B Credit Lenders, the Supplementary Credit Lender and the Term Tranche A Credit Lender, and “Lender” has a corresponding meaning.
- (91) “Letter of Credit” means a letter of credit or letter of guarantee issued by the Issuing Bank at the request and for the account of the Borrower in such currency, in such amount and of such term as may be agreed by the Borrower and the Issuing Bank.
- (92) “LIBOR Interest Period” means, in relation to a U.S. Dollar LIBOR Loan, the period of one, two, three or six months selected by the Borrower for computing interest from time to time on such U.S. Dollar LIBOR Loan provided that the last day of each LIBOR Interest Period shall be determined in accordance with the practice of the London interbank market as from time to time in effect.
- (93) “Loan” means any loan made by the Lenders to the Borrower pursuant to this Agreement.
- (94) “LOI” has the meaning given in Section 9.1(37)(iii).
- (95) “Losses” has the meaning given in Section 6.5(1).
- (96) “March 2020 Cash Flow Forecast” means consolidated financial forecasts through to the period ending March 31, 2020 (including an estimate of the Lenders’ security position throughout the period), which assume (i) no sale of any Group Party’s European business or any Group Party’s European Kit Loan portfolio business, and (ii) the sale of each Group Party’s European business or at a minimum the sale of each Group Party’s European Kit Loan portfolio, in each case in form and substance satisfactory to the Agent in its sole and absolute discretion.
- (97) “Material Contracts” means, collectively, (i) each contract listed in Schedule 1.1.97 to this Agreement and (ii) each other contract to which the Borrower is now or hereafter becomes a party and which is at any time on or after the date hereof (a) material to the business of the Borrower or (b) designated or accepted by the Agent, in the sole discretion of the Agent or any Lender, as a material contract, in each case whether oral or written, and in each case as the same may be amended, supplemented or otherwise modified and in effect from time to time.
- (98) “NAFA Farms” means the farming property located in Nova Scotia owned by NAFA NS.
- (99) “NAFA NS” means 3306319 Nova Scotia Limited, a Nova Scotia company.
- (100) “NAFA Parent” means North American Fur Producers Inc., a Canadian federal corporation.
- (101) “NAFA Properties” means NAFA Properties Inc., an Ontario corporation.
- (102) “NAFA Stoughton” means NAFA Properties Stoughton LLC, a Wisconsin limited liability company.

- 16 -

- (103) “NAFA US” means North American Fur Auctions (US) Inc., a Delaware company.
- (104) “Net Proceeds” means, (i) with respect to any sale, transfer or other disposition (whether voluntary or involuntary) of any assets (other than Inventory sold in the ordinary course of business for fair market value (a “Sale”), the gross amount received by any Group Party from such Sale, minus the sum of (a) the amount, if any, of all Taxes paid or payable by any Group Party directly resulting from such Sale (including the amount, if any, estimated by the Borrower in good faith at the time of such Sale for Taxes payable by any Group Party on or measured by net income or gain resulting from such Sale) assuming the application of any Tax losses or credits available (or to be available) to any Group Party at the time such Taxes are payable that are not used to offset other income or gains), (b) the reasonable out of pocket costs and expenses incurred by any Group Party in connection with such Sale (including reasonable brokerage fees paid to a Person other than another Group Party or an Affiliate of any Group Party), and (c) any other Indebtedness secured by a Security Interest ranking in priority to the Security Interest created under the Security on the assets which are subject to the Sale and required to be repaid as a result of the Sale, and (ii) with respect of any proceeds of any insurance policies received by any Group Party in connection with any assets of any Group Party and amounts received by any Group Party pursuant to any expropriation proceeding or condemnation proceeding in connection with any assets of any Group Party, the gross amount received by any Group Party from such insurance policies or any expropriation, minus any other Indebtedness secured by a Security Interest ranking in priority to the Security Interest created under the Security on the assets which are the subject of the insurance proceeds or subject to the expropriation or condemnation and required to be paid to such priority Security Interest ahead of the Lenders.
- (105) “New Deposits Account” means the non-interest bearing bank account held by the Borrower with the Agent outside of the CCC Agreement, with Account Number 3722 / 0236810.
- (106) “Non-Defaulting Lender” has the meaning given in Section 11.10.
- (107) “North American Rancher Livestock Loan Advances” means Rancher Livestock Loan Advances made to a Rancher located in North America.
- (108) “NTCA” means the Netherlands Tax and Customs Administration.
- (109) “Obligations” means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, mature or unmatured) of the Credit Parties to the Agent and the Lenders or any of them under, in connection with or with respect to the Documents, and any unpaid balance thereof.
- (110) “Operating Credits” means, collectively, the Operating Tranche A Credit and the Operating Tranche B Credit.
- (111) “Operating Loans” means, collectively, the Operating Tranche A Loan and the Operating Tranche B Loan.
- (112) “Operating Tranche A Credit Authorized Credit Amount” means zero.

- 17 -

- (113) “Operating Tranche A Credit” means the credit established by Section 2.1(i) of the Existing Credit Agreement.
- (114) “Operating Tranche A Credit Commitments” is defined in Section 2.5(1).
- (115) “Operating Tranche A Credit Exposure” means, with respect to any Operating Tranche A Credit Lender at any time, the sum at such time of the outstanding principal amount of such Operating Tranche A Credit Lender’s Operating Tranche A Loans.
- (116) “Operating Tranche A Credit Maturity Date” means the earlier of (i) November 30, 2019 and (ii) the date on which the Operating Tranche A Credit was terminated, being September 19, 2019.
- (117) “Operating Tranche A Credit Lenders” means CIBC, HSBC and Export Development Canada and their successors and assigns, in their capacities as lenders under the Operating Tranche A Credit.
- (118) “Operating Tranche A Loan” means any Loan made by any Operating Tranche A Lender to the Borrower under the Operating Tranche A Credit.
- (119) “Operating Tranche B Credit Accounts” means account number 03722 / 0230715 (U.S.\$) and account number 03722 / 6074014 (Cdn.\$) maintained by the Borrower with the Agent at the Designated Branch pursuant to which the proceeds of the Operating Tranche B Loans shall be deposited.
- (120) “Operating Tranche B Credit Authorized Credit Amount” means U.S.\$8,000,000 , less any mandatory repayments and permanent reductions pursuant to Section 3.2.
- (121) “Operating Tranche B Credit Availability Period” means the period from and including the Restatement Date to but excluding the Operating Tranche B Credit Maturity Date.
- (122) “Operating Tranche B Credit” means the credit established by Section 2.1(iii).
- (123) “Operating Tranche B Credit Commitments” is defined in Section 2.5(2).
- (124) “Operating Tranche B Credit Exposure” means, with respect to any Operating Tranche B Credit Lender at any time, the sum at such time of the outstanding principal amount of such Operating Tranche B Credit Lender’s Operating Tranche B Loans.
- (125) “Operating Tranche B Credit Maturity Date” means the earlier of (i) October 17, 2019 and (ii) the date on which the Operating Tranche B Credit is terminated.
- (126) “Operating Tranche B Credit Lenders” means Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund LP and its successors and assigns, in its capacity as a lender under the Operating Tranche B Credit.
- (127) “Operating Tranche B Loan” is defined in Section 2.3(2).

- 18 -

(128) “Overdraft” means a Prime Rate Loan or a Base Rate Loan, as applicable, under the Operating Tranche A Credit made by way of overdraft on the Borrower’s U.S.\$ and Cdn.\$ general deposit accounts with the Swingline Lender pursuant to Section 2.9.

(129) “Pelts Purchase Price” has the meaning set forth in Schedule 11.12.

(130) “Permitted Encumbrances” means, with respect to any property or asset of the Borrower or any Subsidiary, any of the following Security Interests:

- (i) liens for taxes, rates, assessments or governmental charges or levies not delinquent or being contested in good faith by appropriate action properly initiated and diligently conducted;
- (ii) undetermined or inchoate liens, privileges, charges or encumbrances arising in the ordinary course of business, claims for which have not been filed or registered pursuant to law or of which notice in writing has not been given or which relate to obligations not due and delinquent;
- (iii) reservations and exceptions contained in or implied by statute in the original disposition from the Crown and grants made by the Crown of interests so reserved or excepted;
- (iv) minor title defects, restrictive covenants or irregularities in relation to title or tenure to any property which are of a minor nature and, in the aggregate with all such other defects and irregularities then existing, will not materially impair the value or use of the property subject thereto for the purpose for which it is held;
- (v) any permit, right-of-way, easement, licence or other right or privilege in the nature of an easement heretofore granted or conveyed relating to the assets now owned by the Borrower or any Subsidiary or any permit, right-of-way, easement, licence or other right or privilege in the nature of an easement granted or conveyed after the date hereof relating to assets now owned or hereafter acquired by the Borrower or any Subsidiary which are of a minor nature and, in the aggregate with all other permits, rights of way, easements, licences or other rights or privileges will not materially impair the value or use of the assets subject thereto for the purpose for which they are held;
- (vi) liens of less than \$100,000 arising under any judgments rendered (including any executions filed in respect thereof) against the Borrower or any Subsidiary which are being actively and diligently contested in good faith by proper legal proceedings;
- (vii) liens arising in respect of claims filed against the Borrower or any Subsidiary which shall be actively and diligently contested in good faith by proper legal proceedings and for which security satisfactory to the Agent, acting reasonably, has been posted;

- 19 -

- (viii) security given in the ordinary course of business by the Borrower or any Subsidiary to a public utility or any municipality or governmental or public authority in connection with operations of the Borrower or any Subsidiary other than in connection with borrowed money;
- (ix) the encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings or to secure workers' compensation, unemployment insurance or other similar types of payments, surety or appeal bonds and costs of litigation when required by law;
- (x) Security Interests in favour of the Agent as security for the obligations of the Borrower to the Agent and the Lenders hereunder and under the Security, including, for greater certainty, the Goleniow Premises Mortgages, or from time to time expressly approved by the Agent in writing;
- (xi) properly perfected purchase money security interests securing liabilities of the Borrower or any Subsidiary, provided that (a) no such purchase money security interest secured by any one asset is in excess of \$100,000, (b) the aggregate outstanding amount of all such purchase money security interests shall not exceed \$1,000,000 at any time, and (c) no such purchase money security interest is secured by land;
- (xii) Security Interests in favour of the Subordinated Lenders;
- (xiii) a mortgage in favour of Farm Credit Canada on the freehold interest held by NAFA Properties on the Carlingview Property in the principal amount of \$7,000,000, and Security Interests in favour of Farm Credit Canada from the Borrower, NAFA Properties and NAFA Parent, in each case, to secure the FCC (Ontario) Financing;
- (xiv) a mortgage in favour of Business Development Bank of Canada on the leasehold interest held by NAFA Properties on the property located at 65 Skyway Avenue, Toronto in the principal amount of \$7,240,000, and Security Interests in favour of Business Development Bank from NAFA Properties, the Borrower and NAFA US, in each case, to secure the BDC Financing;
- (xv) a mortgage in favour of Farm Credit Canada on the freehold interest held by NAFA NS in NAFA Farms in the principal amount of \$1,800,000, and Security Interests in favour of Farm Credit Canada from NAFA NS, in each case, to secure the FCC (NS) Financing;
- (xvi) a mortgage in favour of the Borrower on the freehold interest held by NAFA NS in NAFA Farms, which mortgage is subordinated in favour of the Agent; and
- (xvii) a mortgage in favour of 464676 B.C. Ltd. on the freehold interest on the property located at 1600 Williams Drive, Stoughton in the principal amount of \$1,500,000, originally in favour of NAFA Properties and assigned to 464676 B.C. Ltd.

- 20 -

- (131) “Permitted Interest Payment” means a payment of interest under any Subordinated Debt Document as in effect on the date of this Agreement which is made when no Default or Event of Default exists hereunder and the payment of which will not itself result in a Default or Event of Default hereunder, payment of which is subject at all times to the Cash Flow Forecast.
- (132) “Permitted Pelt Supplier Payments” means payments which (i) are made on account of membership fees or similar amounts charged by a Subordinated Lender (other than NAFA Parent) to a Rancher, and (ii) are paid by the Borrower to a Subordinated Lender at the request of the relevant Rancher from the proceeds of sale of pelts consigned by such Rancher for sale by the Borrower or a Subsidiary of the Borrower at an auction conducted by the Borrower in the ordinary course of the Borrower’s business, payment of which is subject at all times to the Cash Flow Forecast.
- (133) “Person” includes an individual, a partnership, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.
- (134) “Potential Bidders” means Copenhagen Fur and Saga Furs.
- (135) “Potential European Kit Loan Sale Transaction” has the meaning set forth in Section 9.1(68)(iii).
- (136) “Potential Refinancing Transaction” has the meaning set forth in Section 9.1(68)(iii).
- (137) “Prime Rate” means, on any day, the annual rate of interest equal to the greater of (i) the annual rate of interest announced by the Reference Bank and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Cdn. Dollar-denominated commercial loans made in Canada, and (ii) the annual rate of interest equal to the sum of (A) the CDOR Rate in effect on such day, plus (B) 1.00%.
- (138) “Prime Rate Loan” means a Cdn. Dollar advance or overdraft loan on which interest is calculated by reference to the Prime Rate.
- (139) “Priority Payables” means all statutory liens, deemed trusts and preferred claims of any Person arising under any statute having jurisdiction over the Borrower, including claims for employee wages, vacation pay, termination or severance pay, employee withholdings, pension plan contributions, workers’ compensation assessments and municipal Taxes, and claims by public utilities.
- (140) “Priority Supplier Accounts Payable” means accounts payable to a supplier of Inventory which are unpaid up to 30 days after the date of invoice for such Inventory.
- (141) “Prompt Date” means the date set by the Borrower on which payment is due by auction Buyers, which shall be no more than 21 days after the last day of the auction to which the Prompt Date relates.

- 21 -

- (142) “Purchased Pelts” has the meaning set forth in Schedule 11.12.
- (143) “Rancher” means a Person which is a mink or fox rancher and which supplies mink and/or fox pelts to the Borrower or any of its Subsidiaries in the ordinary course of the Borrower’s business.
- (144) “Rancher Livestock Loan Advances” means loan advances made by the Borrower or any of its Subsidiaries to any Rancher provided that:
- (i) such loan advances are made pursuant to documents in the forms attached hereto as Schedule 1.1.144 (subject to immaterial revisions having no adverse impact on the interests of the Agent and the Lenders under the Documents);
 - (ii) advances to each Rancher will not exceed 50% of the expected value (based on the lower of the previous year’s average price per pelt and the current price per pelt) of the progeny to be consigned to the Borrower or any of its Subsidiaries by such Rancher;
 - (iii) the Agent shall have reviewed and approved annually the credit established by the Borrower for each such Rancher;
 - (iv) other than with respect to advances made to Mantvydas Ciskevicius, Andrius Ciskevicius and any other Rancher agreed to in writing by the Agent, such advances are secured by properly executed first-ranking chattel mortgages, security agreements or similar agreements in respect of the financed livestock and pelts, which chattel mortgages, security agreements or similar agreements shall be assigned to the Agent (as acknowledged, in the case of each advance in excess of U.S.\$1,500,000 or any equivalent thereof in another denomination, by the relevant Rancher in the form of the relevant acknowledgement of assignment included at Schedule 1.1.144) and properly perfected or otherwise registered (it being agreed that the Borrower shall have 60 days from the Restatement Date to deliver the Rancher acknowledgements required by this clause 1.1.144(iv)); and
 - (v) such advances and/or the livestock and pelts financed thereby are adequately insured by the Rancher or the Borrower by insurance acceptable to the Agent, acting reasonably.
- (145) “Receivable Value” means, at any time, the aggregate of all Eligible Buyer Accounts Receivable, Foreign Rancher Livestock Loan Advances, North American Rancher Livestock Loan Advances, Shipper Pelt Loan Advances and Eligible Accounts Receivable.
- (146) “Red Rock Insurance Policy” means a policy of insurance, in form and substance satisfactory to the Agent, issued by Red Rock Insurance Services Ltd. to the Borrower for the benefit of the Borrower and its Subsidiaries and insuring the repayment to the Borrower or, as applicable, any Subsidiary of the Borrower of Insured Kit Loans, North American Rancher Livestock Loan Advances and European Rancher Livestock Loan Advances in a minimum aggregate principal amount of U.S.\$30,000,000.

- 22 -

- (147) “Reference Bank” means, for so long as CIBC is a party hereto, CIBC, and, thereafter, HSBC for so long as HSBC is a party hereto.
- (148) “Release” includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun, has a similar meaning.
- (149) “Reporting Month” is defined in Section 9.2(3)(i).
- (150) “Restatement Date” means September 27, 2019 or such other date as the parties may agree upon in writing.
- (151) “Required Lenders” means, at any time:
- (i) when there are two or less Lenders, all of the Lenders, and
 - (ii) when there are more than two Lenders, Lenders having Operating Tranche A Credit Exposure, Operating Tranche B Credit Exposure, Term Tranche A Credit Exposure, Swingline Exposure and unused Commitments representing more than 66 ⅔% of the sum of the total Operating Tranche A Credit Exposure, Operating Tranche B Credit Exposure, Term Tranche A Credit Exposure, Swingline Exposure and unused Commitments at such time.
- (152) “Sale” has the meaning given in Section 1.1(104).
- (153) “Sale Milestones” has the meaning given in Section 9.1(37).
- (154) “Sale Process” has the meaning given in Section 7.2(19).
- (155) “Security” means the documents and instruments referred to in clauses (i) and (ii) of Section 7.2(1) and any and all other agreements or instruments now or hereafter executed and delivered by any Credit Party as security (including by way of guarantee) for the payment or performance of the obligations of the Borrower under this Agreement, as any of the foregoing may have been, or may hereafter be, amended, modified or supplemented from time to time.
- (156) “Security Interest” means any mortgage, hypothec, title retention, pledge, lien, right of set-off, charge, security interest, assignment or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.
- (157) “Senior Officer” means, in respect of any Person, the chairman, the president, the senior vice-president or the chief financial officer of such Person or any person holding a similar office.
- (158) “September 19 New Deposits Account Funds” means the funds which were in the New Deposits Account as at September 19, 2019, in the aggregate total amount of U.S. \$1,599,986.74.

(159) “Shipper” means any Person, including any Rancher, dealer or trapper, which consigns pelts to the Borrower or any of its Subsidiaries for sale by the Borrower or any of its Subsidiaries.

(160) “Shipper Pelt Loan Advances” means loan advances made by the Borrower or any of its Subsidiaries to any Shipper on receipt by the Borrower or any of its Subsidiaries of pelts consigned to the Borrower or any of its Subsidiaries by such Shipper and includes Letters of Credit as provided in Section 4.7(7), provided that:

- (i) such advances do not exceed 60% of the current market price for such pelts;
- (ii) such advances are not made prior to actual receipt and inspection by the Borrower or any of its Subsidiaries of such pelts;
- (iii) if the aggregate amount of Shipper Pelt Loan Advances to any Shipper exceed U.S.\$25,000, such advances to such Shipper are secured in a manner acceptable to the Agent, acting reasonably; and
- (iv) such advances have not remained outstanding for more than 240 days from the relevant date of advance.

(161) “Standstill Period” has the meaning given in Section 10.9(1).

(162) “Subordinated Debt” means the principal amount of Indebtedness of the Borrower to a Subordinated Lender fully subordinated and postponed to the indebtedness of the Borrower to the Agent and the Lenders hereunder on terms satisfactory to the Agent and the Lenders, in their sole discretion.

(163) “Subordinated Debt Document” means any agreement, promissory note or other document or instrument evidencing Subordinated Debt.

(164) “Subordinated Lenders” means, collectively, North American Wild Fur Shippers Council, American Mink Council, Canada Fox Breeders’ Association, Canada Mink Breeders Association, North American Fur Association and NAFA Parent.

(165) “Subsidiary” has the meaning given in the Canada *Business Corporations Act*.

(166) “Supplementary Credit Commitment” is defined in Section 2.5(3).

(167) “Supplementary Credit Exposure” means, at any time, the outstanding aggregate principal amount of all Indebtedness of the Borrower under the VISA Credit and the Hedge Credit, in each case at such time.

(168) “Supplementary Credit Lender” means CIBC, in its capacity as grantor of all credit to the Borrower under the Supplementary Credits.

(169) “Supplementary Credit Participating Lender” means each Lender specified on Schedule 2.5(3).

- (170) “Supplementary Credits” means, collectively, the VISA Credit and the Hedge Credit.
- (171) “Swingline Commitment” is defined in Section 2.5(4).
- (172) “Swingline Exposure” means, at any time, the sum of the outstanding principal amount of (i) all Swingline Loans, and (ii) all LC/LG Exposure, in each case at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.
- (173) “Swingline Lender” means CIBC, in its capacity as lender of Swingline Loans hereunder.
- (174) “Swingline Loan” means a Loan made pursuant to Section 2.3(1), and “Swingline Loans” has a corresponding meaning.
- (175) “Tangible Net Worth” means (i) the consolidated shareholders’ equity of the Borrower (net of, for certainty, intangibles and goodwill), plus (ii) the Subordinated Debt.
- (176) “Tax” or “Taxes” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, fees, deductions, compulsory loans or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.
- (177) “Term Tranche A Credit” means the credit created pursuant to Section 2.1(iv) of the Existing Credit Agreement.
- (178) “Term Tranche A Credit Commitment” is defined in Section 2.5(5).
- (179) “Term Tranche A Credit Exposure” means, with respect to the Term Tranche A Credit Lender at any time, the sum at such time of the outstanding principal amount of such Term Tranche A Credit Lender’s Term Tranche A Loan.
- (180) “Term Tranche A Credit Lender” means Export Development Canada and its successors and assigns, in their capacities as lenders under the Term Tranche A Credit.
- (181) “Term Tranche A Credit Maturity Date” means the earlier of (i) April 30, 2023 and (ii) the date on which the Term Tranche A Credit was terminated, being September 19, 2019.
- (182) “Term Tranche A Loan” is the amount outstanding under the Term Tranche A Credit from time to time.

- 25 -

(183) “Third Auction” means the third auction conducted by the Borrower in Toronto, Ontario, from August 23, 2019 to August 27, 2019, and any private treaty sales of pelts available for sale at the Third Auction through August 29, 2019.

(184) “Third Auction Prompt Date Payment” means the payment required to be made on the Prompt Date by the Borrower to the consignors of pelts sold at the Third Auction.

(185) “this Agreement”, “herein”, “hereof”, “hereto” and similar expressions mean and refer to this agreement and include any instrument amending or supplementing the same, and the expressions “Article”, “Section” and “Schedule” followed by a number or letter mean and refer to the specified Article, Section or Schedule of this Agreement.

(186) “Tranche A Lenders” means the Operating Tranche A Credit Lenders and the Term Tranche A Credit Lenders.

(187) “Unfunded Capital Expenditures” means, during any period, capital expenditures made during such period which are not specifically financed with long term debt.

(188) “Upfront Interest” means the interest payable by the Borrower to the Agent or its order for the account of the Operating Tranche B Credit Lenders with respect to the Operating Tranche B Loan in the principal amount of U.S.\$8,000,000 to be made by the Operating Tranche B Credit Lenders to the Borrower, calculated on the principal amount of such Loan at the Fixed Rate for the period commencing on the Restatement Date to but excluding the Operating Tranche B Credit Maturity Date and a year of 365 days.

(189) “U.S. Dollar LIBOR Loan” means a U.S. Dollar advance on which interest is calculated by reference to the U.S. Dollar LIBOR Rate.

(190) “U.S. Dollar LIBOR Rate” means, with respect to any U.S. Dollar LIBOR Loan for any LIBOR Interest Period, either (a) the interest rate per annum shown on the Reuter Monitor Screen which displays the ICE Benchmark Administration Interest Settlement Rate or any successor page as the composite offered rate for London interbank deposits of U.S. Dollars with a period comparable to the LIBOR Interest Period for such U.S. Dollar LIBOR Loan, as shown under the heading “USD” at 11:00 a.m. (London, England time) two Banking Days prior to the first day of such LIBOR Interest Period, or (b) if the rate in paragraph (a) of this definition is not shown for any particular day, the interest rate per annum offered to the Agent in the interbank LIBOR market for U.S. Dollar deposits, for delivery in immediately available funds on the first day of such LIBOR Interest Period, of amounts comparable to the principal amount of the U.S. Dollar LIBOR Loan to which such LIBOR is to apply with maturities comparable to the LIBOR Interest Period for which such LIBOR will apply as of approximately 11:00 a.m. (London, England time) two Banking Days prior to the commencement of such LIBOR Interest Period.

(191) “U.S. Dollars”, “US\$” and “U.S.\$” means lawful currency of the United States of America.

(192) “VISA Credit” means the credit established by Section 2.1(ii)

(193) “Waygar Funding Date” means the date on which the Operating Tranche B Credit Lenders make the Operating Tranche B Loan in the principal amount of U.S.\$8,000,000 to the Borrower.

1.2 **Accounting Terms**. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of any Document, including, without limitation, for the purposes of any determination of the financial ratios set out in Section 9.1(18), such determination or calculation shall, to the extent applicable and except as otherwise specified herein or therein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a basis consistent with those in effect at the date hereof.

1.3 **General**. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Any reference in this Agreement to any Act or Statute or any section thereof shall be deemed to be a reference to such Act, Statute or section as amended or re-enacted from time to time. Unless the context otherwise requires, words importing the singular number include the plural and vice versa. Unless the context otherwise requires, any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. Any reference in this Agreement to a party to this Agreement shall include the successors and permitted assigns of such party. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. For the avoidance of doubt, any reference to a Permitted Encumbrance shall not serve to subordinate or postpone any Security Interest created by any Security to such Permitted Encumbrance.

1.4 **Currency**. All statements of or references to dollar amounts (without more) in any Document shall mean U.S. Dollars.

1.5 **Schedules**. The following are the Schedules annexed hereto, incorporated by reference and deemed to be part hereof:

Schedule 1.1.17	-	Borrowing Base Certificate
Schedule 1.1.25	-	Cash Flow Forecast
Schedule 1.1.35	-	Compliance Certificate
Schedule 1.1.48	-	Drawdown Notice
Schedule 1.1.97	-	Material Contracts
Schedule 1.1.144	-	Rancher Advance Documentation
Schedule 2.5(1)	-	Operating Tranche A Credit Commitments
Schedule 2.5(2)	-	Operating Tranche B Credit Commitments
Schedule 2.5(3)	-	Supplementary Credit Commitments
Schedule 2.5(4)	-	Swingline Commitments
Schedule 2.5(5)	-	Term Tranche A Credit Commitments
Schedule 4.7	-	Shipper Letter of Credit Agreement

- 27 -

Schedule 8.1(5)	-	Ownership of Subsidiaries
Schedule 8.1(21)	-	Insurance Particulars
Schedule 8.1(22)		Rancher Livestock Loan Advances Exceeding U.S.\$1,500,000
Schedule 8.1(23)	-	Registration Procedures for Rancher Livestock Loan Security
Schedule 8.1(40)	-	Bank Accounts
Schedule 9.1(5)(iv)	-	Payment Policies
Schedule 9.1(15)(v)	-	Existing Loans to Farmers
Schedule 9.1(15)(vi)	-	Loans to Ranchers as Financing
Schedule 9.1(17)	-	Executive Salaries
Schedule 11.12	-	New Deposits Account

1.6 **Law of Contract.** Unless otherwise specified therein, all Documents shall be deemed to be contracts and/or instruments made pursuant to the laws of the Province of Ontario and the laws of Canada applicable therein and shall be governed by and construed in accordance with such laws.

1.7 **Evidence of Indebtedness.** Any statement as to any amount due to the Agent or any Lender under any Document which is certified as being correct by an officer of the Agent shall, unless otherwise provided herein, be *prima facie* evidence that such amount is in fact due and payable.

1.8 **General Provisions as to Certificates and Opinions, etc.** Each certificate of the Auditors and each officers' certificate furnished to the Agent or any Lender pursuant to any provision of any Document, shall specify the Section or Sections under which such certificate is furnished and shall include a statement that the Person making such certificate has read the provisions of such Document relevant thereto. Each such certificate which evidences, attests to or confirms compliance with any condition precedent provided for in any Document shall, in addition, include a statement to the following effect:

- (i) that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such condition precedent has been complied with; and
- (ii) that, in the opinion of such Person, such condition precedent has been complied with.

Whenever the delivery of a certificate or opinion is a condition precedent to the taking of any action by the Agent or any Lender under any Document, the truth and accuracy of the facts and opinions stated in such certificate or opinion shall in each case be conditions precedent to the right of the Borrower to have such action taken, and each statement of fact contained therein shall be deemed to be a representation and warranty of the Borrower for the purposes of this Agreement.

- 28 -

1.9 **Existing Events of Default.** The Borrower confirms, acknowledges and agrees that certain Events of Default have occurred under the Existing Credit Agreement as a result of the following (collectively, the “Existing Events of Default”), and that such Existing Events of Default constitute Events of Default under this Agreement:

- (i) failure to obtain an expression of interest or a non-binding letter of intent for the sale of the Group Party’s entire business, the Group Party’s European business or the Group Party’s European Kit Loan portfolio on or before July 26, 2019, pursuant to Section 9.1(37)(iii) of the Existing Credit Agreement;
- (ii) failure to mark up and return a Binding Offer by August 2, 2019, pursuant to Section 9.1(37)(iv) of the Existing Credit Agreement;
- (iii) failure to select an Acceptable Bid by August 9, 2019, pursuant to Section 9.1(37)(v) of the Existing Credit Agreement;
- (iv) failure to close an Acceptable Bid by August 19, 2019 pursuant to Section 9.1(37)(vi) of the Existing Credit Agreement;
- (v) failure to consummate the sale of the Carlingview Property on or before August 30, 2019, pursuant to Section 9.1(40) of the Existing Credit Agreement;
- (vi) failure to deliver to the Agent, on or before August 30, 2019, an updated Business Plan and updated March 2020 Cash Flow Forecast, in form and substance satisfactory to the Lenders, pursuant to Section 9.1(43) of the Existing Credit Agreement;
- (vii) failure to renew or extend the Red Rock Insurance Policy by July 30, 2019, until at least September 30, 2019, pursuant to Section 9.1(44) of the Existing Credit Agreement;
- (viii) failure to pay when due, any indebtedness (other than under the Documents) in the aggregate principal amount greater than U.S.\$100,000, pursuant to Section 10.1(4) of the Existing Credit Agreement; and
- (ix) defaults and Events of Default under Section 8.1(8), Section 8.1(30), Section 10.1(5) and Sections 10.1(4)(ii) and 10.1(4)(iii) of the Existing Credit Agreement that result solely from the foregoing clauses (i) to (viii).

1.10 **Termination of Existing Credits.** Notwithstanding any other provision herein, the Borrower and the Lenders hereby confirm, acknowledge and agree that the Hedge Credit was terminated effective as at September 11, 2019, and that the Operating Tranche A Credit and the Term Tranche A Credit were terminated on September 19, 2019. Accordingly, and for greater certainty, no Drawdowns, advances or other credits of any kind whatsoever are available to the Borrower under any of such Credits.

1.11 **Amendment and Restatement.** For greater certainty, all amounts outstanding on the Restatement Date under the Existing Credit Agreement (including, without limitation,

- 29 -

in respect of the VISA Credit) shall, on and as of the Restatement Date, be deemed to be outstanding hereunder. All such amounts outstanding under the Existing Credit Agreement in the form of (A) Base Rate Loans (as defined in the Existing Credit Agreement) under the Operating Credit (as defined in the Existing Credit Agreement) shall be continued as Base Rate Loans under the Operating Tranche A Credit hereunder, (B) Base Rate Loans (as defined in the Existing Credit Agreement) under the Tranche A Credit (as defined in the Existing Credit Agreement) shall be continued as Base Rate Loans under the Term Tranche A Credit hereunder, and (C) Overdrafts (as defined in the Existing Credit Agreement) shall be continued as Overdrafts under the Operating Tranche A Credit hereunder. It is acknowledged that there are no Prime Rate Loans, U.S. Dollar LIBOR Loans or Canadian dollar or foreign currency L/Cs outstanding under the Existing Credit Agreement on the Restatement Date.

Article 2 - The Credits and Drawdowns

2.1 Credits.

- (i) The Borrower and the Lenders hereby confirm that the Hedge Credit was terminated effective as at September 11, 2019, and that the Operating Tranche A Credit and the Term Tranche A Credit were terminated on September 19, 2019; and
- (ii) the Supplementary Credit Lender hereby confirms the continuance in favour of the Borrower of a revolving credit (the "VISA Credit") in an aggregate principal amount of Cdn.\$150,000 which is available through the use of one or more employee expense VISA cards issued by the Supplementary Credit Lender; provided that, the Borrower shall deliver to the Supplementary Credit Lender on the Restatement Date cash collateral in the amount of Cdn.\$150,000 and, in that regard, the Agent is hereby authorized and directed by the Borrower and the Lenders to apply from the funds previously swept by the Agent from the Borrower's bank accounts and currently held by the Agent, the amount of Cdn.\$150,000 to be held as cash collateral for all obligations of the Borrower under the VISA Credit. The VISA Credit shall only be utilized by the Borrower only for employee business expenses and shall be subject to the Supplementary Credit Lender's standard VISA documentation; and
- (iii) subject to the terms and conditions hereof, the Operating Tranche B Credit Lenders hereby establish an operating credit facility (the "Operating Tranche B Credit") in favour of the Borrower during the Operating Tranche B Credit Availability Period, in a maximum aggregate principal amount equal at any time to the Operating Tranche B Credit Authorized Credit Amount at such time. The Operating Tranche B Credit shall only be utilized by the Borrower to fund the disbursements in accordance with the Cash Flow Forecast as set out herein.

2.2 Utilization of the Credits.

- (1) Utilization of the Operating Tranche A Credit. The Operating Tranche A Credit was terminated on September 19, 2019.

- 30 -

(2) Utilization of the Operating Tranche B Credit. Subject to the terms and conditions hereof, the Borrower may avail itself of the Operating Tranche B Credit by way of Fixed Rate Loans provided that:

- (i) each Fixed Rate Loan shall be in a minimum amount of U.S.\$8,000,000;
- (ii) the proceeds of each such Drawdown are used for the purposes set out in Section 2.1(iii); and
- (iii) no Default or Event of Default (other than the Existing Events of Default) has occurred and is continuing.

(3) Utilization of the Term Tranche A Credit. The Term Tranche A Credit was terminated on September 19, 2019.

2.3 Making of Loans under the Operating Tranche B Credit.

(1) Operating Tranche A Credit. The Operating Tranche A Credit was terminated on September 19, 2019.

(2) Operating Tranche B Credit. Subject to the terms and conditions and relying on the representations and warranties contained herein, (i) each Operating Tranche B Credit Lender severally agrees to make to the Borrower Operating Tranche B Loans (each, an "Operating Tranche B Loan") in Cdn. Dollars or U.S. Dollars pursuant to its Operating Tranche B Credit Commitment on any Banking Day requested by the Borrower from and after the date hereof but prior to the Operating Tranche B Credit Maturity Date in an aggregate principal amount that will not result in (a) such Operating Tranche B Credit Lender's Operating Tranche B Credit Exposure exceeding such Operating Tranche B Credit Lender's Operating Tranche B Credit Commitment, or (b) the sum of the total Operating Tranche B Credit Exposures exceeding the Operating Tranche B Credit Commitments.

2.4 Making of Loans under Term Tranche A Credit. The Term Tranche A Credit was terminated on September 19, 2019.

2.5 Commitments.

(1) Operating Tranche A Credit Commitments. Subject to 2.12, each Operating Tranche A Credit Lender's Operating Tranche A Credit Exposure shall not exceed at any one time the amount set forth opposite such Operating Tranche A Credit Lender's name on Schedule 2.5(1) under the caption "Operating Tranche A Credit Commitments" (as such amount may be modified from time to time pursuant to Section 12.2, such Operating Tranche A Credit Lender's "Operating Tranche A Credit Commitment"; the Operating Tranche A Credit Commitments, taken together, of all of the Operating Tranche A Credit Lenders being hereinafter collectively referred to as the "Operating Tranche A Credit Commitments"). As a result of the termination of the Operating Tranche A Credit on September 19, 2019, the Borrower may not obtain any further Loans under the Operating Tranche A Credit.

- 31 -

(2) Operating Tranche B Credit Commitments. Subject to Section 2.12, each Operating Tranche B Credit Lender's Operating Tranche B Credit Exposure shall not exceed at any one time the amount set forth opposite such Operating Tranche B Credit Lender's name on Schedule 2.5(2) under the caption "Operating Tranche B Credit Commitments" (as such amount may be modified from time to time pursuant to Section 12.2, such Operating Tranche B Credit Lender's "Operating Tranche B Credit Commitment"; the Operating Tranche B Credit Commitments, taken together, of all of the Operating Tranche B Credit Lenders being hereinafter collectively referred to as the "Operating Tranche B Credit Commitments"). Subject to the foregoing restrictions and the conditions set out in Article 7, the Borrower may obtain borrowings of Operating Tranche B Loans, repay or prepay such Operating Tranche B Loans, and reborrow such Operating Tranche B Loans.

(3) Supplementary Credit Commitment. The Supplementary Credit Lender's Supplementary Credit Exposure shall not exceed at any one time the amount set forth opposite the Supplementary Credit Lender's name on Schedule 2.5(3) with respect to the applicable Supplementary Credit (as such amount may be modified from time to time pursuant to Section 12.2, the Supplementary Credit Lender's "Supplementary Credit Commitment").

(4) Swingline Credit Commitment. The Swingline Lender's Swingline Exposure shall not exceed at any one time the amount set forth opposite the Swingline Lender's name on Schedule 2.5(4) under the caption "Swingline Commitment" (as such amount may be modified from time to time pursuant to Section 12.2, the Swingline Lender's "Swingline Commitment"). As a result of the termination of the Operating Tranche A Credit on September 19, 2019, the Borrower may not obtain any further borrowings of Swingline Loans.

(5) Term Tranche A Credit Commitment. The Term Tranche A Credit Lender's Term Tranche A Credit Exposure shall not exceed at any one time the amount set forth on Schedule 2.5(5) (as such amount may be modified from time to time pursuant to Section 12.2, the "Term Tranche A Credit Commitment"). Subject to the foregoing restrictions and the conditions set out in Article 7, and 30 days' prior written notice to the Term Tranche A Credit Lender, the Borrower may prepay borrowings of Term Tranche A Loans, in whole or in part, in a principal amount of US\$137,500 or a whole multiple thereof, at any time after the first principal repayment date. Amounts prepaid by the Borrower shall not be available for re-borrowing.

2.6 Drawdown Notice

(1) Operating Tranche B Credit. When requesting any Drawdown under the Operating Tranche B Credit, the Borrower shall deliver a Drawdown Notice to the Agent no later than 10:00 a.m. (Toronto time) two Banking Days prior to the date on which the Borrower wishes to receive such Drawdown.

(2) Notice by Agent. The Agent shall promptly (*i.e.*, on the Banking Day of the Agent's receipt of a Drawdown Notice) give each Operating Tranche B Credit Lender facsimile or telephonic notice (and, in the case of telephonic notices, confirmed by facsimile or otherwise in writing) of the proposed borrowing, of such Operating Tranche B Lender's Applicable Percentage thereof and of the other matters covered by each Drawdown Notice. The Borrower

- 32 -

and each Operating Tranche B Credit Lender hereby waive the right to dispute the Agent's record of the terms of such telephonic notice, absent manifest error.

2.7 **Borrowings.**

(1) Each Operating Tranche B Loan shall be made as part of a borrowing consisting of Operating Tranche B Loans made by the Operating Tranche B Lenders rateably in accordance with their respective Operating Tranche B Credit Commitments.

(2) The failure of any Operating Tranche B Lender to make any Operating Tranche B Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Operating Tranche B Credit Commitments of the Operating Tranche B Credit Lenders are several and no Operating Tranche B Lender shall be responsible for any other Operating Tranche B Credit Lender's failure to make Operating Tranche B Credit Loans as required by this Agreement.

2.8 **Funding of Borrowings.**

(1) Operating Tranche B Loans. Each Operating Tranche B Credit Lender shall make each Fixed Rate Loan to be made by it hereunder on the Banking Day immediately prior to the proposed Drawdown Date by wire transfer of immediately available funds by 12:00 noon, Toronto time, to the account of the Agent most recently designated by the Agent for such purpose by notice to the Operating Tranche B Credit Lenders. The Agent will make such Operating Tranche B Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to the applicable Operating Tranche B Credit Account maintained by the Borrower with the Agent at the Designated Branch.

(2) For greater certainty, the Agent will not make available to the Borrower any Operating Tranche B Loan until it has received from each Operating Tranche B Credit Lender its share of such Operating Tranche B Loan.

2.9 **Swingline Loans.** The Operating Tranche A Credit Commitment was terminated on September 19, 2019. Accordingly, the Borrower may not borrow any Swingline Loans.

2.10 [Intentionally Deleted.]

2.11 **Equalization of Exposures re Swingline Loans.** At any time when an Event of Default has occurred and is continuing, and provided further that at such time the aggregate principal amount of Indebtedness outstanding in respect of the Operating Tranche A Credit is less than the aggregate of all Operating Tranche A Credit Commitments at such time, the Swingline Lender may by written notice given to the Agent not later than 10:00 a.m., Toronto time, on any Banking Day require the Operating Tranche A Credit Lenders to acquire participations on such Banking Day in all or a portion of the Swingline Loans and the Letters of Credit outstanding, and only to the extent necessary so that, upon such acquisition, the Operating Tranche A Credit Exposure and the Swingline Exposure, taken together, of each Operating Tranche A Credit Lender will be that proportion of the aggregate of all Operating Tranche A Credit Exposure and all Swingline Exposure, taken together, of all Operating Tranche A Credit

- 33 -

Lenders, taken together, which is equal to such Operating Tranche A Credit Lender's Operating Tranche A Credit Commitment (taken together with, in the case of the Swingline Credit Lender only, the Swingline Credit Lender's Swingline Credit Commitment prior to such participations) divided by the aggregate of all Operating Tranche A Credit Commitments and all Swingline Commitments (taking into account such participations) of all Operating Tranche A Credit Lenders, taken together, provided, however, that the operation of this sentence shall in no event result in an Operating Tranche A Credit Lender's aggregate Operating Tranche A Credit Exposure and Swingline Exposure, taken together, exceeding such Operating Tranche A Credit Lender's Operating Tranche A Credit Commitment (taken together with, in the case of the Swingline Credit Lender only, the Swingline Credit Lender's Swingline Credit Commitment prior to such participations). Such notice shall specify the aggregate amount of Swingline Loans and Letters of Credit in which the Operating Tranche A Credit Lenders will participate (which amount shall not exceed the positive result obtained when the aggregate principal amount of Indebtedness outstanding in respect of the Operating Tranche A Credit is subtracted from the aggregate of all Operating Tranche A Credit Commitments at such time). Promptly upon receipt of such notice, the Agent will give notice thereof to each Operating Tranche A Credit Lender, specifying in such notice such Operating Tranche A Credit Lender's Applicable Percentage of such Swingline Loan or Loans and of such Letters of Credit. Each Operating Tranche A Credit Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Agent, for the account of the Swingline Credit Lender, such Operating Tranche A Credit Lender's Applicable Percentage of such Swingline Loan or Loans and of such Letters of Credit. Each Operating Tranche A Credit Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans and Letters of Credit pursuant to this Section 2.11 is absolute and unconditional and shall not be affected by any circumstance whatsoever, including (i) the reduction or termination of the Operating Tranche A Credit Commitments or Swingline Credit Commitment, and (ii) any amendment, renewal or extension of any Letter of Credit, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Operating Tranche A Credit Lender shall comply with its obligation under this Section 2.11 by wire transfer of immediately available funds with respect to (i) outstanding Swingline Loans and (ii) each LC/LG Disbursement made by the Issuing Bank at any time after such notice which is not immediately reimbursed by the Borrower or in respect of which a reimbursement payment is required to be refunded to the Borrower for any reason, and the Agent shall promptly pay to the Swingline Credit Lender the amounts so received by it from the Operating Tranche A Credit Lenders. The Agent shall notify the Borrower of any participations in any Swingline Loans or any Letter of Credit acquired pursuant to this Section 2.11, and thereafter payments in respect of such Swingline Loan or any LC/LG Disbursement shall be made to the Agent and not to the Swingline Credit Lender. Any amounts received by the Swingline Credit Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan or any Letter of Credit after receipt by the Swingline Credit Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Agent; any such amounts received by the Agent shall be promptly remitted by the Agent to the Operating Tranche A Credit Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Credit Lender, as their interests may appear. The purchase of participations pursuant

- 34 -

to this paragraph shall not relieve the Borrower of any default in the payment of any Indebtedness of the Borrower so purchased.

2.12 **Evidence of Indebtedness.** The Agent shall open and maintain on its books accounts evidencing the indebtedness of the Borrower hereunder. The Agent may debit therein the amount of all such indebtedness and credit therein each payment on account of such indebtedness by appropriate entries. The accounts kept by the Agent shall constitute *prima facie* evidence of the indebtedness of the Borrower to the Agent and the Lenders hereunder, the date each Drawdown was made by the Borrower and the amounts from time to time paid by the Borrower on account of such indebtedness.

Article 3 - Repayment and Termination of the Credits

3.1 Operating Credits.

(1) **Revolving.** Amounts borrowed under the Operating Tranche A Credit may be repaid at any time. Amounts borrowed under the Operating Tranche B Credit may be repaid at any time. As a result of the termination of the Operating Tranche A Credit on September 19, 2019, once amounts borrowed under the Operating Tranche A Credit have been repaid, such amounts cannot be reborrowed.

(2) **Repayment.** The Borrower hereby unconditionally promises to pay (i) to the Agent for the account of each Operating Tranche A Credit Lender the then unpaid principal amount of each Operating Tranche A Loan on the Operating Tranche A Credit Maturity Date, (ii) to the Agent for the account of each Operating Tranche B Credit Lender the then unpaid principal amount of each Operating Tranche B Loan on the Operating Tranche B Credit Maturity Date, (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan outstanding on the Operating Tranche A Credit Maturity Date, and (iv) to the Supplementary Credit Lender the then unpaid amount of all outstanding Indebtedness under the Supplementary Credit on the Operating Tranche A Credit Maturity Date.

3.2 Mandatory Prepayments.

(1) **Operating Tranche A Credit.** The Borrower shall prepay from time to time such amount of the outstanding principal of the Operating Tranche A Credit as is necessary in order to ensure that the amount outstanding under the Operating Tranche A Credit at any time, including (i) all U.S. Dollar-denominated Loans, (ii) the U.S. Dollar Exchange Equivalent of all Cdn. Dollar-denominated Loans, and (iii) the face amount of all Letters of Credit (using the U.S. Dollar-denominated Exchange Equivalent for any Cdn. Dollar-denominated Letters of Credit) does not exceed the lesser of (A) the maximum principal amount of the Operating Tranche A Credit, and (B) the Borrowing Base. The Borrower shall ensure that it chooses LIBOR Interest Periods of such durations and Letters of Credit with such expiry dates as to permit such prepayments.

(2) **Operating Tranche B Credit.** The Borrower shall prepay from time to time such amount of the outstanding principal of the Operating Tranche B Credit as is necessary in order to ensure that the amount outstanding under the Operating Tranche B Credit at any time, including (i) all U.S. Dollar-denominated Loans and (ii) the U.S. Dollar Exchange Equivalent of all Cdn.

Dollar-denominated Loans does not exceed the maximum principal amount of the Operating Tranche B Credit.

(3) In the event of any Sale by any Group Party, the Borrower shall, on the closing date of such Sale, prepay (by payment to the Agent for the account of the Lenders) an aggregate principal amount of Operating Tranche A Loans, Operating Tranche B Loans and Term Tranche A Loans equal to the amount of Net Proceeds, such Net Proceeds to be allocated amongst the Lenders in accordance with Sections 3.2(4) and 3.2(5) of this Agreement.

(4) Prepayments of the Loans pursuant to Section 3.2(3) (other than any Sale with respect to the Goleniow Premises) shall be applied (i) first, to the permanent prepayment of amounts outstanding under the Operating Tranche B Credit and the permanent cancellation of a corresponding portion of the Operating Tranche B Credit, (ii) second, to the permanent prepayment of amounts outstanding under the Operating Tranche A Credit and the permanent cancellation of a corresponding portion of the Operating Tranche A Credit, and (iii) third, to the permanent prepayment of the amortization payments required to be made under Section 3.6 in respect of the Term Tranche A Credit, in inverse order of maturity.

(5) Prepayments of the Loans pursuant to Section 3.2(3) with respect to any Sale of the Goleniow Premises shall be applied (i) first, to the permanent prepayment of the amortization payments required to be made under Section 3.6 in respect of the Term Tranche A Credit, in inverse order of maturity, (ii) second, to the permanent prepayment of amounts outstanding under the Operating Tranche B Credit and the permanent cancellation of a corresponding portion of the Operating Tranche B Credit, and (iii) third, to the permanent prepayment of amounts outstanding under the Operating Tranche A Credit and the permanent cancellation of a corresponding portion of the Operating Tranche A Credit.

3.3 **VISA Credit.** The VISA Credit and all availments thereunder is subject to separate documentation entered into between the Borrower and the Supplementary Credit Lender relating thereto.

3.4 **Term Tranche A Credit.** Principal amounts outstanding under the Term Tranche A Credit shall be repaid by the Borrower in quarterly principal installments of US\$137,500, on each January 31, April 30, July 31 and October 31 commencing ninety (90) days following March 2, 2018, with the remaining unpaid principal amount of the Term Tranche A Loan to be due and payable on the Term Tranche A Credit Maturity Date.

Article 4 - Interest, Fees and Letters of Credit

4.1 **Interest.**

(1) **Computation of Interest.** The Borrower shall pay to the Agent or its order interest on the principal amount of the Loans outstanding under the Credits from time to time, which interest shall be calculated daily according to the regular practice of the Agent from, and including, the date that each Lender advances its Applicable Percentage of each Loan to the Agent to, but excluding, the date of payment of such Loan, at a rate of interest per annum equal to:

- 36 -

- (i) in the case of each Prime Rate Loan under the Operating Tranche A Credit, the Prime Rate plus 1.95% per annum;
- (ii) in the case of each Base Rate Loan under the Operating Tranche A Credit, the Base Rate plus 1.95% per annum;
- (iii) in the case of each U.S. Dollar LIBOR Loan under the Operating Tranche A Credit, the U.S. Dollar LIBOR Rate plus 3.70% per annum;
- (iv) in the case of each Fixed Rate Loan under the Operating Tranche B Credit, the Fixed Rate;
- (v) in the case of each amount outstanding under the VISA Credit, the interest rate applicable thereto according to the separate documentation relating to the VISA Credit entered into between the Supplementary Credit Lender and the Borrower; and
- (vi) in the case of each U.S. Dollar LIBOR Loan outstanding under the Term Tranche A Credit, the three month U.S. Dollar LIBOR Rate plus 4.00% per annum.

(2) Accrual and Payment. Interest on the amount of principal outstanding under each Drawdown shall be payable in the currency of the Drawdown, shall accrue from day to day and shall be payable: (i) in the case of a U.S. Dollar LIBOR Loan, on the last day of the applicable LIBOR Interest Period and, if the applicable LIBOR Interest Period is longer than 90 days, quarterly in arrears in accordance with the usual practice of the Agent; and (ii) in the case of a Drawdown to which the Prime Rate, the Base Rate or the Fixed Rate is applicable, monthly in arrears on the first Banking Day of each month or otherwise in accordance with the usual practice of the Agent. Interest shall be calculated on the basis of, in the case of a U.S. Dollar LIBOR Loan, a year of 360 days, and, in the case of a Drawdown to which the Prime Rate, the Base Rate or the Fixed Rate is applicable, the number of days actually elapsed divided by the number of days in the relevant calendar year. For the purposes of this Agreement, whenever interest is calculated on the basis of a year of 360 days, each rate of interest determined pursuant to such calculation expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such rate as so determined multiplied by the number of days in the calendar year in which the same is to be ascertained and divided by 360. Notwithstanding the foregoing, the Borrower shall pay to the Agent or its order the Upfront Interest on the Restatement Date.

(3) Maximum Interest Rate.

- (i) In the event that any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable hereunder in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Agent or any Lender, as applicable, of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate of interest shall be deemed to have been adjusted retroactively to such maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt

- 37 -

by the Agent or any Lender, as applicable, of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows:

- (a) firstly, by reducing the amount or applicable rate of interest payable under Section 4.1(1) of this Agreement; and
 - (b) thereafter, by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada).
- (ii) If, notwithstanding the provisions of clause (i) of this Section and after giving effect to all adjustments contemplated thereby, the Agent or any Lender, as applicable, shall receive an amount in excess of the maximum permitted by such clause, then the Borrower shall be entitled, by notice in writing to the Agent or the applicable Lender, as applicable, to obtain reimbursement from the Agent or such Lender, as applicable, of an amount equal to such excess, and pending such reimbursement such amount shall be deemed to be an amount payable by the Agent or such Lender, as applicable, to the Borrower.
- (iii) Any amount or rate of interest referred to in this Section shall be determined in accordance with generally accepted actuarial practices and principles and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent shall be conclusive for the purposes of such determination.

4.2 **U.S. Dollar LIBOR Loans.** The Borrower may not request any U.S. Dollar LIBOR Loan under any Credit.

4.3 **Default Interest.** Notwithstanding any other provision of this Agreement, whenever an Event of Default has occurred and is continuing, each amount outstanding hereunder shall bear interest, after as well as before judgment, at a rate per annum equal to the rate otherwise applicable to such amount plus 2.00%.

4.4 **Agent's Certificate.** The Agent's certificate as to each amount or each rate of interest payable hereunder shall, in the absence of manifest error, be conclusive evidence of such amount or rate.

4.5 **Other Fees.**

(1) **Annual Fee.** Commencing with the period May 16, 2019 to and including May 15, 2020, the Borrower shall pay to the Agent for the account of and ratable distribution to each Operating Tranche A Credit Lender in accordance with each Operating Tranche A Credit Lender's Applicable Percentage a non-refundable annual fee in an aggregate amount of U.S.\$80,000. Such annual fee shall be payable in advance on May 16 (or the Banking Day closest to May 16) of each calendar year.

- 38 -

(2) **Agency Fee.** The Borrower shall pay to the Agent a non-refundable agency fee in the amount of U.S.\$30,000 per month, which fee shall be payable monthly in arrears on the first Banking Day of each month commencing on November 1, 2019.

(3) **Closing Fee.** The Borrower shall pay to the Operating Tranche B Credit Lender a closing fee equal to 2.00% of the Operating Tranche B Credit Commitment, which fee shall be earned and payable on the Restatement Date (the “Closing Fee”).

4.6 **Letters of Credit.** As a result of the termination of the Operating Tranche A Credit on September 19, 2019, the Borrower may not request any Drawdown by way of a Letter of Credit. For greater certainty, no Letters of Credit shall be issued under the Operating Tranche B Credit.

Article 5 - Payments

5.1 Place and Manner of Payments.

(1) All payments to be made by the Borrower under the Documents shall be (i) made to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, in the currency of the Drawdown to which the payment relates unless otherwise specified herein, (ii) made in immediately available funds, and (iii) received by the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, not later than 3:00 p.m. (Toronto time) on the due date at the Designated Branch. Any payment received after that time shall be deemed to have been received on the next Banking Day. Whenever any payment hereunder is due on a day which is not a Banking Day, the due date thereof shall be extended to the next Banking Day unless such Banking Day falls in the next calendar month in which event the due date shall be the preceding Banking Day. During any extension of the due date for payment of any principal payable under the Documents, interest shall be payable on such principal at the rate or rates payable in respect of the Drawdown. Forthwith upon receipt by the Agent of any payment made to the Agent for the benefit of any Lender, the Agent shall pay each Lender its *pro rata* share thereof. If any payment hereunder shall be due on a day that is not a Banking Day, the date for payment shall be extended to the next succeeding Banking Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under this Section 5.1 shall be made in the same currency in which the applicable Drawdown being repaid was made.

(2) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, unreimbursed LC/LG Disbursements, interest and fees then due hereunder, such funds shall be applied (regardless of whether an Event of Default has or has not occurred) in accordance with Section 10.2.

(3) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC/LG Disbursements or Swingline Loans or in respect of any Supplementary Credit Exposure resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans, participations in LC/LG Disbursements and Swingline Loans and accrued interest thereon or of any Supplementary Credit Exposure than the proportion received

- 39 -

by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans, participations in LC/LG Disbursements and Swingline Loans of other Lenders or Supplementary Credit Exposure owed to other Lenders (as applicable) to the extent necessary so that, at all times following the occurrence of an Event of Default and termination of the Commitments pursuant to Section 10.1, the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans, and participations in LC/LG Disbursements, Swingline Loans or Supplementary Credit Exposure; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) this Section 5.1(3) shall not apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC/LG Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply).

(4) Unless the Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the interest rate applicable to such Loan.

(5) If any Lender shall fail to make any payment required to be made by it pursuant to Section 5.1(4), then the Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's obligations under such Section 5.1(4) until all such unsatisfied obligations are fully paid.

5.2 **Net Payments, etc.** All payments by the Borrower, whether in respect of principal, interest, fees or any other item shall be made in full without any deduction or withholding (whether in respect of set off, counterclaim, duties, Taxes, charges or otherwise whatsoever) unless the Borrower is prohibited by law from doing so, in which event the Borrower shall:

- (i) ensure that the deduction or withholding does not exceed the minimum amount legally required;
- (ii) forthwith pay to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, such additional amount so that the net amount received by the Agent, the Swingline Lender or the Supplementary Credit Lender, as

- 40 -

applicable, will equal the full amount which would have been received by it had no such deduction or withholding been made;

- (iii) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to this Section 5.2); and
- (iv) furnish to the Agent, the Swingline Lender or the Supplementary Credit Lender, as applicable, within the period for payment permitted by applicable law, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.

Article 6 - Change in Circumstances and Indemnities

6.1 **Increased Costs.** If at any time any Lender, in good faith and acting reasonably, determines (which determination shall be conclusive absent manifest error) and notifies the Borrower that any Applicable Law or official guideline (relating to capital adequacy or otherwise and whether or not having the force of law), or any change therein (including, but not limited to, a Change in Law) or in the interpretation or application thereof by any authority charged with the administration thereof, including the Superintendent of Financial Institutions for Canada, or by any court of competent jurisdiction or any compliance by such Lender with any request, directive or guidelines of any applicable monetary, fiscal or other governmental agency or authority, including the Superintendent of Financial Institutions for Canada (whether or not having the force of law), has the effect in respect of any Drawdown of:

- (i) increasing the cost to such Lender of making, maintaining or funding such Drawdown;
- (ii) reducing the amount of principal, interest, fees or other amounts received or receivable by such Lender hereunder or such Lender's effective pre-Tax return hereunder; or
- (iii) causing such Lender to make any payment, or to forego any interest or other return on or calculated by reference to, any sum received or receivable by such Lender hereunder;

then in any such case, upon demand being made from time to time to the Borrower by such Lender, the Borrower shall forthwith pay to such Lender such amount as shall compensate such Lender for such additional cost, reduction, payment, foregone interest or other return. Such Lender agrees to provide the Borrower with notice of any such change and such information regarding the calculation of the amounts due as is provided to customers of such Lender generally.

6.2 **Unlawful, etc.** Notwithstanding anything herein contained, if at any time while any Drawdown is outstanding, any Lender determines in good faith and acting

reasonably (which determination shall be conclusive absent manifest error) and notifies the Borrower that, by reason of any Applicable Law or official guideline (whether or not having the force of law), or any change therein or in the interpretation or application thereof by any court of competent jurisdiction or by any governmental or other authority charged with the administration thereof (including the Superintendent of Financial Institutions for Canada), it is unlawful, impracticable or contrary to the direction of such court or any such authority for such Lender to make, maintain or fund any Drawdown or to give effect to any of its related obligations as contemplated hereby, such Lender, by such notice, may declare that such obligations under this Agreement shall be terminated and the Borrower, if such Drawdown is a Loan, shall repay at the end of such reasonable period as such Lender shall have notified to the Borrower, the whole of such Loan together with all unpaid interest accrued thereon to the date of repayment and all other unpaid amounts payable to such Lender hereunder in respect of such Loan. If such Drawdown is a Letter of Credit, the Borrower shall provide such Lender with an amount equal to the undrawn principal amount thereof, forthwith upon request by such Lender, which amount shall be applied by such Lender as provided in Section 4.7(8). If any such Applicable Law or official guideline, or such change therein, shall only affect a portion of such Lender's obligations under this Agreement which portion is, in the opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may continue in full force and effect without otherwise affecting any of the obligations of such Lender under this Agreement or any other Document, such Lender shall only declare its obligations under that portion so terminated.

6.3 **Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Document, it becomes necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due under this Agreement or under any other Document in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Banking Day before the day on which judgment is given. For this purpose, "rate of exchange" means the rate at which the Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its main branch. In the event that there is a change in the rate of exchange prevailing between the Banking Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts, if any, as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement or such other Document in the Currency Due. If the amount of the Currency Due which the Agent is so able to purchase is less than the amount of the Currency Due originally due to the relevant Lender, the Borrower shall indemnify and save such Lender harmless from and against loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Agent or any Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Document or under any judgment or order.

6.4 **Environmental Indemnity.** The Borrower shall at all times indemnify and hold harmless the Agent and each Lender against and from any and all claims, liabilities, suits, actions, debts, damages, costs, losses, obligations, judgments, charges and expenses, of any nature whatsoever suffered or incurred by any such party as a result of or in connection with any Credit whether upon realization of any security for any Credit, or as a lender to the Borrower under this Agreement, or as successor to or assignee of any right or interest of the Borrower or any of its Subsidiaries under this Agreement or in any other Document, or as a result of any order, investigation or action by any Governmental Authority relating to the Borrower or any of its Subsidiaries or the business or assets of the Borrower or any of its Subsidiaries, or as mortgagee in possession, or as successor-in-interest to the Borrower or any of its Subsidiaries by foreclosure deed or deed in lieu of foreclosure under this Agreement or any other Document, under or on account of any Environmental Law, including the assertion of any Security Interest thereunder, with respect to any one or more of the following:

- (i) the Release or threat of Release of a Contaminant, or the presence of any Contaminant at, on or near any property owned, leased or controlled by the Borrower or any of its Subsidiaries, whether or not the same originates or emanates from such property or any contiguous real property;
- (ii) the Release of a Contaminant owned by, or under the charge, management or control of the Borrower or any of its Subsidiaries or any predecessor or assignor of the Borrower or any of its Subsidiaries, at a place other than property owned, leased or controlled by the Borrower or any of its Subsidiaries;
- (iii) any costs of removal or remedial action incurred by any Governmental Authority or any reasonable costs or damages incurred by any Person as a result of injury to, destruction of, or loss of natural resources in relation to any real property owned, leased or controlled by the Borrower or any of its Subsidiaries or any contiguous real property or elsewhere, including reasonable costs of assessing such injury, destruction or loss;
- (iv) liability for personal injury or property damage arising under any statutory or common law tort theory, including damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, on or near any property owned, leased or controlled by the Borrower or any of its Subsidiaries or elsewhere; and
- (v) any other environmental matter within the jurisdiction of any Governmental Authority,

provided that the foregoing indemnity shall not apply to any claims, liabilities, suits, actions, debts, damages, costs, losses, obligations, judgments, charges and expenses suffered or incurred by the Agent or any Lender arising, directly or indirectly, out of or in connection with the negligence, fraud, wilful misconduct of, or breach of Environmental Law by, the Agent or any Lender or any of their employees or agents, or a receiver, receiver-manager, trustee or any other Person appointed by, on behalf of, or for the benefit of the Agent or any Lender. The Borrower's obligation under this Section 6.4 shall arise upon the discovery of the presence of any

Contaminant, whether or not any Governmental Authority has taken or threatened any action in connection with the presence of any Contaminant. The Borrower shall be liable for any obligation arising under this Section 6.4 even if the amount of liability incurred exceeds the amount of the Credits outstanding or available at any time.

6.5 **General Indemnity.**

(1) In addition to all the rights and remedies available to the Agent and any Lender at law or in equity, but without duplication of Section 6.4 above, the Borrower shall indemnify the Agent and any Lender and their successors and permitted assigns and their respective affiliates, shareholders, officers, directors, employees, agents, consultants, representatives and counsel (collectively, the "Indemnified Persons") and save and hold each of them harmless against and pay on behalf of, or reimburse each of them for, any obligation, loss, liability, demand, claim, action, cause of action, cost, damage, deficiency, Tax (including any Taxes imposed with respect to such indemnity payments), penalty, fine or expense, whether or not arising out of any claims by or on behalf of the Borrower or any other Person, including interest, penalties, reasonable lawyers' fees and expenses and all amounts paid in investigation, defence or settlement of any of the foregoing (collectively "Losses") which any such party may suffer, sustain, or become subject to, as a result of, in connection with, relating to or arising out of any investigation, litigation or proceeding or by virtue of the Credits, including:

- (i) any misrepresentation or breach of warranty on the part of the Borrower under Article 8 of this Agreement;
- (ii) without duplication of Section 6.5(1)(i) above, any misrepresentation in or omission from any of the representations, warranties, statements, Schedules and exhibits in or to this Agreement or any other Document or any certificate or other instrument or document furnished to the Agent or any Lender by the Borrower pursuant to any Document;
- (iii) any non-fulfilment or breach of any covenant or agreement on the part of the Borrower or any of its Subsidiaries under any Document;
- (iv) any claim (whenever made) arising out of, relating to, resulting from or caused by any transaction, status, event, condition, occurrence or situation relating to, arising out of or in connection with (a) the execution, performance and delivery of the Documents and any other documents and agreements contemplated thereby, (b) any actions taken by any of the Indemnified Persons pursuant to this Agreement or any of the Documents or any of the documents and agreements contemplated hereby and thereby, or (c) any inaction in respect of, or omission to do, any act legally or otherwise required of the Borrower;

provided that the foregoing indemnity shall not apply to any Losses suffered or incurred by any Indemnified Person arising, directly or indirectly, out of or in connection with the negligence, fraud or wilful misconduct of such Indemnified Person or a receiver, receiver-manager, trustee or any other Person appointed by, on behalf of, or for the benefit of such Indemnified Person, in each case, as determined by a final non-appealable judgment of a court of competent jurisdiction.

- 44 -

(2) If for any reason the indemnity provided for in this Section 6.5 is not available to any Indemnified Person or is not sufficient to hold each such Indemnified Person harmless from all such Losses arising with respect to the transactions contemplated by this Agreement or otherwise intended to be indemnified hereby, then the Borrower shall contribute to the amount paid or payable in respect of such Loss in such proportion as is appropriate to reflect not only the relevant benefits received by the Borrower on the one hand and such Indemnified Person on the other, but also the relevant fault of the Borrower and the Indemnified Person as well as any relevant equitable considerations. In addition, the Borrower agrees to reimburse each Indemnified Person upon demand for all reasonable expenses (including legal counsel fees) incurred by such Indemnified Person or any other Person in connection with investigating, preparing or defending any such action or claim. The indemnity, contribution and expense reimbursement obligations that the Borrower has under this Section 6.5 shall be in addition to any liability that the Borrower may otherwise have, whether under this Agreement or otherwise. The Borrower further agrees that the indemnification and reimbursement commitments set forth in this Agreement shall apply whether or not the relevant Indemnified Person is a formal party to any such lawsuit, claim or any other proceeding.

(3) Any indemnification of the Agent, any Lender or any other Indemnified Person by the Borrower pursuant to this Section 6.5 shall be effected by wire transfer of immediately available funds from the Borrower to an account designated by the Agent, any Lender or any other Indemnified Person, as applicable, within 15 days after the determination thereof.

6.6 **Third Party Beneficiaries.** Any indemnities set forth in this Agreement in favour of any indemnified parties other than the Agent are held by the Agent in trust for each of the other indemnified parties.

6.7 **Agent and Lenders Not Liable.** The Borrower agrees that neither the Agent nor any Lender shall be liable to the Borrower for any Losses which the Borrower or any of its Subsidiaries may suffer, sustain or become subject to, as a result of, in connection with, relating or incidental to or by virtue of any action taken or not taken or anything done or not done by the Agent or any Lender under or in respect of any Document or any Drawdown, save and except for any such Losses which resulted primarily out of or which were based primarily upon the Agent's or a Lender's negligence, fraud or wilful misconduct, it being agreed that the negligence, fraud or wilful misconduct of the Agent or any Lender shall not affect the rights of any other party under this Section 6.7.

6.8 **Security.** Payment of all amounts payable by the Borrower to any Person under this Article 6 shall be secured by the Security. In order to give effect to the terms hereof and notwithstanding any contrary provision contained in any other agreement, all of the Security shall continue in effect until all principal, interest and other amounts payable to the Agent and the Lenders under each of the Documents have been received by the Agent and the Lenders. Notwithstanding the provisions of this Section 6.8, the Security shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Agent or any Lender in respect of any of the Credits or any Document is rescinded or must otherwise be restored or returned by the Agent or any Lender upon the occurrence of a Bankruptcy Event with respect to the Borrower or any of its Subsidiaries, all as though such payments had not been made.

- 45 -

6.9 **Survival.** The obligations of the Borrower under this Article 6 shall survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, the payment of all Drawdowns and the termination of the Credits indefinitely, regardless of any investigation, enquiry or examination made for or on behalf of, or any knowledge of the Agent, any Lender and/or any of the other Indemnified Persons or the acceptance by the Agent or any Lender of any certificate or opinion.

Article 7 - Conditions Precedent

7.1 **Closing.** The closing of the transaction contemplated herein shall take place at the offices of Blake, Cassels & Graydon LLP on the Restatement Date.

7.2 **Conditions Precedent to Closing.** The effectiveness of this Agreement is subject to the fulfilment of the following conditions precedent to the satisfaction of the Lenders, acting reasonably, on or prior to the Restatement Date, it being understood that the said conditions are included for the exclusive benefit of the Lenders and may be waived in writing in whole or in part by the Lenders at any time:

- (1) **Security.**
 - (i) **Borrower.** The Borrower shall have delivered to the Agent the following security (or, as applicable, a confirmation of the relevant security) as valid and continuing security for the obligations of the Borrower to the Agent and the Lenders under this Agreement:
 - (a) a general security agreement;
 - (b) a general security agreement (U.S. form);
 - (c) a \$100,000,000 first floating charge debenture over the assets of the Borrower;
 - (d) a pledge agreement pursuant to which the debenture referred to above is pledged to the Agent;
 - (e) a securities pledge agreement over all shares in the capital of NAFA US;
 - (f) security under Section 427 of the *Bank Act* (Canada);
 - (g) a subordination and postponement in favour of the Agent and Lenders of the Borrower's mortgage granted by NAFA NS in respect of NAFA Farms; and
 - (h) such other documentation as may be required by the Agent in order to ensure a good and valid security interest (or equivalent in any foreign jurisdiction) in all assets of the Borrower,

- 46 -

all in form and substance satisfactory to the Lenders and their counsel, acting reasonably.

- (ii) Credit Parties. Each other Credit Party shall have delivered to the Agent the following security (or, as applicable, a confirmation of the relevant security) as valid and continuing security for the obligations of such Credit Party to the Agent and the Lenders under this Agreement and its guarantee:
- (a) a guarantee (or foreign law equivalent) of all indebtedness of the Borrower to the Lenders and the Agent;
 - (b) a general security agreement (or foreign law equivalent); and
 - (c) a collateral mortgage over its owned and leased real property (other than, in the case of NAFA Properties, the leased property located at 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8), and such mortgage shall be properly registered (or subject to satisfactory arrangements to become properly registered) on the Restatement Date, including the following:
 - (i) in the case of NAFA Properties, a collateral mortgage over the Carlingview Property;
 - (ii) in the case of NAFA Properties, a collateral mortgage over its leasehold interest in the property located at 65 Skyway Avenue, Toronto, including the consent from the applicable landlord(s); provided that, if such consent is not available, the Borrower shall have requested such consent;
 - (iii) in the case of NAFA NS, a collateral mortgage over NAFA Farms;
 - (iv) in the case of NAFA Stoughton, a collateral mortgage over its property located at 1600 Williams Drive, Stoughton, Wisconsin; and
 - (v) in the case of NAFA US, a collateral mortgage over its property located at 205 Industrial Circle, Stoughton, Wisconsin;
 - (d) in the case of NAFA Polska Sp.Z oo, (1) a Polish law agreement on the establishment of registered pledge over set of rights, (2) a Polish law agreement on the establishment of registered pledge over assets, and (3) the Goleniow Premises Mortgages; and
 - (e) such other documentation as may be required by the Agent in order to ensure a good and valid security interest (or equivalent in any foreign jurisdiction) in all assets of the relevant Credit Party;

- 47 -

all in form and substance satisfactory to the Lenders and their counsel, acting reasonably.

- (iii) Assignment and Postponement of Claims. The Subordinated Lenders shall have delivered to the Agent full postponements of all payments (whether on account of principal, interest, fees or otherwise), both in respect of any claims against the Borrower and in respect of any claims against any Affiliate of the Borrower, in form and substance satisfactory to the Lenders and their counsel, in their sole discretion provided, however, that such postponements shall not apply to (A) Permitted Interest Payments, (B) Permitted Pelt Supplier Payments, (C) annually, payments of the amount of net income of North American Fur Association for the immediately preceding fiscal year to the extent that such net income is held by the Borrower and has not previously been the subject of a payment or payments by the Borrower to North American Fur Association, and (D) management fees payable by the Borrower to NAFA Parent and referenced in, and permitted by, Section 9.1(22) of this Agreement, in each case, subject to the Cash Flow Forecast.

(2) Registration of Security. Subject to obtaining confirmation from the District Court that the Polish security delivered pursuant to Section 7.2(1)(2)(d) has been registered with the District Court, all Security shall have been registered in all Canadian, U.S. and Polish offices in which, in the opinion of the Lenders acting reasonably, registration is necessary or of advantage to preserve the priority of the Security Interests intended to be created thereby and duplicate copies of such security instruments bearing or accompanied by appropriate endorsements or certificates of registration shall have been delivered to the Agent.

(3) Other Documentation. The Borrower shall have entered into and delivered to the Agent an executed copy of this Agreement and such other documents relative to this Agreement and the transactions contemplated herein as the Agent may reasonably require.

(4) Corporate Proceedings. All proceedings to be taken by the Borrower in connection with the transactions contemplated by the Documents shall be satisfactory in form and substance to the Agent and the Lenders, acting reasonably, and the Agent and the Lenders shall have received certified copies of all documents which they may reasonably request in connection with such transactions and of the records of all corporate proceedings in connection therewith.

(5) Representations and Warranties. The representations and warranties contained in Article 8 (except as affected by transactions contemplated by this Agreement) shall be true and correct on and as of the Restatement Date with the same effect as though made on and as of such date and the Borrower shall have delivered to the Agent a certificate to such effect, dated such date and signed on its behalf by a Senior Officer.

(6) [Intentionally Deleted.]

(7) No Change in Applicable Law. The Agent and each Lender shall be satisfied that there shall not have occurred on or before the Restatement Date any change in any Applicable

Law or the interpretation thereof by any authority charged with the administration thereof or by any court which in the opinion of counsel for the Agent would make it unlawful or impossible for the Agent or any Lender to advance funds hereunder.

(8) Opinion from Borrower's Canadian Counsel. The Agent and the Lenders shall have received from Blaney McMurtry, Canadian counsel for the Credit Parties, an opinion dated the Restatement Date, as to such matters and in form and substance satisfactory to the Agent and the Lenders, acting reasonably.

(9) [Intentionally Deleted.]

(10) Interest and Fees. The Borrower shall have paid (i) all interest and fees outstanding under the Existing Credit Agreement, and (ii) all fees payable hereunder on or prior to the Restatement Date.

(11) Consents. The Borrower shall have provided evidence to the Agent that the Borrower has obtained all consents and approvals required of any regulatory agencies in connection with this Agreement and the transactions contemplated hereby.

(12) Due Diligence. The Agent and each Lender shall have completed its due diligence review and shall be satisfied with the liabilities, assets, prospects and operations of the Borrower and its Subsidiaries (including analysis of financial, consignment (including the contractual arrangements of the Borrower and its Subsidiaries with pelt consignors and title to consigned pelts and related Buyer Accounts Receivable), tax, legal, industry, competition and environmental issues) and the terms of all material contracts (including the shareholders agreement, share purchase agreement and employment contracts referred to above).

(13) Material Contracts. The Agent and each Lender shall have received a certificate of a Senior Officer of the Borrower stating that each Material Contract attached to the certificate delivered in connection with the Existing Credit Agreement remains true and complete, each such Material Contract has not been amended since the date of such certificate and remains in full force and effect, and there are no Material Contracts that are not listed on such certificate.

(14) Disclosure of Information. The Agent and each Lender shall have received such financial and other information relating to the Borrower and its Subsidiaries, and any other guarantor, as the Agent shall have reasonably requested.

(15) [Intentionally Deleted.]

(16) No Material Adverse Effect. The Agent and each Lender shall be satisfied that, except as disclosed in the Cash Flow Forecast, nothing has occurred which the Agent or any Lender has determined is likely to have a material adverse effect on the business, operations and prospects of the Borrower, or its Subsidiaries or the rights and remedies of the Agent or the Lenders.

(17) Transaction Costs. The Agent shall be satisfied with all arrangements regarding the payment on the Restatement Date of all costs associated with the transactions contemplated hereby, including arrangements satisfactory to the Operating Tranche B Credit Lenders for the

payment of the Upfront Interest and the Closing Fee, and the payment of all legal fees of counsel to the Operating Tranche B Credit Lenders.

(18) Cash Flow Forecast. The Agent shall have received the Cash Flow Forecast, which shall be in form and substance satisfactory to the Agent and attached as Schedule 1.1.25 to this Agreement, and shall include, without limitation, a list of all Kit Loans to be advanced, including the date of the proposed advance, the amount of the proposed advance, the Rancher to whom the proposed advance would be made and the location of such Rancher (the "Kit Loans List").

(19) The Borrower shall have engaged KPMG LLP (Corporate Finance) on terms and conditions satisfactory to the Agent, to conduct a directed/targeted sale process for the Group Parties' business as a whole or the Group Parties' European business in accordance with the Sale Milestones (the "Sale Process").

(20) CCC Agreement.

- (i) The Borrower and NAFA US shall have entered into a CIBC commercial and corporate banking financing services agreement (including an agreement for cash management services and a centralized cash control services – multi-party schedule, including all appendices thereto), in form and substance satisfactory to the Agent (the "CCC Agreement"), and the Agent shall have received in respect of such CCC Agreement, a legal opinion from counsel to the Borrower and NAFA US with respect to such agreement, satisfactory to the Agent, acting reasonably; and
- (ii) The Borrower shall have caused all cash in the BMO Accounts to have been transferred into an account of the Borrower subject to a CCC Agreement and have provided the Agent with copies of bank statements or other information satisfactory to the Agent, confirming such transfers.

(21) KYC Information. The Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations.

(22) Solemn Declaration. The Agent and the Lenders shall have received a solemn declaration from Doug Lawson confirming, to his knowledge, the matters set forth in Section 8.1(43).

(23) Other Documents. The Borrower shall have delivered such other documents as the Agent may reasonably request on behalf of the Lenders.

7.3 Conditions Precedent to Drawdowns. The obligation of each Operating Tranche B Credit Lender to make any Drawdown under the Operating Tranche B Credit is subject to fulfilment of the following conditions precedent on or prior to the date of such Drawdown, it being understood that the said conditions are included for the exclusive benefit of the Lenders and may be waived in writing in whole or in part by the Lenders at any time:

- 50 -

(1) Notice. In the case of each Drawdown, the Borrower shall have provided the Agent with the Drawdown Notice, if any, required by Section 2.6.

(2) Representations and Warranties. The representations and warranties contained in Article 8 shall be true and correct on and as of the date of Drawdown with the same effect as though made on and as of such date.

Article 8 - Representations and Warranties

8.1 **Representations and Warranties of the Borrower**. To induce the Agent and the Lenders to enter into this Agreement, to establish the Operating Tranche B Credit as provided for and subject to the terms and conditions herein and to permit Drawdowns under the Operating Tranche B Credit, the Borrower represents and warrants to the Agent and the Lenders, upon each of which representations and warranties the Agent and the Lenders specifically relies, as follows:

(1) Due Incorporation, etc. Each Group Party is a duly organized, is validly subsisting under the laws of its jurisdiction of organization and is duly authorized and licensed to own its properties and to carry on its business as presently owned and carried on by it in each jurisdiction in which the failure to be so authorized and licensed would have a material adverse effect on its business or financial condition.

(2) Corporate Power. Each Credit Party has the corporate power and authority to enter into and perform its obligations under the Documents executed by it. Each Credit Party has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents executed by it, to create the Security Interests contemplated by the Documents executed by it, and, in the case of the Borrower, to permit it to borrow money hereunder.

(3) Due Execution, etc. This Agreement and each of the documents comprising the Security to which any Credit Party is a party has been duly authorized, executed and delivered by such Credit Party and each Document to which any Credit Party is a party constitutes a valid and binding obligation enforceable against such Credit Party in accordance with its terms subject to any applicable bankruptcy, reorganization, winding-up, insolvency, moratorium or other similar laws of general application affecting the enforcement of creditors' rights from time to time in effect and subject to the principles of equity. Each of the documents comprising the Security to which any Credit Party is a party creates in favour of the Agent a valid, binding and perfected Security Interest on all of the right, title and interest of such Credit Party in all of the Collateral which is the subject matter thereof and such Security Interests have first priority for all purposes over any other Security Interests in the Collateral other than Permitted Encumbrances.

(4) Qualification, Licences, etc. Each Group Party has obtained all licenses, permits and approvals from any and all governments, governmental commissions, boards or other agencies required in respect of the operation of its business in the ordinary and normal course with the exception of those that are immaterial or that could be obtained in a reasonable time and at reasonable expense and convenience.

(5) Subsidiaries. NAFA Parent's Subsidiaries and the ownership of such Subsidiaries are as set out in Schedule 8.1(5) to this Agreement. In addition to the Subsidiaries of NAFA

Parent set out in Schedule 8.1(5), the Borrower owns 100% of the Equity Securities of Daikoku Sp.Z oo, and Daikoku Sp.Z oo does not have any Subsidiaries. No Group Party has any agreement of any nature to acquire any corporation that would be a Subsidiary. No Group Party is a partner in any partnership or a party to any joint venture or a party to any agreement pursuant to which it has agreed to become a partner in any partnership or a party to any joint venture.

(6) Litigation. There are no actions, suits or proceedings pending or threatened against or affecting any Group Party at law or in equity or before or by any court, arbitrator or Governmental Authority, domestic or foreign, which would result in any material adverse change in the business, operations, prospects, property or assets of the Borrower on a consolidated basis, or in the Borrower's condition, financial or otherwise, all on a consolidated basis, or in the ability of any Credit Party to perform its obligations under the Documents; and no Group Party is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, domestic or foreign, which, either separately or in the aggregate, would result in any such material adverse change in respect of the Borrower on a consolidated basis.

(7) Burdensome Provisions, etc. No Group Party is a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge in the future may reasonably be expected to materially adversely affect, its business, operations, prospects, properties or assets of the Borrower on a consolidated basis, or the condition, financial or otherwise, of the Borrower on a consolidated basis, or the ability of any Credit Party to perform its obligations under the Documents to which it is a party.

(8) Default. No Group Party is in default beyond any period of grace with respect thereto under any instrument evidencing any indebtedness which is material to the Borrower on a consolidated basis or under the terms of any instrument pursuant to which an instrument evidencing any such material indebtedness has been issued or made and delivered.

(9) No Default, etc. The execution and delivery of the Documents to which any Credit Party is a party, the consummation of the transactions therein contemplated, and the compliance with the terms, conditions and provisions thereof:

- (i) do not conflict with, and will not conflict with, or result in, and will not result in, any breach of, or constitute a default under any of the provisions of the charter documents or by-laws of such Credit Party;
- (ii) do not conflict with, and will not conflict with, or result in, and will not result in, any material breach of, or constitute a material default under, any agreement or instrument to which such Credit Party is a party or by which such Credit Party or any of its properties or assets are bound; and
- (iii) except as contemplated by this Agreement, do not result in, and will not result in, the creation or imposition of any Security Interest upon any of the properties or assets of such Credit Party or in the contravention of any Applicable Law.

- 52 -

(10) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority or any other Person is required in connection with the execution and delivery and enforcement of the Documents to which any Credit Party is a party or the consummation of any of the transactions contemplated thereby or the realization of any Collateral under the Security except (i) such consents as have been obtained, (ii) such consents as are required by the Documents, and (iii) such filings as have been completed, copies of which have been provided to the Agent.

(11) Taxes. Each Group Party has filed or caused to be filed all tax returns which, to the knowledge of such Group Party, are required to have been filed, and has paid all Taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided in its books); and to the knowledge of each Group Party no tax liens have been filed and no claims are being asserted with respect to any such Taxes, fees or other charges.

(12) Financial Statements. The Borrower has furnished the Agent with its most recent consolidated audited financial statements. Such financial statements have been prepared on a consolidated basis and in accordance with GAAP applied on a basis consistent with preceding periods, except as stated therein or in the notes thereto. The consolidated balance sheet of the Borrower contained in such financial statements represents fairly the consolidated financial position of the Borrower as at the date thereof and the consolidated statement of profit and loss of the Borrower contained in such financial statements presents fairly the results of the consolidated operations of the Borrower for the periods indicated.

(13) Contingent Liabilities and Debt. No Group Party has any contingent liabilities which are material to the Borrower on a consolidated basis which are not disclosed on or referred to in the financial statements most recently delivered to the Agent nor has any Group Party incurred any indebtedness for money borrowed or credit advanced which is material to the Borrower on a consolidated basis and which is not disclosed on or reflected in such statements, other than indebtedness incurred by or credit extended to it in the ordinary course of business.

(14) Material Adverse Change. Except as disclosed in the Cash Flow Forecast, (i) there has been no material adverse change in the financial condition of the any Group Party which would be material to the Borrower on a consolidated basis, and (ii) none of the business, operations, properties, condition (financial or otherwise) or prospects of any Group Party or any Affiliate of the Borrower has been materially and adversely affected so as to materially and adversely affect the Borrower on a consolidated basis as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any Governmental Authority.

(15) Authorized Capital. The authorized capital of each Group Party, and all outstanding share capital of each Group Party, is as set out in Schedule 8.1(15). There are no outstanding warrants, options or rights to purchase or otherwise acquire any such shares and no securities convertible into or exchangeable for any such shares. All issued shares have been duly

- 53 -

allotted and issued and are fully paid and non-assessable and are so owned free and clear of any Security Interest.

(16) Title to Properties. Each Group Party has good and marketable title to its properties and assets subject to no Security Interests except the Permitted Encumbrances.

(17) Real Property. No Group Party owns any real property or has any interests therein other than the properties listed in Section 8.1(19) and it is not bound by any agreement to own or lease any real property except in respect of such properties.

(18) Property. The documents comprising the Security, including the Schedules thereto (if any), contain accurate descriptions of all of the material assets of each Group Party.

(19) Location of Assets.

- (i) The Borrower has offices or other premises only at the following addresses: (i) 65 Skyway Avenue, Toronto, Ontario M9W 6C7, (ii) 500 Carlingview Drive, Toronto, Ontario M9W 5R3, and (iii) and 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8.
- (ii) The Borrower has Inventory (other than Inventory in transit) only in the following jurisdictions: Ontario, Manitoba and Wisconsin.
- (iii) The Borrower holds consignment inventory for periods of more than three days only in the following jurisdictions: Ontario, Manitoba, the United States, Poland and The Netherlands.
- (iv) The Borrower has or may have Ranchers to whom Rancher Livestock Loan Advances have been made by the Borrower only in Canada, the United States, Uruguay and member countries of the European Union.
- (v) Each other Group Party member has offices or other premises only at the following addresses:
 - (A) NAFA Parent – 65 Skyway Avenue, Toronto, Ontario
 - (B) North American Fur Auctions (US) Inc. - 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (C) NAFPRO LLC - 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (D) NAFA Polska Sp.Z oo - ul. Granitowa 10 Lozienica, 72-100 Gm. Goleniow, Poland
 - (E) NAFA Properties Inc. – 65 Skyway Avenue, Toronto, Ontario
 - (F) NAFA Properties (US) Inc. – 920 N King Street, Wilmington, Delaware, U.S.A.

- 54 -

- (G) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (H) 3306319 Nova Scotia Limited – (i) 710 Prince Street, Truro, Nova Scotia, Canada, (ii) P.O.Box 40, Weymouth, Nova Scotia, (iii) 569 Middle Cross Road, Roxville, N.S., and (iv) 241 Riverdale Road, Riverdale, N.S.
 - (I) NAFA Europe Co-operatief UA – Sprokkeveld 5-6596DH, Milsbeek, Holland
 - (J) NAFA Europe B.V. – Sprokkeveld 5-6596DH, Milsbeek, Holland
 - (K) Daikoku Sp.Z oo - ul. Granitowa 10, 72-100 Lozienia, Poland
- (vi) Each other Group Party member has Inventory (other than Inventory in transit) only in the following jurisdictions:
- (A) NAFA Parent – None
 - (B) North American Fur Auctions (US) Inc. - Wisconsin
 - (C) NAFPRO LLC - Wisconsin
 - (D) NAFA Polska Sp.Z oo - Poland
 - (E) NAFA Properties Inc. – None
 - (F) NAFA Properties (US) Inc. – None
 - (G) NAFA Properties Stoughton LLC – None
 - (H) 3306319 Nova Scotia Limited – (i) 710 Prince Street, Truro, Nova Scotia, Canada, (ii) P.O.Box 40, Weymouth, Nova Scotia, (iii) 569 Middle Cross Road, Roxville, N.S., and (iv) 241 Riverdale Road, Riverdale, N.S.
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – None
 - (K) Daikoku Sp.Z oo - Lubartów Postal code (68-131), at Lubartów 4, Poland
- (vii) Each other Group Party member holds consignment inventory on behalf of the Borrower for periods of more than three days only in the following jurisdictions:
- (A) NAFA Parent – None
 - (B) North American Fur Auctions (US) Inc. - Wisconsin
 - (C) NAFPRO LLC - Wisconsin

- 55 -

- (D) NAFA Polska Sp.Z oo - Poland
 - (E) NAFA Properties Inc. – 65 Skyway Avenue, Toronto, Ontario, Canada
 - (F) NAFA Properties (US) Inc. – None
 - (G) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A.
 - (H) 3306319 Nova Scotia Limited – None
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – None
 - (K) Daikoku Sp.Z oo - Lubartów Postal code (68-131), at Lubartów 4, Poland
- (viii) No Group Member (other than the Borrower) has or may have Ranchers to whom Rancher Livestock Loan Advances have been made.
- (ix) The countries in which any Group Party holds assets with an aggregate value exceeding U.S.\$50,000 are as follows:
- (A) Borrower – Canada
 - (B) NAFA Parent – None
 - (C) North American Fur Auctions (US) Inc. – U.S.A.
 - (D) NAFPRO LLC - U.S.A.
 - (E) NAFA Polska Sp.Z oo – Poland
 - (F) NAFA Properties Inc. – Canada
 - (G) NAFA Properties (US) Inc. – None
 - (H) NAFA Properties Stoughton LLC – 205 Industrial Circle, Stoughton, Wisconsin, U.S.A
 - (I) 3306319 Nova Scotia Limited – Canada
 - (I) NAFA Europe Co-operatief UA – None
 - (J) NAFA Europe B.V. – The Netherlands
 - (K) Daikoku Sp.Z oo - Lubartów Postal code (68-131), at Lubartów 4 - Poland

- 56 -

(20) Conditions Precedent. Each Group Party is in compliance with all conditions precedent to closing set out in Section 7.2 which have not been waived in writing by the Agent and, if a Drawdown has been requested, each Group Party is in compliance with all conditions precedent to Drawdown set out in Section 7.3 which have not been waived in writing by the Agent.

(21) Insurance. Schedule 8.1(21), as amended by written notice to the Agent by the Borrower from time to time, correctly states the issuers, policy numbers, amounts and expiration dates of all insurance policies held by or for the benefit of each Group Party and includes the properties and risks covered thereby. Each Group Party has insurance of such type, in such amounts and against such risks as is, in the opinion of the Borrower, adequate for its and its Subsidiaries' purposes. Such insurance covers, among other things, all pelts shipped to or held by any Group Party or any of its agents.

(22) Rancher Livestock Loan Advances. Other than with respect to advances made to Mantvydas Ciskevicius, Andrius Ciskevicius and any other Rancher agreed to in writing by the Agent, all outstanding Rancher Livestock Loan Advances have been made pursuant to an application and a livestock note and chattel mortgage, an agricultural pledge, a marketing and security agreement or another form of agreement creating a Security Interest in favour of the applicable Group Party over the livestock and pelts of the applicable Rancher which is enforceable against such Rancher under the laws of the jurisdiction in which such Rancher and its livestock are located. To the best of the Borrower's knowledge (based on representations made by each Rancher and appropriate searches conducted by or on behalf of the Borrower), each Rancher which has an outstanding Rancher Livestock Loan Advance has not given a Security Interest in the livestock and pelts charged in favour of any Group Party to any Person other than (i) a Person which has entered into a subordination agreement in favour of the applicable Group Party or (ii) in the case of Mantvydas Ciskevicius, Andrius Ciskevicius and any other Rancher agreed to in writing by the Agent, Saga Furs Oyj. All Rancher Livestock Loan Advances outstanding on the date hereof in a principal amount exceeding U.S.\$1,500,000 are listed on Schedule 8.1(22).

(23) Rancher Livestock Loan Security Registrations. The livestock note and chattel mortgage, agricultural pledge, marketing and security agreement or another form of agreement creating a Security Interest in respect of each outstanding Rancher Livestock Loan Advance, or a notice in respect thereof, has been registered, filed or recorded as provided in Schedule 8.1(23) or as otherwise required by law in order to perfect the Security Interest thereby created.

(24) Buyer Security and Dressers Acknowledgement. The applicable Group Party has in its possession all pelts sold by it for which payment in full has not been received, except those delivered to a dresser at the request of the Buyer and in respect of which such dresser has by written agreement addressed to the applicable Group Party and the Agent, acknowledged receipt of the pelts and the Security Interests of the applicable Group Party and the Agent in the pelts and agreed to deliver the pelts in accordance with the instructions of the applicable Group Party except that where the instructions of the applicable Group Party are inconsistent with the instructions of the Agent the dresser has agreed to follow the instructions of the Agent.

- 57 -

(25) Shipper Loans. All Shipper Pelt Loan Advances in excess of an aggregate of U.S.\$25,000 for any one Shipper have been secured by an acknowledgement and security agreement or another form of agreement creating a Security Interest in favour of the applicable Group Party which is enforceable against the Shipper under the laws of the jurisdiction(s) in which the Shipper and its pelts are located. The applicable Group Party has perfected its Security Interest in such pelts by possession and, if necessary, under the laws of the applicable jurisdiction(s), registration.

(26) Payment Policies. Each Group Party has implemented, and is, to such extent as is commercially reasonable, enforcing the payment policies outlined in Schedule 9.1(5)(iv).

(27) Full Disclosure. No information or statement furnished by or on behalf of any Group Party to the Agent or any Lender in connection with the negotiation or confirmation of the transactions as contemplated hereby contains, as of the time such statements were made, any untrue statement of a fact material to the Borrower on a consolidated basis or omits as of such time a fact material to the Borrower on a consolidated basis necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Agreement, do not contain any untrue statement of a fact material to the Borrower on a consolidated basis or omit a fact material to the Borrower on a consolidated basis necessary to make the statements contained herein or therein not misleading and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by each Group Party. There is no fact which the Borrower has not disclosed to the Agent in writing which materially adversely affects, or so far as the Borrower can now reasonably foresee, will materially adversely affect the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of the Borrower measured on a consolidated basis, or the rights or ability of any Credit Party to perform its obligations under the Documents.

(28) Compliance with Covenants. Each Group Party is in compliance with each of the covenants set out in Article 9 of this Agreement.

(29) No Default. No Default or Event of Default (other than the Existing Events of Default) has occurred.

(30) Material Contracts.

- (i) Schedule 1.1.97, as amended by written notice to the Agent by the Borrower from time to time, sets out all contracts to which any Group Party is a party or by which it is bound which are material to the business of such Group Party, determined on a consolidated basis, whether oral or written.
- (ii) A true and complete certified copy of each Material Contract has been delivered to the Agent and each Material Contract is in full force and effect, unamended except as permitted under this Agreement.
- (iii) No event has occurred and is continuing which would constitute a material breach of any Material Contract or a material default thereunder

(31) Laws, Regulations, etc. Each Group Party is conducting its business and operations in compliance with its articles of incorporation and its by-laws and, in all material respects, with all Applicable Laws, including health, safety, environmental protection, employment standards and labour codes of all applicable Governmental Authorities and each Group Party has obtained and maintained in good standing all licences, permits and approvals from any and all Governmental Authorities required in respect of its operations, where the failure to comply therewith or to obtain or maintain the same would have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of the Borrower on a consolidated basis, or the rights or ability of any Group Party to perform its obligations under the Documents.

(32) Environmental Compliance. No Group Party has received any notice and no Group Party has any knowledge, after due enquiry, that the business or operations of any Group Party are not in compliance in all material respects with all Environmental Laws (whether or not having the force of law), the noncompliance with which would be likely to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise of the Borrower on a consolidated basis, or the rights or ability of any Credit Party to perform its obligations under the Documents.

(33) Financial Year End. The financial year end of the Borrower is October 31.

(34) Loans, etc. No Group Party has, directly or indirectly, made any loan or advance to, or made any investment in the shares, units or debt obligations of, or guaranteed or otherwise undertaken to perform or warrant or ensure performance of any indebtedness or obligation of, or entered into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation, of any Person other than as permitted by Section 9.1(15), and from and after the Restatement Date, no Group Party has, directly or indirectly, made any loan or advance to any Person except the Kit Loans as set out and, subject to Section 9.1(54), in accordance with the Kit Loans List.

(35) Solvency. From and after the Restatement Date, no Group Party is insolvent nor will it be insolvent immediately following the completion of the transactions contemplated by, or referred to in, this Agreement.

(36) Employment Disputes. There are no disputes pending or, to the best knowledge of the Borrower after diligent inquiry, threatened, between any Group Party and any of its employees, other than individual employee grievances or lawsuits arising in the ordinary course of business which could not reasonably be expected to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise of any Group Party, or the rights or ability of any Group Party to perform its obligations under the Documents.

(37) Benefit and Pension Plans. All benefit and pension plans of each Group Party are fully insured or otherwise funded and no insurance policy or other contract or agreement affecting any employee benefit requires or permits a retroactive increase in premiums or payments due thereunder. The level of insurance reserves for each insured employee plan is reasonable and sufficient to provide for all incurred but unreported claims. All premiums or

- 59 -

payments due under any arrangements relating to employee benefits and pension plans have been fully paid and there are no amounts owing with respect to amounts accrued under those arrangements. No pension plan or fund maintained by or on behalf of any Group Party for the benefit of any officer, director or employee of such Group Party is a Defined Benefit Plan.

(38) Kit Loans and Shipper Pelt Loan Advances. The Borrower is the sole lender in respect of all Kit Loans and Shipper Pelt Loan Advances.

(39) Consignment. The Borrower is the sole consignee in respect of all consigned pelts held by the Borrower and none of the Guarantors are consignees in respect of pelts, other than as agent or on behalf of the Borrower.

(40) Bank Accounts. Schedule 8.1(40) lists all banks and other financial institutions at which any Group Party maintains lock boxes, deposit or other accounts, and Schedule 8.1(40) correctly identifies the name, address and telephone number of each depository, the name in which the lock box or account is held, a description of the purpose of the lock box or account, and the complete lock box address or account number therefor.

(41) Third Auction Prompt Date Payments. None of the Third Auction Prompt Date Payments have been made to any accounts located in Luxembourg. The Borrower is not aware of any Third Auction Prompt Date Payments to consignors or any other Person having been made by any Group Party to accounts located in Luxembourg since January 1, 2010.

(42) Pelt Proceeds. All Buyer Receipts have been deposited into a bank account subject to a CCC Agreement.

(43) Compliance with Applicable Laws. Each of the Borrower and each Group Party (i) is in compliance with all Applicable Laws including laws related to money laundering, tax evasion and other financial crimes and (ii) since January 1, 2010, has not been a party to any tax evasion or fraud scheme. Each of the Borrower and each Group Party has not, since January 1, 2010, and is not, making any (i) Prompt Date payments or (ii) any Prompt Date payments relating to prior auctions, to consignors or any other person to accounts located in jurisdictions other than where such consignors are domiciled with a view to engaging in or facilitating tax evasion or tax fraud.

(44) No Group Party (i) is subject to the Dutch Investigation or (ii) is under investigation by any other applicable regulatory authority or party to any proceedings in relation to Anti-Corruption Laws or AML Legislation, in each case, other than the Borrower and NAFA Europe B.V. in connection with the Dutch Investigation.

(45) No Group Party has made, or directed or authorized any other Person to make, any offer, payment or promise to pay, of any money, gift or other thing of value, directly or indirectly, to or for the use or benefit of any Person in contravention of any applicable Anti-Corruption Laws.

Article 9 - Covenants

9.1 **Borrower**. The Borrower covenants with the Lenders that, until the Credits are cancelled and there is outstanding no Drawdown or other indebtedness of the Borrower to the Agent or any Lender under any of the Documents, unless the prior written consent of the Required Lenders is obtained, the Borrower will:

(1) **Corporate Existence**. Do or cause to be done all things necessary to keep in full force and effect its corporate existence and all rights, franchises, licenses, permits, approvals and qualifications necessary to carry on its business or own property in each jurisdiction in which it carries on business or owns property.

(2) **Insurance**. Maintain insurance of such type, in such amounts and against such risks as is prudent for the business carried on by the Borrower with financially sound and reputable insurers, including business interruption, liability and property insurance. All insurance policies will be in form and substance satisfactory to the Agent, acting reasonably, and will (i) contain a breach of warranty clause in favour of the Agent, (ii) provide that no cancellation, (or, if available from the insurer, material reduction in amount or material change in coverage) will be effective until at least 30 days after receipt of written notice thereof by the Agent, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Agent, and (iv) name the Agent as loss payee as its interest may appear or, in the case of liability policies, as additional insured. The Borrower will, from time to time at the Agent's request, deliver certified copies of such insurance policies (or satisfactory evidence of such policies) to the Agent. If the Agent so requires, the Borrower will co-operate and assist in any reasonable review of the insurance policies maintained by the Borrower by a firm of independent insurance consultants selected by the Agent, the cost of any such review (but not more than one per year) being for the account of the Borrower. If the Borrower does not obtain or maintain such insurance, the Agent may, but need not, do so, in which event the Agent shall forthwith notify the Borrower that it has obtained such insurance and the Borrower will immediately on demand reimburse the Agent for all payments made by the Agent in connection with obtaining and maintaining such insurance, and until reimbursed any such payment shall bear interest at the rate specified in Section 4.3 and will be secured by the Security. Neither the Agent nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(3) **Compliance with Laws, etc.** Comply with its articles of incorporation and by-laws and comply in all material respects with all Applicable Laws (including all Environmental Laws) including health, safety, environmental protection, employment standards and labour codes of all applicable Governmental Authorities and obtain and maintain in good standing all licenses, permits and approvals from any and all Governmental Authorities required in respect of the operation of its business in the ordinary and normal course with the exception of those that are immaterial or that could be obtained in a reasonable time and at a reasonable expense and convenience.

(4) **Business**. Not engage in any business other than the receipt of fur pelts on a consignment basis and the sale of such pelts by auction or private treaty, the making of Rancher

Livestock Loan Advances and Shipper Pelt Loan Advances and activities incidental thereto in accordance with past practice (including, without limitation, the loans referenced in Section 9.1(15) of this Agreement) and, as a non-material part of its business, the rental of its premises for trade shows and other events when not required by it.

(5) Assets.

- (i) Keep all of the assets and properties used in the conduct of its business in good repair, working order and condition, ordinary wear and tear excepted and from time to time make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements thereto, all as in the reasonable judgment of the Borrower may be necessary so that the business carried on by the Borrower may be conducted in the ordinary and normal course at all times; and
- (ii) Promptly advise the Agent in writing of (A) any change in the location at which Inventory of the Borrower or of any Subsidiary of the Borrower or, except as regards consignment inventory which is being pelted in the ordinary course of business in Canada, the United States or in the European Union, consignment inventory of the Borrower or of any Subsidiary of the Borrower may be located, and (B) any additional jurisdictions where the Borrower or any Subsidiary of the Borrower has Ranchers which are account debtors or where the Borrower or any Subsidiary of the Borrower is carrying on business.
- (iii) Ensure that all Rancher Livestock Loan Advances, Buyer Accounts Receivable and Shipper Pelt Loan Advances are secured as contemplated by Sections 8.1(22) to (25) inclusive.
- (iv) Ensure that, to such extent as is commercially reasonable, the Borrower enforces the payment policies outlined in Schedule 9.1(5)(iv).

(6) Material Contracts and Subordinated Debt Documents.

- (i) Not amend any Material Contract in any material respect without the prior written consent of the Agent, such consent not to be unreasonably withheld;
- (ii) Deliver to the Agent true and complete copies of each Material Contract and each other contract which has been requested by the Agent, and, if requested by the Agent, execute and deliver to the Agent a specific assignment of each such contract in favour of the Agent and use its reasonable efforts to obtain the consent of the other party or parties thereto in a form acceptable to the Agent, acting reasonably;
- (iii) Promptly upon request by the Agent, provide the Agent with all information regarding contractual relations of the Borrower which is reasonably requested by the Agent;

- 62 -

- (iv) Perform all of its duties and obligations under, comply with all the material terms of, and enforce, in accordance with prudent business practice, its rights under the Material Contracts; and
- (v) Not amend any Subordinated Debt Document without the prior written consent of the Agent.

(7) Banking Arrangements. Except as may be agreed to by the Agent in writing, in its sole discretion, not maintain any accounts or banking arrangements with any bank or other financial institution other than the Agent and the Lenders and their successors and assigns provided, however, that NAFA US may maintain chequing accounts with financial institutions in Wisconsin, so long as no borrowings under any such accounts are made and so long as the aggregate outstanding balance of all such accounts, taken together, does not exceed U.S.\$150,000 at any time in February or May in any particular calendar year or U.S.\$50,000 at any other time.

(8) Payment. Duly and punctually pay or cause to be paid to the Agent all principal, interest, fees and other amounts payable by it under this Agreement, and the other Documents (or any of them) on the dates, at the places and in the moneys and manner set forth herein and therein.

(9) Use of Credit. Use the Credits solely as contemplated by Section 2.1.

(10) No Drawdown. Not avail itself of the Operating Tranche B Credit where such availment would cause the outstanding amount under the Operating Tranche B Credit to exceed the maximum amount then available under the Operating Tranche B Credit.

(11) Indebtedness. Not create, incur, assume or permit to exist any Indebtedness (including contingent liabilities under guarantees and similar instruments) except:

- (i) Indebtedness of the Borrower in favour of the Agent and the Lenders pursuant to or as contemplated in this Agreement;
- (ii) Indebtedness secured by Permitted Encumbrances;
- (iii) trade payables arising in the ordinary course of its business;
- (iv) the Subordinated Debt;
- (v) amounts owed by the Borrower to North American Fur Association in respect of revenues held by the Borrower for it in accordance with past practice;
- (vi) unsecured advances by Ranchers to the Borrower;
- (vii) Indebtedness of the Borrower to any of its Subsidiaries, of any of the Borrower's Subsidiaries to another Subsidiary of the Borrower, or of any of the Borrower's Subsidiaries to the Borrower, except as permitted by Section 9.1(22);

- 63 -

- (viii) Indebtedness in the principal amount outstanding on the date hereof of NAFA NS in favour of Farm Credit Canada pursuant to a loan agreement dated September 26, 2017, which Indebtedness is guaranteed by the Borrower and NAFA Properties (the “**FCC (NS) Financing**”);
- (ix) Indebtedness in the principal amount outstanding on the date hereof of NAFA Properties in favour of Business Development Bank Canada pursuant to a letter of offer dated November 9, 2016, which Indebtedness is guaranteed by the Borrower and NAFA US (the “**BDC Financing**”); and
- (x) Indebtedness in the principal amount outstanding on the date hereof of NAFA Properties and the Borrower in favour of Farm Credit Canada pursuant to a credit agreement dated as of June 16, 2017 (the “**FCC (Ontario) Financing**”); provided that such Indebtedness is at all times subject to the FCC (Ontario) Intercreditor Agreement,

in each case, subject to the Cash Flow Forecast.

(12) No Shareholder Loans. Not incur, assume or otherwise become obligated in respect of any shareholder loans except, subject to the Cash Flow Forecast, for shareholder loans which constitute Subordinated Debt.

(13) Negative Pledge. Not create, assume, incur or permit to exist over all or any part of its business or assets, whether now owned or hereafter acquired (including but not limited to the real property located at ul. Granitowa 10 Lozienia 72-100 Gm. Goleniow, Poland and 500 Carlingview Dr., Etobicoke, Ontario, Canada), any Security Interest (whether prior or subsequent to or *pari passu* with any Security Interest in favour of the Agent) other than Permitted Encumbrances.

(14) Sale of Assets. Not to sell, transfer or otherwise dispose of, or enter into any agreement to sell, transfer or dispose of, (i) any material portion of its assets or (ii) any Kit Loans, except in either case with the prior written consent of the Agent, and provided in each case that the Net Proceeds are dealt with in accordance with Section 3.2(3).

(15) Loans, Guarantees, etc. Not directly or indirectly, make any loan or advance to, or make any investment in the shares, units or debt obligations of, or guarantee or otherwise undertake to perform or warrant or ensure performance of any indebtedness or obligation of, or enter into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation of, any Person, other than (i) Rancher Livestock Loan Advances, (ii) Shipper Pelt Loan Advances, (iii) accounts receivable arising in the ordinary course of business, (iv) advances or loans made to any Subsidiary of the Borrower or to the Borrower by any of its Subsidiaries, (v) the loans outstanding on the date hereof which are listed on Schedule 9.1(15)(v), (vi) advances made by the Borrower or a Subsidiary of the Borrower to a Rancher as financing for an interest in fur-bearing livestock or in mink or fox farms or ranches, all in accordance with past practice, as set out in Schedule 9.1(15)(vi), (vii) a loan made by the Borrower to a senior executive of the Borrower in the principal amount of U.S.\$261,000 to assist

such executive in purchasing a house, and (viii) loans consented to by the Agent (in its sole discretion), in the case of each of the foregoing, subject at all times to the Cash Flow Forecast.

(16) Dividends. Not declare or pay any dividends, any discretionary rebates (to consignors or otherwise), management bonuses (except as permitted by Section 9.1(17)) or interest or principal on any subordinated debt, or apply any of its properties or assets to the purchase, redemption or other acquisition or retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other acquisition or retirement of, or make any other distribution, by reduction of capital or otherwise, in respect of any of its shares or subordinate debt provided, however, that this Section 9.1(16) shall not restrict Permitted Interest Payments made in accordance with the Cash Flow Forecast. The Borrower shall not make any Permitted Interest Payment unless, at the time of payment of such Permitted Interest Payment and as a condition precedent to such payment, the Borrower provides the Agent (for and on behalf of the Lenders) with the Borrower's written certification that no Default or Event of Default has occurred and is continuing or will be caused or triggered by the making of such payment and that such Permitted Interest Payment is in accordance with the Cash Flow Forecast.

(17) Executive Salaries and Management Bonus Plan. Set out in Schedule 9.1(17) is a list of the salaries of all executives of the Borrower. Such salaries shall not be increased during any year at a rate in excess of that provided in the annual business plan for such year approved by the Agent without the written consent of the Agent, which consent shall not be unreasonably withheld. From and after the Restatement Date, no management bonuses shall be paid to the management of any Group Party unless in accordance with the Cash Flow Forecast.

(18) Financial Covenants. The Borrower shall ensure that:

- (i) its Current Ratio, calculated and tested as at the end of each fiscal quarter, will not as at the end of any fiscal quarter be less than 1.10:1.0; and
- (ii) its Tangible Net Worth, calculated and tested as at the end of each fiscal quarter, will not be less than (i) U.S.\$43,000,000 on July 31, 2019 and (ii) U.S.\$48,000,000 on October 31, 2019 and each fiscal quarter thereafter; and
- (iii) its Fixed Charge Coverage Ratio, calculated and tested as at the end of each fiscal year is greater than 1.25:1.00 for each such fiscal year.

(19) Capital Expenditures. The Borrower shall not incur capital expenditures, calculated in accordance with GAAP and on a consolidated basis, subject to the Cash Flow Forecast, in excess of U.S.\$4,000,000 in any fiscal year.

(20) Subsidiaries. Not incorporate or acquire any Subsidiary or otherwise make any equity investment in any Person.

(21) Financial Year. Not change its financial year end.

(22) Transactions with Affiliates.

- (i) Not enter into any transaction with any Affiliate, including, without limitation, any transaction for the purchase, sale or exchange of property, the rendering of any services, the making of any loans, and the entering into of any contracts, except that the Borrower and its Subsidiaries may enter into transactions or contracts among themselves and with their Affiliates in the ordinary course of the Borrower's business (it being agreed that each of (i) the mortgage and/or premises rental arrangements in place on the date of this Agreement (a) between the Borrower and NAFA Properties with respect to the rental arrangements for Carlingview Property and 65 Skyway Avenue, Toronto and any shortfall funding arrangements, (b) between NAFA and NAFA NS with respect to the mortgage in favour of the Borrower and Farm Credit Canada over NAFA Farms and other operating amounts, and (c) between NAFA US and NAFA Stoughton in respect of rental arrangements for 1600 Williams Drive, Stoughton, Wisconsin, including any payments to NAFA Stoughton in respect of operating shortfalls, (ii) the management arrangements in place on the date of this Agreement between the Borrower and NAFA Parent (including annual management fees payable by the Borrower to NAFA Parent of up to \$150,000), (iii) the arrangements between the Borrower and North American Fur Association whereby the Borrower collects revenues and pays expenses for it, and (iv) Permitted Pelt Supplier Payments, in each of clauses (i) to (iv) above, only if made in accordance with the Cash Flow Forecast, have been made in the ordinary course of business); and
- (ii) Not pay any fees or expenses to, or reimburse or assume any obligation for the reimbursement of any expenses incurred by any Affiliate of the Borrower, except for payments to reimburse Affiliates of the Borrower for reasonable out-of-pocket expenses incurred in good faith in the conduct of the Borrower's business.

(23) Reorganization. Not enter into any transaction or series of transactions (whether by way of reconstruction, reorganization, consolidation, amalgamation, merger or otherwise) whereby all or substantially all of the undertaking, property and assets of the Borrower or any of its Subsidiaries would become the property of any other Person or in the case of any such amalgamation, the property of the continuing corporation resulting therefrom, or acquire all or a substantial part of the assets or stock or other equity interests of any Person in one or a series of transactions (whether by way of merger, stock purchase, asset purchase or otherwise).

(24) Obligations and Taxes. Pay or discharge, or caused to be paid or discharged, before the same shall become delinquent (i) all Taxes imposed upon it or upon its income or profits or in respect of its business or property and file all Tax returns in respect thereof, (ii) all lawful claims for labour, materials and supplies (iii) all required payments under any of its indebtedness, and (iv) all other obligations; provided, however that it shall not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof shall be contested in good faith in an appropriate manner and payment thereof

- 66 -

shall have been provided for in a manner satisfactory to the Agent, acting reasonably, in each case of the foregoing, in accordance with the Cash Flow Forecast.

(25) Defense of Claims. Diligently defend itself and its properties from and against any lawsuits or claims in the manner of a prudent Person in similar circumstances.

(26) Notices of Litigation or Claims. Upon obtaining actual notice of the commencement thereof, provide the Agent with written notice of any of the following events:

- (i) the issuance by any Governmental Authority of any injunction, order or decision involving the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or of any of its Subsidiaries;
- (ii) the filing or commencement of any action, suit or proceeding against or affecting the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or of any of its Subsidiaries, whether at law or equity or by or before any court or any Governmental Authority where the amount claimed is in excess of U.S.\$100,000 or the aggregate amount claimed under all such actions, suits or proceedings which are unresolved is in excess of U.S.\$300,000;
- (iii) the imposition of any Security Interest which is not a Permitted Encumbrance against any property of the Borrower or any of its Subsidiaries;
- (iv) any claim, demand or action impairing title to any of the property of the Borrower or any of its Subsidiaries with a value in excess of U.S.\$100,000; and
- (v) any other adverse action by or notice from any Governmental Authority, or any other event, which could have a material adverse effect on the Borrower or any of its Subsidiaries or any material part of the property of the Borrower or any of its Subsidiaries.

(27) Benefit and Pension Plans. Comply with, and use its reasonable efforts to ensure compliance by each of its employees with, all Applicable Laws in respect of its employees' benefit and pension plans, including contributions and premiums to be paid thereunder and ensure that all premiums and payments relating to employee benefits and pensions are paid as due. Not establish or maintain a Defined Benefit Plan.

(28) Currency Speculation. Not engage in currency trading or convert Loans from one currency to the other for speculative reasons.

(29) Notice of Default. Give the Agent notice immediately upon the Borrower having actual notice of the occurrence of a Default or an Event of Default and advise the Agent of the action which the Borrower proposes to take in respect thereof.

(30) From and after the Restatement Date, the Borrower shall provide the Agent with prompt written notice of all supplementary information required to be disclosed in order to ensure the continuing accuracy of all representations made in Section 8.1(19), and such

representations shall be deemed to have been revised so as to reflect such supplementary information.

(31) Group Parties.

- (i) Ensure that each other Group Party complies with the covenants set out in Sections 9.1 (other than clauses (9), (10), (18), (19) and (29)) and 9.2(1) and (2) as if each reference therein (and in the defined terms relevant thereto) to “the Borrower”, “it” or “its” was a reference to the relevant Group Party.
- (ii) Ensure that no other Group Party, directly or indirectly, makes any loan or advance to, or makes any investment in the shares, units or debt obligations of, or guarantees or otherwise undertakes to perform or warrant or ensure performance of any indebtedness or obligation of, or enters into any agreement that has the effect of assuming the payment or performance of any indebtedness or obligation of, any Person other than Rancher Livestock Loan Advances, Shipper Pelt Loan Advances, accounts receivable arising in the ordinary course of business, advances or loans made to the Borrower or any Subsidiary, and loans permitted by Section 9.1(15).

(32) Repayment of Third Party Loans. Any repayment of third party loans is prohibited if the Borrower is in contravention of any terms and/or conditions of this Agreement, if any such repayment would cause any such contravention or if any such repayment is not contemplated by the Cash Flow Forecast.

(33) Notification re MAE. Promptly after the Borrower learns of the receipt or occurrence of any event, development or condition which may reasonably be expected to have a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of any Group Party or the rights or ability of any Credit Party to perform its obligations under this Agreement and the other Documents, a certificate of the Borrower, signed by a Senior Officer of the Borrower, specifying same.

(34) Cash Flow Forecast. Commencing on the Restatement Date, at no time shall (i) net cash flow, on a cumulative basis, deviate adversely by an amount in excess of U.S.\$400,000 from the projected amount in the Cash Flow Forecast, and/or (ii) disbursements, on a cumulative basis, deviate adversely by an amount in excess of 0% from the projected amount of disbursements in the Cash Flow Forecast.

(35) [Intentionally Deleted.]

(36) Pelts. Cause to be shipped to the Borrower’s premises in Ontario, all pelts owned by any Group Party and all consigned pelts in respect of which the Borrower has made any Kit Loans.

(37) The Borrower shall conduct the Sale Process in accordance with the following milestones (collectively, the “Sale Milestones”):

- 68 -

- (i) non-disclosure agreements with each of the Potential Bidders shall be executed and delivered on or before July 9, 2019;
 - (ii) the Borrower shall establish and populate a data-room by no later than July 15, 2019 for the Potential Bidders to conduct diligence on each Group Party and its entire business;
 - (iii) expression of interest or a non-binding letter of intent for the sale of the Group Party's entire business, the Group Party's European business or the Group Party's European Kit Loan portfolio (an "LOI"), shall be due on or before July 26, 2019;
 - (iv) marked up and returned purchase agreement for the Group Party's entire business, the Group Party's European business or the Group Party's European Kit Loan portfolio (a "Binding Offer"), shall be due on or before August 2, 2019;
 - (v) the Borrower shall select a Binding Offer as the successful bid on or before August 9, 2019; provided that, such offer shall be an Acceptable Bid; and
 - (vi) the transaction contemplated by the Acceptable Bid shall close on or before August 19, 2019.
- (38) Provide the Agent with copies of each LOI and Binding Offer received by it, forthwith following such receipt.
- (39) Provide, or cause KPMG LLP (Corporate Finance) to provide, weekly progress reports to the Agent (and its advisors as requested by the Agent) on the status of the Sale Process and the status of the Third Auction.
- (40) Consummate the sale of the Carlingview Property on or before August 30, 2019.
- (41) [Intentionally Deleted.]
- (42) [Intentionally Deleted.]
- (43) Deliver to the Agent, on or before August 30, 2019, an updated Business Plan and an updated March 2020 Cash Flow Forecast.
- (44) Renew or extend the Red Rock Insurance Policy on or before July 30, 2019, and such policy shall remain in full force and effect until at least September 30, 2019.
- (45) [Intentionally Deleted.]
- (46) [Intentionally Deleted.]
- (47) [Intentionally Deleted.]

- 69 -

(48) From and after the Restatement Date, cause the cash in any bank account held by any Group Party which the Borrower has requested, and the Agent has agreed, will not be subject to a CCC Agreement, to be transferred into an account of the Borrower subject to a CCC Agreement on a weekly basis, and the Borrower shall, on a weekly basis, provide the Agent with copies of bank statements or other information satisfactory to the Agent, confirming such transfers from the prior week, except: (i) cash in any Operating Tranche B Credit Account, (ii) cash in the New Deposits Account, (iii) cash which is subject to the Dutch Investigation Sequestration, or (iv) cash which has been transferred to such bank account from any Operating Tranche B Credit Account in accordance with this Agreement.

(49) On or before September 30, 2019, pay all accrued and unpaid fees and expenses of (i) the Lenders' legal counsel (including foreign local counsel) and its consultant, Alvarez & Marsal Canada ULC, and (ii) the Borrower's legal counsel (including foreign local counsel), Borrower's Financial Advisor and sales advisor, KPMG Corporate Finance, in each case, up to the amount set forth in the Cash Flow Forecast.

(50) On or before October 17, 2019, pay all accrued and unpaid fees and expenses of (i) the Lenders' legal counsel (including foreign local counsel) and its consultant, Alvarez & Marsal Canada ULC, and (ii) the Borrower's legal counsel (including foreign local counsel), Borrower's Financial Advisor and sales advisor, KPMG Corporate Finance.

(51) Not pay any Demand Deferred Proceeds except in accordance with the Cash Flow Forecast.

(52) Other than owner lotted pelts which have been requested to be returned by the consignor thereof in accordance with the consignor agreement, notice of such request for withdrawal to be given by the Borrower to the Agent forthwith upon receipt of any notice of withdrawal, not ship any pelts outside of Ontario unless such pelts have been sold and paid for.

(53) Not agree to or otherwise commit (verbally or in writing) to make any new Kit Loans from and after the Restatement Date.

(54) Not make any Kit Loans that are not set out in the Kit Loans List or any Kit Loans to any Rancher on the Kit Loans List in excess of the amounts set out thereunder; provided, however, that with the consent of any Rancher on the Kit Loans List, the Borrower may advance Kit Loans to such Rancher more or less frequently than otherwise provided for in the Kits Loans List but subject always to the aggregate cap for each Rancher as set out in the Kit Loans List.

(55) Not to rollover any Kit Loans or Shipper Pelt Loan Advances by the Borrower.

(56) [Intentionally Deleted.]

(57) [Intentionally Deleted.]

(58) [Intentionally Deleted.]

(59) [Intentionally Deleted.]

- 70 -

(60) Not fund any Kit Loans unless, if requested by the Agent prior to an advance under a Kit Loan, deliver to the Agent copies of all loan and security documents in respect of such Kit Loan; provided that, if the Agent notifies the Borrower in writing prior to 5:00 p.m. (EST time) on the day immediately prior to the scheduled date of such Kit Loan that it is not satisfied with such documents, the Borrower shall not fund such Kit Loan.

(61) [Intentionally Deleted.]

(62) Not commence any voluntary insolvency, reorganization or arrangement proceedings without the advance written consent of the Agent.

(63) Consent to the appointment of a receiver or receiver and manager by the Agent upon the occurrence of an Event of Default, including to complete a transaction contemplated by any Acceptable Bid.

(64) [Intentionally Deleted.]

(65) After the conduct of the Third Auction and on or before September 6, 2019, deliver an updated Business Plan and updated March 2020 Cash Flow Forecast to the Lenders, each in form and substance satisfactory to the Lenders, in their sole and absolute discretion.

(66) Upon request, the Borrower shall, at its expense, as promptly as practical, cause NAFA Polska sp. z o.o. to execute and deliver to the Agent, all such other and further documents, agreements, amendments and instruments as may be required by the Agent or its counsel in connection with the existing Polish security and any new Polish security, including to have its counsel provide opinions with respect thereto, to perfect, protect or preserve any Security Interests created pursuant to any of the Documents, or to make any recordings or registrations, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith, in the judgment of the Agent.

(67) Promptly following the registration of the Polish security delivered pursuant to Section 7.2(1) with the District Court, cause its Polish counsel to deliver an opinion confirming same and such other matters and in form and substance satisfactory to the Agent and the Lenders, acting reasonably.

(68) Deliver, or cause the Borrower's Financial Advisor and/or KPMG LLP (Corporate Finance) to deliver, to the Agent (and its advisors as requested by the Agent), the following:

- (i) on a daily basis or at such more frequent intervals as the Agent may request from time to time, progress reports on the collection and amount of Buyer Receipts from the Third Auction and compared to the amount forecasted in the Cash Flow Forecast as at such time, together with confirmation as to whether any such Buyer Receipts are held in the New Deposits Account;
- (ii) on a daily basis or at such more frequent intervals as the Agent may request from time to time, progress reports on the sale of the Carlingview Property;

- 71 -

- (iii) on a daily basis or at such more frequent intervals as the Agent may request from time to time, progress reports on potential refinancing of the Indebtedness owed to the Lenders under this Agreement (the "Potential Refinancing Transaction") and the potential sale of all or substantially all of the Group Parties' European Kit Loan portfolio (the "Potential European Kit Loan Sale Transaction");
 - (iv) in connection with the sale of the Carlingview Property, the Potential Refinancing Transaction and the Potential European Kit Loan Sale Transaction, promptly upon delivery or receipt thereof:
 - (a) copies of all material documents and material correspondence sent or received by any Group Party or KPMG LLP (Corporate Finance) that could impact the timing, scope, economics or certainty thereof; and
 - (b) copies of all drafts and revised drafts of any transaction documents; and
 - (v) on a daily basis or at such more frequent intervals as the Agent may request from time to time, updates on the Dutch Investigation, including whether any other Group Party has become subject thereto, the Dutch Investigation Sequestration and any related matters as may be requested by the Agent from time to time.
- (69) Immediately upon delivery or receipt thereof, copies of all material documents and material correspondence sent or received by any Group Party, the Borrower's Financial Advisor, KPMG LLP (Corporate Finance), the NTCA or any other Person in respect of the Dutch Investigation, the Dutch Investigation Sequestration or any similar investigation or sequestration of funds related to any Group Party in any other jurisdiction.
- (70) Cause and hereby directs the Borrower's Financial Advisor to, on a daily basis and prior to payments being made or funds being transferred among bank accounts, (a) review the list of daily disbursements which the Borrower proposes to pay on the following day and transfers of funds among bank accounts that the Borrower proposes to make on the following day, in each case, for compliance with the Cash Flow Forecast, and (b) report to the Agent with respect to its review and the Borrower's compliance therewith, prior to any such payments or transfers being made.
- (71) On or before September 30, 2019, pay the premium for the extension of the Red Rock Insurance Policy to July 31, 2020.
- (72) Cause Daikoku Sp.Z oo to execute and deliver to the Agent, on or before October 17, 2019, such suretyship agreements, security documents, instruments and other documents or acknowledgments and take such steps and have its counsel provide such opinions or take such steps as may be required by the Agent or its counsel to create a valid Security Interest on its assets, and to make any recordings or registrations, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith, in the judgment of the Agent.

9.2 **Accounting, Financial Statements and Other Information.**

(1) **General.** The Borrower shall maintain a system of accounting established and administered in accordance with GAAP consistently applied, and will set aside on its books all such proper reserves as GAAP shall require. The Borrower shall ensure that all of its Subsidiaries maintain a system of accounting established and administered in accordance with applicable generally accepted accounting principles consistently applied and that each of such Subsidiaries sets aside on its books all such proper reserves as such accounting principles shall require. The Borrower shall permit Persons designated by the Agent or any consultant appointed hereunder to visit and inspect at the expense of the Borrower any properties of the Borrower, to examine the books and financial records of the Borrower and its Subsidiaries and to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries, all at such reasonable times during normal business hours and as often as may reasonably be requested by the Agent and the Borrower agrees to answer any reasonable and relevant inquiries which such Persons may have fully and fairly to the best of its ability. The Persons designated by the Agent pursuant to this Section may include accountants or management consultants appointed by the Agent to examine all or any aspect of the operations of the Borrower and its Subsidiaries provided that such Persons provide to the Borrower such assurances of confidentiality as the Borrower may reasonably request. The Borrower further acknowledges that such Persons may make extracts from such records (including all records relating to the Collateral) to prepare reports to the Agent concerning the financial position and business prospects of the Borrower and its Subsidiaries and the Agent will have no obligation to disclose the content of such reports to the Borrower or its Subsidiaries. The Agent shall have no duty to make any such visits, inspections or examinations or to have any such discussions and shall not incur any liability or obligation nor lose any rights for not making the same.

(2) **Consultant.** If the Agent reasonably believes that the financial condition of the Borrower has significantly deteriorated, or the accounting or business procedures of the Borrower are materially flawed, or if the Agent and the Borrower disagree with regard to the compliance by the Borrower with any material term or condition of this Agreement and such disagreement has remained unresolved for a period of 30 days, then in addition to, or in substitution for any inspection made under Section 9.2(1) or pursuant to any other agreement between the parties hereto, at the request of the Agent, the Borrower shall appoint a consultant from a list of major, nationally recognized accounting firms presented to the Borrower by the Agent, at the Borrower's expense. Such consultant shall be given the full and complete cooperation of the Borrower including unrestricted access to land and premises of the Borrower and any documents and records of or related to the Borrower's business. Nothing in this Section 9.2(2) shall limit any rights of the Agent or any Lender upon any breach of this Agreement.

(3) **Reports.** The Borrower shall furnish to the Agent, with sufficient copies for each Lender:

- (i) promptly upon availability and in any event within 30 days of the end of each month (the "Reporting Month") commencing with the month in which the Restatement Date falls, (a) a Borrowing Base Certificate as at the end of the Reporting Month executed by a Senior Officer of the Borrower, and (b) aged

- 73 -

listings of accounts receivable, consignment inventory, Inventory and the other Borrowing Base components as at the end of the Reporting Month;

- (ii) promptly upon availability and in any event within 30 days of the end of each Reporting Month commencing with the month in which the Restatement Date falls, (a) a Compliance Certificate as at the end of the Reporting Month executed by a Senior Officer of the Borrower, and (b) unaudited monthly financial statements of the Borrower for the Reporting Month (including a balance sheet and statements of profit and loss and source and application of funds), in each case certified by one or more Senior Officers of the Borrower, prepared on a consolidated basis in accordance with GAAP applied on a consistent basis, subject to audit, and setting forth in comparative form the corresponding budgeted figures for such period;
- (iii) promptly upon availability and in any event within 90 days after the end of a fiscal year of the Borrower, commencing with the fiscal year in which the Restatement Date falls, the annual audited financial statements of the Borrower (including a balance sheet and statements of profit and loss and source and application of funds for such fiscal year) prepared on a consolidated basis in accordance with GAAP applied on a consistent basis and setting forth in comparative form the corresponding figures for the corresponding period of the preceding fiscal period (if any), all in reasonable detail, together with the Auditors' report to management thereon;
- (iv) together with each delivery of annual audited financial statements pursuant to Section 9.2(3)(iii) a certificate of a Senior Officer of the Borrower (a) stating that the signer has reviewed the relevant terms of the Documents and has made, or caused to be made under his/her supervision, such reviews and investigations as such Senior Officer has deemed reasonably necessary to sign in good faith such certificate and that such reviews and investigations have not disclosed the existence during such period, and that the signer does not have knowledge of the existence, as at the date of such certificate, of any condition or event which constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and the action which the Borrower has taken or proposes to take with respect thereto, (b) providing a calculation of Available Cash Flow for the fiscal year to which the audited financial statements relate, and (c) listing all Ranchers to which then-outstanding Rancher Livestock Loan Advances have been made and confirming that each of such Rancher Livestock Loan Advances satisfies all characteristics of a Rancher Livestock Loan Advance, as defined by this Agreement;
- (v) within 90 days after each fiscal year end, a detailed and comprehensive business plan/forecast for the Borrower for the next fiscal year, including a written management discussion thereof and month-by-month projected balance sheets, income statements and cash flow projections;

- 74 -

- (vi) prior to expiry of any insurance policy, evidence satisfactory to the Agent that such policy has been renewed or replaced by an appropriate replacement policy;
 - (vii) promptly, such other information relating to the Borrower, its Subsidiaries and any other guarantor as the Agent may from time to time reasonably request;
 - (viii) promptly upon availability and in any event within 90 days after the end of a fiscal year of the Borrower, the annual unaudited unconsolidated financial statements of the Borrower and each Subsidiary of the Borrower prepared in accordance with GAAP;
 - (ix) promptly after obtaining knowledge thereof, particulars of any failure by the Borrower or any of its Subsidiaries to perform or observe any of its covenants or agreements in favour of the Agent and/or any Lender; and
 - (x) weekly, by 3:00 pm on Wednesday of each week from and after the Restatement Date, in form and substance satisfactory to the Agent:
 - (a) a report, for the immediately prior week (the "Cash Flow Variance Report") in a form consistent with the Cash Flow Forecast, in respect of the actual cash flow position of the Borrower compared to that week's projection in the Cash Flow Forecast, showing all variances (including both disbursements and net cash flow) on a line-by-line basis from the amounts in the Cash Flow Forecast;
 - (b) management commentary on the Cash Flow Variance Report, including, without limitation, explanatory notes discussing each line item which deviates by an amount in excess of (a) 10% from the projected amount for receipts in the Cash Flow Forecast, and (b) 0% from the projected amount of disbursements in the Cash Flow Forecast; and
 - (c) an updated rolling weekly rolling cash flow forecast, in a form consistent with the then current Cash Flow Forecast.
- (4) Currency of Financial Statements, etc. The Borrower agrees that all financial statements, reports and other information provided to the Agent or any Lender pursuant to this Section 9.2 shall be prepared and stated in U.S. Dollars.

Article 10 - Default and Enforcement

10.1 **Events of Default.** If any of the following events ("Events of Default") shall occur:

- (1) the Borrower fails to pay when due any principal, interest, reimbursement obligation, fees or other amount payable under this Agreement or any other Document and, with respect to interest only, such failure continues unremedied for a period of two (2) Banking Days or more;

- 75 -

(2) any Group Party fails to duly perform or observe any term, condition or covenant (A) contained in Section 9.1(1), (2), (4), (5), (6)(i), (7), (8), (9), (11) to (23) inclusive, (28), (29), (31)(i), (33) to (72) inclusive or 9.2(3)(x) (or in any comparable provision of any other Document) or (B) contained in this Agreement or any other Document, which failure cannot be cured;

(3) any Group Party fails to duly perform or observe any other term, condition or covenant contained: in this Agreement (other than those specified in Section 10.1(1) or (2)) or any other Document, and such failure shall continue unremedied for a period of 15 days after the earlier of (i) knowledge thereof by any Group Party, or (ii) notice thereof from the Agent to the Borrower (which notice shall be given at the request of any Lender);

(4) any Group Party defaults in: (i) the payment when due, whether by acceleration or otherwise, of any indebtedness (other than under the Documents) in an aggregate principal amount greater than U.S.\$100,000; (ii) the payment, performance or observance of any obligation or condition with respect or relating to any such indebtedness, or any other event occurs, and the effect of such default or event is to permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such indebtedness to become due and payable prior to its expressed maturity; or (iii) the payment, performance or observance of any material obligation or condition under any Material Contract;

(5) any representation, warranty or statement which is made or deemed to have been made or acknowledged to have been made by or on behalf of the Borrower or any other Group Party in any Document, or which is contained in any certificate, statement, legal opinion or notice provided under or in connection with any Document, is untrue or incorrect in any material respect when made or deemed to be made;

(6) a Bankruptcy Event occurs in respect of any Group Party;

(7) one or more final judgments for an aggregate amount in excess of U.S.\$100,000 are rendered against any Group Party and within the applicable appeal period such judgments shall not have been vacated, discharged or execution thereof stayed pending appeal or, within 60 days after the expiration of any such stay, such judgments are not discharged;

(8) one or more encumbrancers take possession of any property or asset of the any Group Party having an aggregate value in excess of U.S.\$100,000 or if a distress or execution or any similar process be levied or enforced thereagainst and remain unsatisfied for the shorter of a period of ten days or such period as would permit such property or such part thereof to be sold thereunder in accordance with Applicable Law;

(9) any Release of a Contaminant occurs or is discovered or any environmental complaint is filed by any Person that, in the sole discretion of the Agent or any Lender, could result in a material adverse effect on the assets, liabilities, affairs, business, prospects, operations or conditions, financial or otherwise, of any Group Party;

(10) any material obligation or other material provision in any Document terminates or ceases to be the legally valid, binding and enforceable obligation of any Credit Party or if any

- 76 -

Group Party contests in any manner the legality, validity, binding nature or enforceability of any of the Security;

(11) any consent, license, approval or authorization of any Governmental Authority or any other Person required to make any Document legal, valid, binding and enforceable or required in order to enable any Group Party to perform its obligations thereunder is withdrawn or ceases to be in full force and effect;

(12) there occurs any change in the effective control of the Borrower, as determined by the Agent;

(13) all or a material part of the assets of any Group Party which are material to the Borrower on a consolidated basis are lost or destroyed;

(14) there is a lapse in any material amount of insurance coverage obtained pursuant to the terms of this Agreement on the properties or assets of any Group Party which properties are material to the Borrower on a consolidated basis where such coverage is not reinstated within 24 hours of such lapse;

(15) in the sole, absolute and unfettered opinion of the Agent or any Lender, there occurs any material adverse change in the business or financial condition of any Group Party which is material to the Borrower on a consolidated basis and, without limiting the generality of the foregoing, a material adverse change shall be deemed to have occurred if, in the sole, absolute and unfettered opinion of the Agent or any Lender, the financial status of any Group Party, as disclosed in any of the material delivered by the Borrower to the Agent or any Lender has deteriorated to a position where it would be unlikely that the Borrower would be able to generate sufficient cash flow from its operations to meet its indebtedness and would be unlikely to be able to raise the necessary funds to meet its indebtedness at normal market rates and under normal market conditions;

(16) the Borrower selects a bid that is not an Acceptable Bid;

(17) the Borrower rejects a bid that is an Acceptable Bid;

(18) any of the assets or property, including any cash in the bank accounts, of any Group Party, is subject to a sequestration by any Governmental Authority or any other Person (other than the Dutch Investigation Sequestration); or

(19) any Governmental Authority (i) initiates or commences a proceeding or investigation (other than the Dutch Investigation) against any Group Party, or (ii) issues an order, claim, fine, complaint or proceeding (or the equivalent thereof in any jurisdiction) against any Group Party in connection with the Dutch Investigation or Dutch Investigation Sequestration,

then,

(A) in every such event, and at any time thereafter during the continuance of such event or any other such event, upon the request of any Lender holding at least forty-five per cent (45%) of the aggregate amount of the Commitments, taken together, the Agent shall,

- 77 -

without notice to the Borrower, forthwith cancel the Credits and declare all the indebtedness of the Borrower to the Agent and the Lenders hereunder and under any other Document to be immediately due and payable whereupon all such indebtedness shall become immediately due and payable without any notice or demand, and the Borrower expressly waives presentation, protest or other notice of any kind; and

(B) in the case of any event described in Section 10.1(1) arising as a result of any failure by the Borrower to pay the principal amount payable on the Operating Tranche B Loan on the Operating Tranche B Credit Maturity Date, upon the request of any Operating Tranche B Credit Lender, the Agent shall, without notice to the Borrower, forthwith cancel the Credits and declare all the indebtedness of the Borrower to the Agent and the Lenders hereunder and under any other Document to be immediately due and payable whereupon all such indebtedness shall become immediately due and payable without any notice or demand, and the Borrower expressly waives presentation, protest or other notice of any kind,

provided that, in any case, no Operating Tranche B Credit Lender shall assert any Existing Event of Default.

10.2 **Application of Payments**. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default (subsequent to any set-off or application of payments in connection with the termination of the Credits (as defined in the Existing Credit Agreement) on September 19, 2019) , and notice thereof to the Agent by the Borrower or the Required Lenders, as applicable, all payments received on account of the Obligations shall, subject to Section 10.8 and Section 11.10, be applied by the Agent as follows:

- (1) first, towards payment of interest and fees then due under the Operating Tranche B Credit, rateably among the Operating Tranche B Credit Lenders entitled thereto in accordance with the amounts of interest and fees then due to such parties;
- (2) second, towards payment of principal then due under the Operating Tranche B Credit, rateably among the Operating Tranche B Credit Lenders entitled thereto in accordance with the amounts of principal then due to such parties;
- (3) third, towards payment of any amounts payable to the Agent or any Lender pursuant to Sections 6.4, 6.5 and 12.1;
- (4) fourth, towards payment of interest and fees then due to the Lenders (other than the Operating Tranche B Credit Lenders), rateably among such Lenders entitled thereto in accordance with the amounts of interest and fees then due to such parties,
- (5) fifth, towards payment of principal and unreimbursed LC/LG Disbursements then due to the Lenders (other than the Operating Tranche B Credit Lenders), rateably among such Lenders entitled thereto in accordance with the amounts of principal and unreimbursed LC/LG Disbursements then due to such parties; and

- 78 -

(6) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired (without any pending drawings), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

10.3 **Deferral.** Upon the occurrence of any Default, all rights of the Borrower to obtain further Drawdowns hereunder shall, at the option of the Agent, be deferred until the remedy of such Default to the satisfaction of the Agent.

10.4 **Legal Proceedings.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, the Agent may commence such legal action or other proceedings as the Agent, in its sole discretion, deems expedient, and the Agent shall commence such legal action or other proceedings as may be requested by the Required Lenders, to realize upon the Security or any part thereof, all without any additional notice, presentation, demand, or protest, all of which the Borrower, to the extent permitted by law, hereby expressly waives.

10.5 **No Prejudice, etc.** Nothing contained in any Document or any other security hereafter acquired by the Agent or any Lender with respect to the indebtedness of the Borrower to the Agent or any Lender or any part thereof, nor any act or omission of the Agent or any Lender with respect to such Document or security, shall in any way prejudice or affect the rights, remedies and powers of the Agent or any Lender with respect to any other such security at the time held by the Agent or any Lender.

10.6 **Set Off.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, in addition to and not in limitation of any rights now or hereafter granted under applicable law or the Security, the Agent and each Lender may, to the extent permitted by law, without notice to the Borrower at any time and from time to time (i) combine, consolidate or merge any or all of the deposits or other accounts of the Borrower with it (whether term, notice, demand or otherwise and whether matured or unmatured) and the indebtedness of the Borrower to it and (ii) set-off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of any of the indebtedness of the Borrower to it under the Documents, and may do so notwithstanding that the balances of such accounts and the indebtedness may not be expressed in the same currency and the Agent and each Lender is hereby authorized to effect any necessary conversions at the rate of exchange of the Agent then prevailing. The parties hereto acknowledge and agree that this Section 10.6 is not intended to create and shall not be construed as creating a security interest in any property of the Borrower.

10.7 **Appropriation of Moneys Received.** If a demand for payment made hereunder is not fully satisfied by the Borrower within the time provided in the demand, the Agent and each Lender may, from time to time, appropriate any moneys received by it from the Borrower or from the proceeds of any security (including the Security) given in or towards payment of such portion of the indebtedness of the Borrower to it as in its discretion it may see fit, and in no case shall the Borrower have the right to require any inconsistent

appropriation. It is hereby agreed that, to the extent permitted by law, the taking of a judgment or judgments or any other action or dealing whatsoever by the Agent or any Lender in respect of any of the securities given or which may be given by the Borrower or any other Person shall not operate as a merger of any debt or liability owing by the Borrower to the Agent or such Lender or any part thereof or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Agent or such Lender may have in connection with the indebtedness or liabilities of the Borrower and that the foreclosure, surrender, cancellation or any other dealing with the Security or any other indebtedness shall not release or affect the liability of the Borrower for its total liabilities or release or affect any other securities held by the Agent or such Lender.

10.8 **Application of Proceeds of Enforcement.** All proceeds of enforcement of the Goleniow Premises Mortgages (or of any other mortgage security over the Goleniow Premises or any portion of the Goleniow Premises held by the Agent or any Lender) shall be applied (i) first, against amounts outstanding in respect of the Term Tranche A Credit until satisfaction in full of all amounts outstanding in respect of the Term Tranche A Credit, (ii) second, against amounts outstanding in respect of the Operating Tranche B Credit until satisfaction in full of all amounts outstanding in respect of the Operating Tranche B Credit, pro rata among the Operating Tranche B Credit Lenders based on their respective pro rata shares of amounts outstanding in respect of the Operating Tranche B Credit, and (iii) third, against amounts outstanding in respect of the Operating Tranche A Credit, pro rata among the Agent and the Operating Tranche A Credit Lenders based on their respective pro rata shares of amounts outstanding in respect of the Operating Tranche A Credit. All proceeds of enforcement of the Security other than the Goleniow Premises Mortgages shall be applied in accordance with Section 10.2.

10.9 **Standstill.**

(1) Subject to the conditions set out in Sections 7.2 and 7.3, and the rights of the Agent and the Tranche A Lenders upon the occurrence of an Event of Default (other than the Existing Events of Default), from and including the Waygar Funding Date (after giving effect to the funding of the Operating Tranche B Loan on such date) and until the earlier of: (i) the occurrence or existence of any Event of Default (other than the Existing Events of Default), and (ii) 3:00 p.m. (Toronto time) on October 17, 2019 as such date as may be extended from time to time by the Agent, in writing and on such terms and conditions, in the Agent's sole and absolute discretion (the "Standstill Period"), the Agent and the Tranche A Lenders will (other than, for greater certainty, the right to set-off, combine, consolidate, merge, apply and/or transfer all deposits, accounts of the Borrower or the Guarantors and/or sums standing to the credit of the Borrower and/or the Guarantors towards the satisfaction of the Obligations to the Tranche A Lenders), refrain from enforcing any other rights and remedies under this Agreement, the Security, any other Document and/or under Applicable Law as a result of the Existing Events of Default without the consent of each Operating Tranche B Credit Lender.

(2) The Agent and the Tranche A Lenders reserve their rights, at their sole option, to terminate the standstill contained in foregoing Section 10.9(1) without any further notice of any kind to the Borrower, any of the Guarantors or any other Person, to immediately enforce all rights and remedies under this Agreement, the Security, any other Document and/or under

Applicable Law against the Borrower, and to pursue the Guarantors, upon the termination of the Standstill Period.

Article 11 - The Agent

11.1 **Appropriation of Moneys Received.** Each Lender and the Issuing Bank hereby designates CIBC as Agent, to act as herein specified and as specified in the other Documents, and the Agent hereby accepts such designation and appointment as agent on behalf of the Lenders. Without limiting the generality of the preceding sentence, each Lender hereby designates and appoints the Agent as its agent to hold the Security on behalf of the Lenders and to administer all matters pertaining to the Security and this Agreement on behalf of the Lenders. The Agent shall be the sole spokesperson of the Lenders, all dealings between the Lenders and the Borrower shall be conducted through the Agent and all demands, declarations, notices, approvals, consents or other communications permitted or required to be made by or on behalf of the Lenders pursuant to or in accordance with the Documents shall be given or made by the Agent on behalf of the Lenders. Each Lender and the Issuing Bank hereby irrevocably authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are delegated to or required of the Agent by the terms hereof and thereof and such other powers as are incidental thereto, and all such action and the exercise of all such rights or powers shall be binding upon each of the Lenders as though undertaken by such Lender. The Agent may perform any of its duties hereunder by or through its agents or employees. This Section 11.1 relates only to the Agent's role as Agent on behalf of the Lenders hereunder and under the other Documents and, for greater certainty, does not restrict the ability of any Lender to independently contact and deal with the Borrower in respect of matters unrelated to this Agreement and the other Documents.

11.2 **Limitation of Duties of Agent.** The Agent shall have no duties or responsibilities except those expressly set forth with respect to the Agent in this Agreement and as specified in the other Documents. Neither the Agent nor any of its respective officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have, by reason of this Agreement or the other Documents, a fiduciary relationship in respect of any Lender or the Issuing Bank; and nothing in this Agreement or the other Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement except as expressly set forth herein.

11.3 **Lack of Reliance on the Agent.**

(1) **Independent Investigation.** Independently and without reliance upon the Agent, each Lender and the Issuing Bank, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries in connection with the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of the Borrower and its Subsidiaries, and, except as expressly provided in this Agreement and the other Documents, the

Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender or the Issuing Bank with any credit or other information with respect thereto, whether coming into its possession before the consummation of the transactions contemplated herein or at any time or times thereafter.

(2) **Agent Not Responsible.** The Agent shall not be responsible to any Lender or the Issuing Bank for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectibility, priority or sufficiency of this Agreement or the other Documents or the financial condition of the Borrower and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the other Documents, or the financial condition of the Borrower and its Subsidiaries, or the existence or possible existence of any Default or Event of Default.

11.4 **Certain Rights of the Agent.** If the Agent shall request instructions from the Lenders or the Required Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement or the other Documents, the Agent shall be entitled to refrain from such act or taking such action unless and until the Agent shall have received written instructions from the Lenders or the Required Lenders, as applicable; and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement and the other Documents in accordance with the instructions of the Required Lenders, or, to the extent required by Section 12.3, all of the Lenders.

11.5 **Reliance by Agent.** The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, cablegram, radiogram, order or other documentary teletransmission or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

11.6 **Indemnification of Agent.** To the extent the Agent is not reimbursed and indemnified by the Borrower, each Lender will reimburse and indemnify the Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement; provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct.

- 82 -

11.7 **The Agent in its Individual Capacity.** With respect to its obligations under this Agreement and the Loans made by it, CIBC, in its capacity as a Lender hereunder, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms “Lenders”, “Required Lenders”, “Operating Tranche A Credit Lenders”, “Lenders” and any similar terms shall, unless the context clearly otherwise indicates, include CIBC in its capacity as a Lender hereunder. The Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any affiliate of the Borrower as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

11.8 **May Treat Lender as Owner.** The Borrower, the Agent and the Issuing Bank may deem and treat each Lender as the owner of the Loans recorded on the Register maintained pursuant to Section 12.2(6) for all purposes hereof until a written notice of the assignment or transfer thereof shall have been filed with the Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of a Loan shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

11.9 **Successor Agent.**

(1) **Agent Resignation.** The Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, upon five days notice to the Borrower, to appoint a successor Agent (who shall not be a non-resident of Canada within the meaning of the *Income Tax Act* (Canada)), subject to the approval of the Borrower, such approval not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders, and accepted such appointment, within 30 days after the retiring Agent’s giving of notice of resignation, then, upon five days’ notice to the Borrower, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent (subject to approval of the Borrower, such approval not to be unreasonably withheld).

(2) **Agent Resignation Rights, Powers, etc.** Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent’s resignation hereunder as Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

11.10 **Defaulting Lenders.** Notwithstanding any provision of this Agreement to the contrary, if any Lender is a Defaulting Lender, then the following provisions shall apply to such Lender for so long as it remains a Defaulting Lender:

(1) fees shall cease to accrue pursuant to Section 4.5 on the unfunded Commitment of such Defaulting Lender;

- 83 -

(2) the Commitment of such Defaulting Lender shall not be included in determining whether all Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.3); provided that any waiver or amendment which affects such Defaulting Lender differently than other Lenders generally shall require the consent of such Defaulting Lender;

(3) any amount owing by a Defaulting Lender to the Agent or another Lender that is not paid when due shall bear interest payable by the Defaulting Lender (and not the Borrower or any of its Subsidiaries) at the interest rate applicable to the Loans denominated in the applicable currency during such period;

(4) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender other than in respect of the assignment of such Defaulting Lender's Loans and Commitment) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Lender to any issuer of Letters of Credit hereunder, (iii) third, to the funding of any Loans in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, (iv) fourth, except to the extent contrary to the *Financial Administration Act* (Canada), held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement (the amount of such cash collateral not to exceed the Commitment of such Defaulting Lender minus the outstanding principal amount of such Defaulting Lender's Loans), (v) fifth, to the payment of any other amounts owing to the Lenders or any issuer of Letters of Credit hereunder, (vi) sixth, provided that no Default has occurred and is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (vii) seventh, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is a prepayment of the principal amount of any Loans or reimbursement obligations in respect of Letters of Credit with respect to which a Defaulting Lender has funded its participation obligations, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all Lenders other than Defaulting Lenders pro rata prior to being applied to the prepayment of any Advances, or reimbursement obligations owed to, any Defaulting Lender; and

(5) if a Defaulting Lender is an Insolvent Defaulting Lender, any amount payable to such Defaulting Lender hereunder may, in lieu of being distributed pursuant to Section 11.10(4), be retained by the Agent to collateralize obligations of such Defaulting Lender hereunder in an amount determined by the Agent, acting reasonably.

No Commitment of any other Lender (a "**Non-Defaulting Lender**") shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 11.10, performance by a Borrower of its obligations hereunder and the other Documents shall not be excused or otherwise modified as against any Non-Defaulting Lender as a result of any other Lender becoming a Defaulting Lender. The rights and remedies against a Defaulting Lender under this

- 84 -

Section 11.10 are in addition to other rights and remedies which a Borrower may have against such Defaulting Lender as a result of it becoming a Defaulting Lender and which the Agent or any other Lender may have against such Defaulting Lender with respect thereto. For greater certainty, nothing herein prevents or restricts the Borrower from taking all such enforcement actions and exercising all such remedies as may be available to it hereunder, at law or in equity (including to collect on a judgment), directly against the Defaulting Lender.

11.11 **Security.** The Security shall be in favour of the Agent for the benefit of the Lenders and shall, subject to Sections 10.2 and 10.8, rank *pari passu* with the obligations of the Borrower under this Agreement.

11.12 **New Deposits Account.** The Agent shall, as soon as reasonably practicable following the date hereof, transfer back to the New Deposits Account, all September 19 New Deposits Account Funds which were swept from the New Deposits Account on September 19, 2019. The Borrower acknowledges and agrees that all September 19 New Deposits Account Funds transferred back to the New Deposits Account and any other funds deposited by any Person into the New Deposits Account from and after September 19, 2019 (including, for greater certainty, any Buyer Receipts paid by any Buyer into the New Deposits Account, notwithstanding Section 9.1(48) and Section 6 of Schedule 11.12) shall be subject to the terms and conditions set forth in Schedule 11.12.

11.13 **Operating Tranche B Credit Account Transfers.** Following the Waygar Funding Date and provided that no Event of Default (other than an Existing Event of Default) has occurred, the Operating Tranche A Credit Lenders will transfer up to an aggregate amount of US\$3,600,000 of Buyer Receipts received on or after September 23, 2019 into any bank account subject to a CCC Agreement to an Operating Tranche B Credit Account, and any such transferred funds shall be used by the Borrower in accordance with the Cash Flow Forecast.

Article 12 - Miscellaneous

12.1 **Payment of Expenses.** Whether or not the transactions contemplated by this Agreement shall be consummated, the Borrower shall pay on demand by the Agent all reasonable out-of-pocket costs and expenses of the Agent and the Lenders, including travel expenses incurred by the Agent and the Lenders and the fees and disbursements of any experts or advisors (including lawyers) retained by the Agent or any Lender, incurred in connection with: (i) the preparation, negotiation, execution, administration or interpretation of the Documents; (ii) any amendment, modification, waiver or interpretation of any of the provisions thereof; (iii) the protection and enforcement of the rights of the Agent and the Lenders provided for in the Documents; and (iv) any syndication of the Credits occurring prior to the Restatement Date. All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Agent or any Lender by the Borrower under this Agreement shall be supplied by the Borrower without cost to the Agent or any Lender. The Borrower shall not be responsible for the cost of preparing such marketing documents as may be requested in connection with any syndication effected after the Restatement Date or the cost of preparing assignment and participation documents in connection with an assignment or participation affected after the Restatement Date.

12.2 Assignment.

(1) This Agreement shall be binding upon and enure to the benefit of the Borrower and its successors and assigns, provided that neither this Agreement, nor the benefit hereof may be assigned by the Borrower without the prior written consent of the Agent.

(2) The rights, benefits and obligations of a Lender under or in respect of this Agreement (referred in this Section 12.2 as the “Rights”) may, in whole or in part, be participated by such Lender (referred to in this Section 12.2 as a “Participation”) from time to time to one or more persons without notice to, or the consent of, the Borrower, provided that any additional costs under this Agreement as a result thereof shall not be payable by the Borrower and for this purpose the participating Lender may disclose, on a confidential basis, to a potential participant (referred in this Section 12.2 as a “Participant”) such information about the Borrower and its Subsidiaries as the participating Lender may see fit. No Participation shall be effective until the Agent has acknowledged such Participation in writing by recording such Participation in the Register maintained pursuant to Section 12.2(6). The effectiveness of each Participation shall be contingent upon the payment by the participating Lender to the Agent of a processing and recordation fee of U.S.\$3,500.

(3) With the consent of the Borrower (which consent shall not be unreasonably withheld or delayed) and the Agent, a Lender’s Rights may, in whole or in part, be syndicated, sold or assigned by such Lender (referred to in this Section 12.2 as an “Assignment”) from time to time to one or more persons, provided that (i) any additional costs under this Agreement as a result thereof shall not be payable by the Borrower and for this purpose the assigning Lender may disclose, on a confidential basis, to a potential transferee or assignee (referred in this Section 12.2 as an “Assignee”) such information about the Borrower and its Subsidiaries as the assigning Lender may see fit, and (ii) upon the occurrence and during the continuance of any Default or Event of Default, the consent of the Borrower shall not be required prior to any Assignment. For greater certainty, upon the occurrence and during the continuance of any Default or Event of Default, a Lender’s Rights may, in whole or in part, be syndicated, sold or assigned by such Lender from time to time to one or more persons without notice to, or the consent of, the Borrower. No Assignment shall be effective until the Agent has acknowledged such Assignment in writing by recording such Assignment in the Register maintained pursuant to Section 12.2(6). The effectiveness of each Assignment shall be contingent upon the payment by the assigning Lender to the Agent of a processing and recordation fee of U.S.\$3,500.

(4) If the Rights are the subject of a Participation or Assignment all references in this Agreement to the Lenders shall thereafter be construed as a reference to each Lender, all Participants and all Assignees, provided that, except in the case of an Assignment consented to by the Borrower, the Borrower shall be entitled to deal with the participating or assigning Lender as if it were the sole owner of the Rights (notwithstanding any contrary instruction or notices from any Participant or Assignee). The Borrower acknowledges and agrees that the Agent is entitled, in its own name, to enforce for the benefit of, or as agent for, any Participants or Assignees, any and all rights, claims and interests of such Participants and Assignees, in respect of the Rights subject to the applicable Participation or Assignment.

- 86 -

(5) The Borrower agrees to execute and deliver, at the Agent's or any assigning or participating Lender's request and expense, such further documentation as the Agent or any assigning or participating Lender considers necessary or advisable to put into effect any Participation or Assignment permitted by this Section 12.2 provided that such further documentation does not adversely modify any of the Borrower's rights or increase its obligations under the Documents.

(6) The Agent shall maintain at one of its offices in Toronto, Ontario a register for the recordation of the names and addresses of the Lenders, the Operating Tranche A Credit Commitment, the Operating Tranche B Credit Commitment and the Supplementary Credit Commitment of, and principal amount of the Loans and LC/LG Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender at any reasonable time and from time to time upon reasonable prior notice.

12.3 Waivers; Amendments.

(1) No failure or delay by the Agent, the Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent, the Issuing Bank and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 12.3(2), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Agent, the Issuing Bank or any Lender may have had notice or knowledge of such Default at the time.

(2) Neither this Agreement nor any other Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the amount or extend the expiry date of the Operating Tranche A Credit Commitment, the Operating Tranche B Credit Commitment, the Term Tranche A Credit or the Supplementary Credit Commitment of any Lender without the prior written consent of each Lender directly affected thereby, (ii) reduce the principal amount of any Loan or reduce the rate of interest or any fee applicable to any Loan without the prior written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable in respect thereof, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the prior written consent of each Lender directly affected thereby, (iv) change Section 5.1(2) or (3)

- 87 -

in a manner that would alter the *pro rata* sharing of payments required thereby, without the prior written consent of each Lender directly affected thereby, (v) change any of the provisions of this Section 12.3 or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender, provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender hereunder without the prior written consent of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender (as applicable), (vi) waive any Event of Default under Section 10.1(6) without the prior written consent of each Lender, (vii) subject to the next sentence, release any of the Security or release the Borrower or any Subsidiary from any material obligations under the Documents and other instruments contemplated by this Agreement without the prior written consent of each Lender, (viii) amend Section 9.1(18) (or the definitions relating thereto), or (ix) increase the Commitment under any Operating Credit, without the prior written consent of each Lender, or (x) change Section 10.2 or Section 10.8 without the prior written consent of each Lender; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender or, as the case may be, hereunder without the prior written consent of the Agent, the Issuing Bank, the Supplementary Credit Lender or the Swingline Lender, as applicable; and provided further that any consent of the Required Lenders required in respect of a matter impacting the Term Tranche A Credit must include the consent of the Term Tranche A Credit Lender. For greater certainty, the Agent may release and discharge the Security Interests constituted by the Security or a Guarantor from its guarantee of the indebtedness of the Borrower to the Lenders and the Agent to the extent necessary to enable a Group Party to complete any Sale which is not prohibited by this Agreement or the other Documents.

12.4 **Communication.** Subject to the express provisions of this Agreement, all communications provided for or permitted hereunder shall be in writing, personally delivered to an officer of the addressee or sent by registered and receipted mail or by a nationally recognized courier, charges prepaid, electronic mail or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner.

Any communication so personally delivered shall be deemed to have been validly and effectively given on the date of such delivery. Any communication so sent by mail or courier shall be deemed to have been validly and effectively given on the Banking Day next following the day on which it is received, as evidenced by the postal receipt or courier records, as the case may be. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively given on the Banking Day next following the day on which it is sent.

- (i) Communications sent to the Borrower shall be addressed to:

NORTH AMERICAN FUR AUCTIONS INC.
65 Skyway Avenue

- 88 -

Rexdale, Ontario
M9W 6C7

Attention: Doug Lawson, President
Email: dlawson@nafa.ca

Facsimile: (416) 675-6865

- (ii) Communications sent to the Agent shall be addressed to:

Canadian Imperial Bank of Commerce, as Administrative Agent
Capital Markets, Wealth Management Operations
595 Bay Street, CPS – 5th Floor
Toronto, Ontario M5G 2C2
Attention: Global Agent Administration Services
Email: Neermala.Hurry@cibc.ca / Wilma.Sevilleja@cibc.ca
Facsimile: (416) 956-3830

with a copy to:

Canadian Imperial Bank of Commerce
25 King Street West, 16th Floor
Toronto, Ontario M5L 2A1
Attention: Supriya Sarin, Senior Director, Special Loans Head Office
Email: supriya.sarin@cibc.com
Facsimile: (416) 214-8749

with a further copy to:

CIBC Legal Division
Attention: Frank Vivacqua, Assistant General Counsel
Commerce Court West
199 Bay Street, 11th Floor
Toronto, ON M5L 1A2
Email: frank.vivacqua@cibc.com
Facsimile: (416) 304-4573

with a further copy to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9
Attention: Milly Chow
Email: milly.chow@blakes.com
Facsimile: (416) 863-2653

- 89 -

- (iii) Communications sent to any Lender shall be addressed to such Lender specified opposite such Lender's name on the signature pages hereto.

12.5 **Survival of Representations and Warranties of the Borrower.** All agreements, representations and warranties made by or on behalf of the Borrower or any Subsidiary in the Documents or otherwise with respect thereto or any transactions contemplated thereby are material, shall be considered to have been relied upon by the Agent and the Lenders and shall survive the execution and delivery of the Documents or any investigation made at any time by or on behalf of the Agent or any Lender and any disposition or payment of the Drawdowns until repayment in full of the Drawdowns and of all other amounts owing under the Documents and cancellation or other termination of the Credit. All statements contained in any certificate or other instrument delivered by or on behalf of the Borrower pursuant to the Documents or in connection with the transactions contemplated hereby shall be deemed representations and warranties made by the Borrower pursuant hereto.

12.6 **Further Assurances.** The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including certificates, declarations, affidavits, reports and opinions) and things as the Agent may reasonably request for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and conditions of this Agreement or any other Document.

12.7 **Conflict.** It is agreed that to the extent that any term, condition, representation, covenant or other provision contained in the Security delivered pursuant hereto is at any time inconsistent or conflicts with any term, condition, representation, covenant or other provision contained in this Agreement, then this Agreement shall govern and neither the Borrower, any Subsidiary of the Borrower, NAFA Parent nor NAFA Properties shall be deemed to be in default under such first-mentioned term, condition, representation, covenant or other provision, so long as it complies with the terms, conditions, representations, covenants and other provisions contained in this Agreement.

12.8 **Severability.** Any provision in any Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, to the extent permitted by law, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.9 **Non-Merger.** The taking of a judgment or judgments or any other action or dealing whatsoever by the Agent or any Lender in respect of any security given by the Borrower or any Subsidiary to the Agent or any Lender shall, to the extent permitted by law, not operate as a merger of any indebtedness or liability of the Borrower to the Agent or the Lenders or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Agent or the Lenders may have in connection with such indebtedness and the foreclosure, surrender, cancellation or any other dealing with any security for such indebtedness shall, to the extent permitted by law, not release or affect the liability of the Borrower or any security held by the Agent or any Lender.

- 90 -

12.10 **Confidentiality.** Each of the Agent, and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and will be bound and instructed to keep such Information confidential and that the Agent and the Lenders will remain responsible for any breach by such Persons), (b) to the extent requested by any regulatory authority having jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Law or regulations or by any subpoena or similar legal process provided that, in such event and where permitted, the Agent and the Lenders will provide notice to the Borrower as soon as is reasonably practicable in order that the Borrower may seek a protective order with respect to the Information and, in any event, the Agent and the Lenders will use reasonable efforts in order to seek a sealing order or similar matter in order to maintain confidentiality of the relevant Information, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Document or any action or proceeding relating to this Agreement or any other Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in (or, in each case, its advisors), (or, in each case, its advisors), any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower and its Affiliates. For purposes of this Section, "Information" means all information received in connection with this Agreement from the Borrower or any of its Affiliates relating to the Borrower or any of its Affiliates or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

12.11 **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT,

- 91 -

TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12.12 **Time.** Time is of the essence of this Agreement.

12.13 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and except as stated herein or in the instruments and documents to be executed and delivered pursuant hereto, contains all the representations and warranties of the respective parties relating to the subject matter hereof.

12.14 **Anti-Money Laundering Legislation Information.** The Borrower acknowledges that, pursuant to AML Legislation, the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

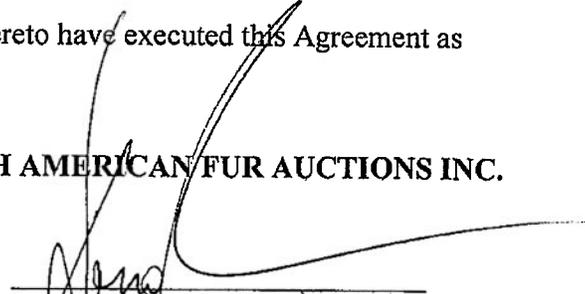
12.15 **Release.** The Borrower, on behalf of itself, the Guarantors, their subsidiaries and all of their respective officers, directors, employees, agents, successors and assigns and anyone claiming through or under them (collectively, the "**Releasers**") does hereby release, remise and forever discharge the Agent, the Tranche A Lenders (including their affiliates, associates, holding bodies corporate and subsidiaries and all officers, directors, employees, agents, successors and assigns and anyone claiming through or under them) of and from any and all claims and demands of every nature and kind at law or in equity or under any statute, actions, causes of action, suits, debts, dues, sums of money, damages, losses, indemnities and costs, which the Releasers or any one or more of them now have or ever had, can, shall or may have in respect of or in any way arising out of or related to the dealings or transactions in respect of the Existing Credit Agreement, this Agreement, the Security, any other Document, and any dealings with any of the Releasers relating to the Obligations and the Security, prior to the date hereof, including, without limitation, any exercise by the Agent or such Lenders of their respective rights to set-off, combine, consolidate, merge, apply, and/or transfer all deposits, accounts and/or sums standing to the credit of the Borrower and/or Guarantors towards the satisfaction of the Obligations owing to the Agent and such Lenders. The releases granted under this Section shall survive the termination of this Agreement.

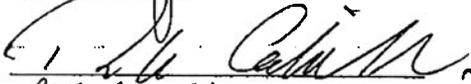
- 92 -

[signature pages follow]

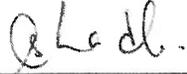
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

NORTH AMERICAN FUR AUCTIONS INC.

By: 
Name: DOUGLAS LAWSON
Title: PRESIDENT + CEO

By: 
Name: ROBERT CAHILL
Title: SR. V.P. MARKETING

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Agent**

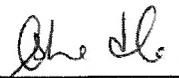
By: 
Name: **SUPRIYA SARIN**
Title: **Senior Director**

By: 
Name:
Title:

Address:

Canadian Imperial Bank of Commerce
25 King Street West, 16th Floor
Toronto, Ontario
M5L 2A1
Attention: Supriya Sarin, Senior Director,
Special Loans Head Office

**CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender**

By: 
Name:
Title: **SUPRIYA SARIN**
Senior Director

S-2

Address:

HSBC Bank Canada
170 Attwell Drive
Etobicoke, Ontario
M9W 5Z5
Attention: Account Manager

HSBC BANK CANADA, as Lender

By: 
Name: **JOHN R. BORCH**
Title: **ASSISTANT VICE PRESIDENT**
HSBC BANK CANADA

By: 
Name: **Brian Pettit**
Title: **Assistant Vice President**
HSBC Bank Canada

S-3

Address:

Export Development Canada
150 Slater Street
Ottawa, Ontario
K1A 1K3

**EXPORT DEVELOPMENT CANADA, as
Lender**

By:

Name:

Title:

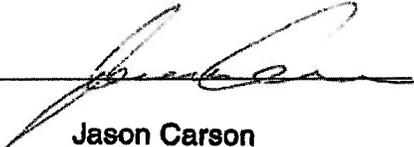


Essya Lamouchi
Sr. Special Risk Manager

By:

Name:

Title:



Jason Carson
Sr. Special Risks Manager

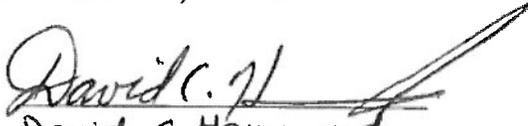
S-4

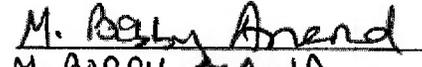
Address:

372 Bay Street, Suite 901
Toronto, ON M5H 2W9

Attention: Wayne Ehgoetz, President and
CEO

**WAYGAR CAPITAL INC., AS AGENT FOR
NINEPOINT CANADIAN SENIOR DEBT
MASTER FUND LP, as Lender**

By: 
Name: David C. Hammond
Title: Senior Vice President

By: 
Name: M. BOBBY AMAND
Title: SENIOR VICE PRESIDENT

SCHEDULE 1.1.17

BORROWING BASE CERTIFICATE

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")
 Capital Markets, Wealth Management Operations
 595 Bay Street, CPS – 5th Floor
 Toronto, Ontario M5G 2C2

Attention: Global Agent Administration Services
 Email: Neermala.Hurry@cibc.ca / Wilma.Sevilleja@cibc.ca
 Facsimile: (416) 956-3830

with a copy to:

Canadian Imperial Bank of Commerce
 25 King Street West, 16th Floor
 Toronto, Ontario M5L 2A1

Attention: Supriya Sarin, Senior Director, Special Loans Head Office
 Email: supriya.sarin@cibc.com
 Facsimile: (416) 214-8749

RE: Fourth Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of September 27, 2019 between the Agent, the lenders (the "Lenders") from time to time parties thereto and North American Fur Auctions Inc. (the "Borrower")

I, [NAME], the [SENIOR OFFICER] of the Borrower, hereby certify on behalf of the Borrower, without personal liability, as follows:

1. I have read and am familiar with the provisions of the Credit Agreement.
2. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make these statements, and I have furnished this certificate with the intent that it may be relied upon by the Agent and the Lenders as a basis for the consummation of the transactions contemplated by the Credit Agreement.
3. The representations and warranties set out in Article 8 of the Credit Agreement are true and correct as of the date hereof.
4. As at [LAST DAY OF MONTH JUST ENDED], the Borrowing Base was US\$ _____, being:

Note: All Cdn\$ amounts have been converted to US\$ at [specify Exchange Equivalent in effect at month end]

- 2 -

- (a) 75% of outstanding Eligible Buyer Accounts Receivable which are not fully secured by a Buyer L/C or insured by Export Development Canada;
- (b) 90% of outstanding Eligible Buyer Accounts Receivable which are fully secured by a Buyer L/C;
- (c) 90% of outstanding Eligible Buyer Accounts Receivable which are insured by Export Development Canada;
- (d) 85% of Insured Kit Loans which have been outstanding less than 225 days, with no single Insured Kit Loan exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any of such Insured Kit Loan in excess of U.S.\$750,000), provided that the maximum permitted contribution to the Borrowing Base pursuant to the clause (iv) is U.S.\$25,500,000;
- (e) the lesser of:
 - (i) 90% of outstanding North American Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single North American Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such North American Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (ii) U.S.\$12,500,000;
- (v.1) the lesser of:
 - (i) 90% of outstanding Foreign Rancher Livestock Loan Advances which have been outstanding less than 225 days, with no single Foreign Rancher Livestock Advance exceeding U.S.\$750,000 (provided that such U.S.\$750,000 limitation shall be increased to up to U.S.\$1,500,000 to the extent (but only to the extent) that the Red Rock Insurance Policy insures the full repayment of any amount of such Foreign Rancher Livestock Loan in excess of U.S.\$750,000); and
 - (ii) U.S.\$15,000,000;
- (f) 90% of outstanding Shipper Pelt Loan Advances;
- (g) 90% of outstanding HST refund claims of the Borrower which are acceptable to the Agent;

- 3 -

- (h) the lesser of:
- (i) 50% of the amount that is calculated by subtracting Priority Supplier Accounts Payable of the Borrower from Eligible Inventory less than 240 days; and
 - (ii) U.S.\$15,000,000;
- (i) 50% of Eligible Accounts Receivable; and
- (j) 50% of Eligible Buyer Accounts Receivable greater than 120 days and less than 180 days, where a deposit of 25% has been received and the Borrower has possession of the consigned pelts.
- (k) (i) + (ii) + (iii) + (iv) + (v) + (v.1) + (vi) + (vii) + (viii) + (ix) + (x) = US\$ _____;
- (l) Priority Payables of the Borrower and the Borrower's Subsidiaries (US\$ _____)
- (m) Demand Deferred Proceeds (being 75%): _____
- (n) Borrowing Base = (xi) - (xii) - (xiii)
= U.S.\$ _____.

5. As at **[DATE SPECIFIED IN PARAGRAPH 4]**, the Operating Tranche A Credit Authorized Credit Amount was U.S.\$ _____.

6. As at **[DATE SPECIFIED IN PARAGRAPH 4]**, the Operating Tranche B Credit Authorized Credit Amount was U.S.\$ _____.

7. The **lesser** of the amounts specified in clause 4(xiv) above and Section 5 above is U.S.\$ _____.

8. The amount specified in Section 6 above, minus the amount outstanding as at **[DATE SPECIFIED IN PARAGRAPH 4]** in respect of Indebtedness permitted by Section 9.1(11)(v) of the Credit Agreement, whether on account of principal, interest, fees or otherwise, is U.S.\$ _____.

9. The aggregate principal amount outstanding under the Operating Credit as at **[DATE SPECIFIED IN PARAGRAPH 4]** (including the principal amount outstanding under all Loans under the Operating Credit, all Swingline Loans and the face amount of all outstanding Letters of Credit) was:

- (a) US\$ _____;
- (b) Cdn\$ _____ with a U.S. Exchange Equivalent of US\$ _____; and

- 4 -

(c) Total in US\$ _____ ((i) + (ii)).

10. The aggregate Receivable Value as at **[DATE SPECIFIED IN PARAGRAPH 4]** was U.S.\$ _____.

This certificate is delivered to you pursuant to Section 9.2(3)(i)(a) of the Credit Agreement.

The initially capitalized terms used in this certificate have the meanings given in the Credit Agreement.

Dated: _____.

Name:

SCHEDULE 1.1.25
CASH FLOW FORECAST

See attached.

North American Fur Auctions Inc.
Critical Assumptions – Cash Flow Forecast to October 18, 2019
 September 27, 2019

These notes and assumptions form an integral part of North American Fur Auctions Inc.'s ("**NAFA**" or the "**Company**") cash flow projections (the "**Cash Flow**") through October 17, 2019 (the "**Period**"), and should be read in conjunction with the Cash Flow. This represents management's best estimate of the Company's projected critical payments in the Period. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variances could be material.

All figures are presented in U.S. dollars. Local currencies have been translated to U.S. dollars at the rates noted within the Cash Flow.

Overview

- The Cash Flow assumes that a refinancing of the business occurs at the end of the Period, and as such the Cash Flow projects critical payments only in the Period.
- As at close of business on September 20, 2019, the following accrued and unpaid amounts were outstanding in the amount of ~\$18.4M in aggregate, certain of which are forecast to be paid in the Period (see Critical Assumptions, below):
 - \$5M in outstanding cheques (\$4.4M related to prompt payments due to consignors);
 - \$7.1M in outstanding prompt payments due to consignors not yet issued (primarily due to the Van Ansen Group);
 - ~\$0.4M in estimated accrued restructuring and sale process professional fees of the Company (KPMG and Blaney McMurty) and of the agent, CIBC (the "**Agent**") (Alvarez & Marsal and Blakes, Cassels & Graydon). This estimate is preliminary, and does not have the benefit of a detailed analysis or any input from advisors;
 - \$2.7M in estimated accrued operating expenses; and
 - \$3.1M in unpaid kit loans from prior week(s), (\$2M related to European consignors and \$1.1M related to North American consignors).

Critical Assumptions

1. Consistent with earlier projections, the Company anticipates collecting \$2.5M of receipts related to the August auction which takes into consideration the timing differences from the previous period and represents total collections of approximately ~92%. An additional ~\$1.2M in collections is forecast related to prior auctions.
2. Estimated broker commissions funds received since July 26, 2019 – while a full accounting is not yet complete, the Company estimates that ~\$83k of funds for broker commissions were received from buyers since July 26 which are required to be paid through to brokers upon completion of full accounting.
3. It is assumed that ~\$19.1M in disbursements are deferred outside of the Period until a refinancing is closed, including:
 - a. Prompt payments (\$11.4M)
 - i. \$4.4M in outstanding cheques, anticipated not to be honoured in the Period, and

- ii. \$7.1M in payments owing (but not yet issued) to the Van Ansem Group.
 - b. \$1.7M in Kit loans as advances are deferred (~1 week run rate).
 - c. \$5.0M in operating costs, including:
 - i. \$2M for federation payment;
 - ii. \$2.1M in general Opex;
 - iii. \$300K in sequestered funds replacement;
 - iv. \$320k in auction/selling costs; and
 - v. \$250k in marketing costs.
 - d. \$250k in professional fees.
- 4. Professional fees – We understand the Company will be provided with invoices for outstanding professional fees. The Cash Flow assumes that should the invoices exceed forecast payments in the Period, each of: the professionals of the Company, and the professionals of the Agent, respectively, will share in the funds forecast for their fees in the Period on a pro rata basis within each group, with the remaining outstanding professional fees being paid upon closing of the refinancing. For greater certainty, the fees of FTI Consulting Inc., and the success fee of KPMG Corporate Finance Inc., are anticipated to be paid on the closing of the refinancing.
- 5. Refinancing costs in the Period (Sept. 27/19) comprise a 2% closing fee and payment of 13.25% interest on Waygar's advance of \$8M.
- 6. Other operating disbursements (inclusive of outstanding commission payments of which ~\$680,000 are estimated to be outstanding) – in the Period, which bridges to the closing of a refinancing, the Company requires the flexibility to make operating disbursements as necessary up to the amount of the \$565,000 (before \$110,000 on October 18, 2019), as forecast. For greater certainty, this category of disbursements is not intended to be used for professional fees, but rather to address operational requirements (including timing of kit loan advances) during the Period.
- 7. Segregated account - \$1.6M balance swept by the Agent on September 19, 2019 has not been factored into the Cash Flow in the Period because these funds will be either earned and funds will be swept into a CCC account for the lenders' benefit, or returned to Buyers where applicable.
- 8. Sequestered Funds - ~€1.2M (\$1.4M) in funds sequestered will not be re-advanced during the Period to replace payments which have not yet been released to certain consignors as a result.
- 9. The Company has certain funds on hand which have already been reported as disbursements in the Company's cash flow forecast, held in Euro-denominated HSBC accounts, with most recent available balances being:
 - a. ~€65K in HSBC Canada (The Company has been advised that these funds will remain frozen in the Period); and
 - b. ~€430K in HSBC Europe. These funds are for operating expenses related to prior periods:
 - i. ~€231K for past week's kit loans to be disbursed upon receipt of pelting and feed invoices;
 - ii. ~€30K received by NAFA Polska from a consignor paying down an outstanding loan balance, to be used toward kit loan payments due; and
 - iii. ~732PLN (equivalent to ~€167K) for use by Daikoku, and NAFA Polska for payroll and operating expenses due.

Weekly Cash Flow Forecast For the period September 21, 2019 to October 18, 2019 (USD)													
	Reported	Forecast*	Forecast Total										
	20-Sep-19	23-Sep-19	24-Sep-19	25-Sep-19	26-Sep-19	27-Sep-19	4-Oct-19	11-Oct-19	14-Oct-19	15-Oct-19	16-Oct-19	17-Oct-19	18-Oct-19
Receipts													
Buyer Receipts - Historical Auctions	-	-	-	-	-	-	213,888	213,888	32,083	32,083	32,083	32,083	32,083
Buyer Receipts - May Auction	69,861	33,180	33,180	33,180	33,180	33,180	163,423	163,423	24,513	24,513	24,513	24,513	615,313
Buyer Receipts - August Auction	4,972,038	311,205	311,205	311,205	311,205	311,205	357,853	357,853	53,678	53,678	53,678	53,678	2,540,122
HST Refund	-	-	-	-	-	-	-	-	-	-	-	-	-
Buyer Commissions	25,713	-	-	-	-	-	-	-	-	-	-	-	-
Other	106,666	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflow	5,174,298	344,385	344,385	344,385	344,385	344,385	735,163	651,928	110,275	110,275	110,275	110,275	3,650,390
Disbursements													
Long term debt financing and interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee costs	127,154	-	-	-	-	-	122,596	-	-	-	-	-	122,596
Total occupancy costs	-	-	-	-	-	-	-	367,516	230,000	-	-	-	1,009,042
IT & administrative expenses	9,938	-	-	-	-	-	24,300	80,000	-	-	-	-	176,861
Cost-saver solicitation and collection expenses	14	-	-	-	-	-	155,000	-	-	-	-	-	55,250
Total grading and warehousing costs	6,611	-	-	-	-	-	-	-	-	-	-	-	90,000
Total auction and selling costs	473	-	-	-	-	-	-	-	-	-	-	-	25,000
Marketing expenses	5,189	-	-	-	-	-	-	-	-	-	-	-	50,000
Kil loans - Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Kil loans - North America	50,000	-	-	-	-	-	3,169,396	1,184,180	796,308	-	298,028	-	20,000
Auction payouts	13,444,421	-	-	-	-	-	893,136	1,123,628	533,222	-	-	-	600,000
GST/HST payments	-	-	-	-	-	-	-	-	-	-	-	-	3,119,907
Payments to various fur federations	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring & sale process professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees for Lender's counsel and financial advisor	175,610	-	-	-	-	-	100,000	100,000	45,315	-	-	-	370,315
Bank interest & charges	130,789	-	-	-	-	-	150,000	100,000	-	-	-	-	325,000
Estimated outstanding commissions payments	-	-	-	-	-	-	287,659	-	-	-	-	-	287,659
Red Rock Insurance - annual premium	-	-	-	-	-	-	377,438	-	-	-	-	-	377,438
Refinancing costs	61,129	-	-	-	-	-	218,082	-	-	-	-	-	218,082
Other operating disbursements	-	-	-	-	-	-	150,000	-	-	-	-	-	150,000
Total Outflow	14,011,327	(8,837,029)	344,385	344,385	344,385	344,385	3,172,553	1,947,361	230,000	110,275	298,028	115,000	13,213,611
Net cash flow	(8,837,029)	344,385	344,385	344,385	344,385	344,385	(2,437,399)	(1,295,434)	(119,725)	110,275	(187,753)	(4,725)	(9,559,421)
Net (finr.) Decrease in Buyer Receipts held in Segregated Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening bank cash balance	19,230,987	-	-	-	-	-	-	-	-	-	-	-	-
Term loan drawdown / (repayment)	(10,900,763)	-	-	-	-	-	-	-	-	-	-	-	-
Revolver draw / (repayment)	507,706	-	-	-	-	-	-	-	-	-	-	-	-
Closing bank cash balance (Incremental Borrowing Net)	-	344,385	688,770	1,033,155	1,377,541	1,721,926	2,066,325	2,411,760	2,701,485	2,811,760	2,921,513	3,031,288	3,141,063
Cumulative Revolver Balance	(507,706)												
Opening balance	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)
Revolver repayment / (draw)	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing bank revolver balance	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)
Loan Balance	(28,399,237)												
Term loan balance	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)	(28,399,237)
Revolver balance	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)	(507,706)
Total Facility balance	(28,906,942)												
Total borrowing need (bank)	(28,906,942)	(28,562,557)	(28,218,172)	(27,873,787)	(27,529,402)	(27,185,017)	(26,840,632)	(26,496,247)	(26,151,862)	(25,807,477)	(25,463,092)	(25,118,707)	(24,774,322)
Add: Outstanding Cheques	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)	(5,088,250)
Less: Cash Cheques	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)	(7,092,343)
Add: O/S prompt payments (not yet released)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Add: Accrued professional fees	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)	(2,699,914)
Add: Accrued operating costs	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)	(3,134,976)
Add: Catch-up on mt loan payments	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)	(18,415,483)
Total adjusting items	(47,322,425)	(46,978,040)	(46,633,655)	(46,289,270)	(45,944,885)	(45,599,500)	(45,255,115)	(44,910,730)	(44,566,345)	(44,221,960)	(43,877,575)	(43,533,190)	(43,188,805)
Total borrowing need (book)	(76,829,367)	(75,540,997)	(74,252,627)	(72,964,257)	(71,675,887)	(70,387,517)	(69,099,147)	(67,810,777)	(66,522,407)	(65,234,037)	(63,945,667)	(62,657,297)	(61,368,927)
Segregated Account													
Opening balance	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987	1,599,987
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	1,599,987												
Requested Funds													
Opening balance	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906	1,366,906
Released Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	1,366,906												

To be read in conjunction with the notes to the cash flow forecast.

North American Fur Auctions Inc.
North American and European KII Loans

NAFA - KII Loan Schedule				Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
ID	Name	Schedule	Country	7/1/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019
KII Loan Summary									
North America Loans				7,872,535	9,623,562	11,870,212	14,629,205	17,084,915	19,654,844
Europe Loans				28,010,480	34,113,510	39,798,455	44,863,286	48,620,338	51,448,141
Total				35,883,015	43,737,073	51,668,667	59,292,490	65,705,253	71,102,985
Pelt Advances									
North America Advances				-	-	-	-	4,800,532	8,678,760
Europe Advances				-	-	-	-	4,800,532	8,678,760
Total				-	-	-	-	9,601,064	17,357,520
Total Loans				35,883,015	43,737,073	51,668,667	59,292,490	70,505,784	78,781,745
North American Loans									
<u>Van Ansem Loans</u>									
856814	GOODRITCH FF		Wisconsin	1,270,000	1,441,200	1,703,200	1,956,200	2,204,200	2,428,200
856801	A & M DITTRICH		Wisconsin	3,720,000	3,888,800	4,123,800	4,363,800	4,593,800	5,127,800
Subtotal - Van Ansem				4,990,000	5,330,000	5,827,000	6,320,000	6,798,000	7,556,000
<u>North American Loans</u>									
9847	EL PORVENIR		Uruguay (ships to NA)	550,000	650,000	750,000	850,000	920,000	982,500
806658	VAN DEURZEN		Ohio	200,000	300,000	400,000	500,000	600,000	730,000
808637	EAGLE EYE		Wisconsin	348,804	394,804	428,804	462,804	496,804	530,804
855146	BLACKWOOD FARM		Wisconsin	164,920	164,920	164,920	364,920	464,920	539,920
8088637 / 855146	AMERICAN FEED		Wisconsin	63,072	243,853	443,853	643,853	828,853	948,853
855146	BLACKWOOD FF		Wisconsin	-	55,000	117,000	127,000	147,000	157,000
864530	JEFFERSON FUR FARM		Oregon	35,000	70,000	105,000	140,010	175,010	210,010
874849	RODRIGEZ RANCH		Washington	63,000	148,000	195,000	237,000	279,000	295,000
854917	BRECKE JR ED		Wisconsin	-	-	-	-	-	-
860366	GARCIA ALBERT		Idaho	-	-	6,250	12,500	18,750	25,000
860506	GAUTHIER FF		New Hampshire	-	-	-	-	-	-
862702	HAWKES JERRY		Idaho	-	-	-	-	-	-
864466	JANDER GREGORY		Michigan	-	-	-	-	-	-
8648	ENGBRETON FUR FARM LTD		British Columbia	-	-	150,000	300,000	450,000	600,000
872520	PAVEK KEVIN		Wisconsin	15,000	55,000	105,000	124,000	143,000	161,000
872594	PAVEK TODD		Wisconsin	5,600	22,400	43,000	51,000	59,000	59,000
877310	SMITH FF		Idaho	22,500	72,500	102,500	152,500	202,500	202,500
879613	TOWN DENNY		Ohio	112,500	150,000	182,000	212,000	251,300	271,000
868707	ALTUNAN RIVER		Wisconsin	-	-	-	15,000	30,000	45,000
879101	Brad Thelen		Wisconsin	-	-	-	60,000	110,000	160,000
Subtotal - North America				1,580,396	2,326,477	3,193,327	4,252,587	5,176,137	5,917,587
19664	ABOVE & BEYOND		Nova Scotia	84,683	96,828	102,900	108,973	116,564	123,395
19664	ABOVE & BEYOND - FEED		Nova Scotia	-	11,386	56,930	102,475	159,405	204,949
19671	BLACKSTONE RIDGE FARM		Nova Scotia	72,112	72,112	72,112	72,112	72,112	72,112
164483	NAIRVALE FF		Ontario	15,181	60,726	121,451	121,451	121,451	121,451
10552	CHESELEY GEORGE		Nova Scotia	-	34,158	72,112	110,685	132,837	155,610
31800	GAVEL BLAIN		Nova Scotia	-	-	-	-	-	-
31800	VIKING		Newfoundland	-	-	-	379,535	758,071	1,184,151
93200	WILLIAMS FF		BC	-	174,586	349,173	523,759	698,345	872,932
19666	JAXON MULLEN		Nova Scotia	865,606	1,065,314	1,434,910	1,966,724	2,738,538	3,890,352
19660	NAFA FARMS		Nova Scotia	264,557	461,915	640,297	792,111	913,562	997,080
22074	BOTWOOD FUR FARM		Newfoundland	-	-	-	189,768	284,652	379,536
5328	MARANATHA FF		Nova Scotia	-	-	-	36,435	54,653	93,745
1399	NEL FUR FARM		Nova Scotia	-	-	-	10,437	20,874	31,312
1782	NORTHERN VELVET		Nova Scotia	-	-	-	15,940	31,881	47,821
10362	JODY MCCOLLUGH		Nova Scotia	-	-	-	6,832	13,664	20,496
Subtotal - North America				1,302,139	1,967,085	2,849,885	4,056,618	5,110,777	6,181,257
Total - North America				7,872,535	9,623,562	11,870,212	14,629,205	17,084,915	19,654,844
X									
<u>European Loans</u>									
9306	Akciju sabiedrība Grobina	2	LATVIA	1,909,390	2,066,228	2,203,640	2,263,447	2,455,281	2,456,281
9306	SIA United - Vaccine Grobina	2	LATVIA	11,284	23,289	45,858	65,042	76,326	76,326
9306	GROBINA - BDM Contract chicken only	2	LATVIA	20,998	63,810	108,947	154,084	193,580	193,580
9306	GROBINA - UAB MAGISKAS fish and chicken	2	LATVIA	34,365	34,365	34,365	34,365	34,365	34,365
9306	SIA RAMUSS KV / Feed-fish	2	LATVIA	56,422	129,770	174,907	220,045	220,045	220,045
28338	HP Mink	1	Denmark	181,431	181,431	181,431	181,431	181,431	181,431
2177	Bosman MF AE	1	Greece	293,393	496,511	722,198	722,198	722,198	722,198
8087	Tazetta Ltd	2	Ireland	36,110	58,679	81,247	103,816	124,128	124,128
8811	Hoefmink BVBA	1	Netherlands	33,853	67,706	101,559	124,128	124,128	124,128
	R v d Wielen	1		-	8,463	16,927	28,211	28,211	28,211
18348	Theo Arts	1	Netherlands	-	18,055	36,110	36,110	36,110	36,110
8403	Mts Islandus	1	Netherlands	-	22,569	33,853	45,137	56,422	56,422
8490	Roverma B V	1	Netherlands	112,844	169,265	225,687	282,109	338,531	338,531
8583	Willy van der Heeden	N/A	Netherlands	389,660	439,660	489,660	639,660	789,660	789,660
17633	Ukminkas Kestutis Reskaus	2	Lithuania	6,254,916	7,286,305	8,166,485	9,012,811	9,012,811	9,012,811
17633	UAB Furvela - Vaccine Kestutis	2	Lithuania	14,218	28,437	42,655	56,873	71,091	71,091
9693	Mantvidas Ciskevicius	3	Lithuania	1,191,345	1,331,762	1,331,762	1,331,762	1,331,762	1,331,762
7873	Andrius Ciskevicius	3	Lithuania	1,191,345	1,327,953	1,327,953	1,327,953	1,327,953	1,327,953
25012	Danius Zimblys	1	Lithuania	10,833	21,666	27,082	27,082	27,082	27,082
9452	UAB Nora Mink	1	Lithuania	227,602	304,336	381,069	381,069	381,069	381,069
4823	UAB Norada	1	Lithuania	48,974	60,033	71,091	71,091	71,091	71,091
2552	Rajmund Gasiorek	2	Poland	7,003,350	7,489,988	7,976,626	8,463,263	8,463,263	8,463,263
30200	Edyta Gasiorek	2	Poland	908,801	1,078,696	1,248,592	1,418,487	1,418,487	1,418,487
9883	Pawel Chalupeczak	1	Poland	22,343	44,686	67,029	89,372	89,372	89,372
9883	Pawel Chalupeczak FUTREX	1	Poland	133,059	266,118	399,177	532,236	532,236	532,236
9883	Pawel Chalupeczak NORPOL	1	Poland	2,821	5,642	8,463	8,463	8,463	8,463
22920	Dariusz Sadowski	2	Poland	78,590	157,180	235,770	294,713	294,713	294,713
27471	Marek Lawicki	1	Poland	102,688	205,376	308,064	385,080	385,080	385,080
27471	Marek Lawicki NORPOL	1	Poland	12,413	24,826	37,239	49,651	49,651	49,651
12028	Frackowiak Dawid	1	Poland	25,119	79,339	124,477	145,834	145,834	145,834
29316	Frackowiak Dawid NORPOL	1	Poland	4,165	8,330	12,495	16,660	16,660	16,660
29316	Frackowiak Lukasz	1	Poland	25,119	79,339	124,477	145,834	145,834	145,834
29316	Frackowiak Lukasz NORPOL	1	Poland	4,165	8,330	12,495	16,660	16,660	16,660
23665	Sebastian Jansen	2	Poland	713,104	838,924	964,745	1,090,565	1,187,408	1,187,408
23665	Sebastian Jansen NORPOL	2	Poland	48,590	97,181	145,771	194,362	194,362	194,362
9260	Euzebiusz Adamski	1	Poland	338,532	677,064	1,015,596	1,461,325	1,461,325	1,461,325
16827	Hanna I Jerzy Czarny	1	Poland	176,376	352,752	529,128	705,504	705,504	705,504
16827	Czarny NORPOL	1	Poland	28,437	56,874	85,311	113,748	113,748	113,748
16829	Juszczak Patrycja Tomasz	1	Poland	131,464	262,928	394,392	525,856	525,856	525,856
16829	Juszczak NORPOL	1	Poland	23,697	47,394	71,091	94,788	94,788	94,788
30082	Pasieka Grzegorz	1	Poland	106,750	213,500	320,250	320,250	320,250	320,250
1870	Furlax S C	1	Poland	15,596	41,144	61,715	82,287	82,287	82,287

2410	Pianka Edyta	1	Poland	4,655	9,310	13,964	18,619	18,619	18,619
18395	Adamczak Pawel	1	Poland	11,849	23,697	35,546	47,394	47,394	47,394
4432	Kawalec Boguslaw	1	Poland	1,128	2,257	3,385	4,514	4,514	4,514
4432	Kawalec Boguslaw FUTREX	1	Poland	4,546	12,638	18,956	25,277	25,277	25,277
28822	Kawalec Lukasz	1	Poland	1,241	2,483	3,724	4,965	4,965	4,965
15344	Lukasz Laski	1	Poland	7,335	12,977	12,977	12,977	12,977	12,977
20208	DAIKOKU	2	Poland	2,151,152	2,478,396	2,907,203	3,290,871	3,638,429	3,638,429
27394	RKS LUBNICA	1	Poland	5,642	11,284	16,927	22,569	22,569	22,569
23834	PIOTROWSKI URSZULA	1	Poland	2,257	4,514	6,771	9,027	9,027	9,027
15477	PIOTROWSKI BARTOSZ	1	Poland	2,257	4,514	6,771	9,027	9,027	9,027
9921	SZAFAREK JOZEF	1	Poland	34,276	68,553	102,830	137,107	137,107	137,107
2585	SZAFAREK JOANNA	1	Poland	5,710	11,420	17,130	22,840	22,840	22,840
24449	ZAGOLINSKI STANISLAW	1	Poland	5,710	11,420	17,130	22,840	22,840	22,840
17410	Neuwenhuis (IBAN -> 2084)	N/A	Poland	-	8,552	54,931	101,309	139,112	176,914
23395	RONECO	1	Romania	300,000	600,000	800,000	1,000,000	1,200,000	1,400,000
24260	JONI MINK	1	Poland	980,000	1,315,000	1,660,000	2,035,000	3,950,000	5,580,000
5805	BDM	1	Latvia	2,267,120	2,540,580	2,992,580	3,421,980	3,786,980	4,246,980
6600	AJT	1	Romania	300,000	800,000	1,200,000	1,600,000	2,100,000	2,600,000
Total - Europe				28,010,480	34,113,510	39,798,455	44,863,286	48,820,338	51,448,141

NAFA - Pelt Advance Schedule				Cumulative					
ID	Name	Schedule	Country	Jul	Aug	Sep	Oct	Nov	Dec
X									
European Pelt Advances									
9306	Akciu sabiedriba Grobina	2	LATVIA	-	-	-	-	543,059	987,381
9306	SIA Unted - Vaccine Grobina	2	LATVIA	-	-	-	-	-	-
9306	GROBINA - BDM Contract chicken only	2	LATVIA	-	-	-	-	-	-
9306	GROBINA - UAB MAGISKAS fish and chicken	2	LATVIA	-	-	-	-	-	-
9306	SIA RAMUSS KV / Feed-fish	2	LATVIA	-	-	-	-	-	-
28338	HP Mink	1	Denmark	-	-	-	-	-	-
2177	Bosman MF AE	1	Greece	-	-	-	-	-	-
8087	Tazetta Lid	2	Ireland	-	-	-	-	14,105	28,211
8811	Hoefmink, BVBA	1	Netherlands	-	-	-	-	16,927	33,853
	R v d Wielen	1	Netherlands	-	-	-	-	10,156	20,312
18348	Theo Arts	1	Netherlands	-	-	-	-	5,642	11,284
8403	Mis Islandus	1	Netherlands	-	-	-	-	-	-
8490	Roverma B V	1	Netherlands	-	-	-	-	-	-
8583	Wilby van der Hieden	N/A	Netherlands	-	-	-	-	67,706	135,412
17633	UAB Furveits - Vaccine Kestute	2	Lithuania	-	-	-	-	768,536	1,378,612
17633	UAB Furveits - Vaccine Kestute	2	Lithuania	-	-	-	-	-	-
9690	Martvidas Giskevicius	3	Lithuania	-	-	-	-	-	-
7873	Andrius Ciskevicius	3	Lithuania	-	-	-	-	-	-
25012	Dainius Zimlys	1	Lithuania	-	-	-	-	-	-
9452	UAB Nora Mink	1	Lithuania	-	-	-	-	42,003	73,975
4823	UAB Norilda	1	Lithuania	-	-	-	-	7,617	15,234
2552	Rajmund Gasiorok	2	Poland	-	-	-	-	1,786,689	3,197,233
30200	Edyta Gasiorok	2	Poland	-	-	-	-	357,338	639,447
9883	Pawel Chalupnyczak	1	Poland	-	-	-	-	159,121	291,833
9883	Pawel Chalupnyczak FUTREX	1	Poland	-	-	-	-	-	-
9883	Pawel Chalupnyczak NORPOL	1	Poland	-	-	-	-	-	-
22920	Dariusz Sadowski	2	Poland	-	-	-	-	67,706	121,871
27471	Marek Lawicki	1	Poland	-	-	-	-	-	-
27471	Marek Lawicki NORPOL	1	Poland	-	-	-	-	-	-
12028	Frackowski Dawid	1	Poland	-	-	-	-	-	-
26316	Frackowski Dawid NORPOL	1	Poland	-	-	-	-	-	-
26316	Frackowski Lukasz	1	Poland	-	-	-	-	-	-
26316	Frackowski Lukasz NORPOL	1	Poland	-	-	-	-	-	-
23665	Sebastian Jansen	2	Poland	-	-	-	-	153,216	280,353
23665	Sebastian Jansen NORPOL	2	Poland	-	-	-	-	-	-
9260	Euzebiusz Adamski	1	Poland	-	-	-	-	304,677	555,190
16827	Hanna I Jerzy Czarny	1	Poland	-	-	-	-	-	-
16827	Czarny NORPOL	1	Poland	-	-	-	-	-	-
16829	Juszczak Patrycja Tomasz	1	Poland	-	-	-	-	-	-
16829	Juszczak Patrycja NORPOL	1	Poland	-	-	-	-	-	-
30082	Pasieka Grzegorz	1	Poland	-	-	-	-	68,552	124,918
1870	Furlax S C	1	Poland	-	-	-	-	16,137	29,339
2410	Pianka Edyta	1	Poland	-	-	-	-	4,232	7,617
18395	Adamczak Pawel	1	Poland	-	-	-	-	10,861	19,748
4432	Kawalec Boguslaw	1	Poland	-	-	-	-	6,827	12,413
4432	Kawalec Boguslaw FUTREX	1	Poland	-	-	-	-	-	-
28822	Kawalec Lukasz	1	Poland	-	-	-	-	1,241	2,257
15344	Lukasz Laski	1	Poland	-	-	-	-	5,642	10,156
20208	DAIKOKU	2	Poland	-	-	-	-	338,531	622,896
27394	RKS LUBNICA	1	Poland	-	-	-	-	5,642	10,156
23834	PIOTROWSKI URSZULA	1	Poland	-	-	-	-	2,257	4,062
15477	PIOTROWSKI BARTOSZ	1	Poland	-	-	-	-	2,257	4,062
9921	SZAFAREK JOZEF	1	Poland	-	-	-	-	25,390	45,702
2585	SZAFAREK JOANNA	1	Poland	-	-	-	-	4,232	7,617
24449	ZAGOLINSKI STANISLAW	1	Poland	-	-	-	-	4,232	7,617
17410	Neuwenhuis (IBAN -> 2084)	N/A	Poland	-	-	-	-	-	-
23395	RONECO	1	Romania	-	-	-	-	-	-
24260	JONI MINK	1	Poland	-	-	-	-	-	-
5805	BDM	1	Latvia	-	-	-	-	-	-
6600	AJT	1	Romania	-	-	-	-	-	-
Total - Europe				-	-	-	-	4,800,532	8,678,760

- 2 -

SCHEDULE 1.1.35**COMPLIANCE CERTIFICATE**

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")

RE: Fourth Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of September 27, 2019 between the Agent, the lenders from time to time parties thereto (the "Lenders") and North American Fur Auctions Inc. (the "Borrower")

I, [NAME], the [SENIOR OFFICER] of the Borrower, hereby certify on behalf of the Borrower, without personal liability, as follows:

11. I have read and am familiar with the provisions of the Credit Agreement.
12. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make these statements, and I have furnished this certificate with the intent that it may be relied upon by the Agent and the Lenders as a basis for the consummation of the transactions contemplated by the Credit Agreement.
13. The representations and warranties set out in Article 8 of the Credit Agreement are true and correct as of the date hereof.
14. As at the end of [MOST RECENT FISCAL YEAR], the:
 - (a) Fixed Charge Coverage Ratio of the Borrower for the preceding twelve months was •;
 - (b) Current Ratio of the Borrower was •;
 - (c) Tangible Net Worth of the Borrower was U.S.\$•; and
 - (d) EBITDA of the Borrower for the preceding twelve months was U.S.\$•.

This certificate is delivered to you pursuant to Section 9.2(3)(ii)(a) of the Credit Agreement.

The initially capitalized terms used in this certificate have the meanings given in the Credit Agreement.

Dated: _____.

Title: _____
Chief Financial Officer
North American Fur Auctions Inc.

SCHEDULE 1.1.48**DRAWDOWN NOTICE**

TO: Canadian Imperial Bank of Commerce, as agent (the "Agent")

RE: Drawdown notice given pursuant to the Fourth Amended and Restated Credit Agreement (as amended from time to time, the "Credit Agreement") dated as of September 27, 2019 between the Agent, the lenders from time to time parties thereto (the "Lenders") and North American Fur Auctions Inc. (the "Borrower")

We refer to the facility constituted by the Credit Agreement and we hereby give you notice that on [DATE] _____, we wish to obtain the following Drawdown(s) in accordance with the terms and conditions set forth in the Credit Agreement:

- (i) Fixed Rate Loan under the Operating Tranche B Credit in the amount of U.S.\$_____.

We hereby certify that the representations and warranties contained in Article 8 of the Credit Agreement are true and correct on and as of the date hereof.

All initially capitalized terms used in this Drawdown Notice have the meanings given in the Credit Agreement.

Dated: _____

NORTH AMERICAN FUR AUCTIONS INC.

By: _____
 Name:
 Title:

SCHEDULE 1.1.97**MATERIAL CONTRACTS AS OF THE RESTATEMENT DATE**

1. Lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between The Corporation of the Borough of Etobicoke and Rockford Developments (1/2 Interest) and Imbrook Properties Limited (1/2 Interest), expiring February 28th, 2073.
2. Sublease of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Rockford Developments Limited and Imbrook Properties Limited and Hudson's Bay Company Developments Limited expiring February 27th, 2073.
3. Peel-off lease of premises at Lot 21, Concession 3 fronting the Humber River designated as part 3 of Plan 64R-8647, Borough of Etobicoke, municipally known as 65 Skyway Drive between Rockford Developments Limited and Imbrook Properties Limited and, *inter alia*, Samuel Black, dated October 1st, 1980.
4. Assignment of Interest in Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Rockford Developments Limited and Imbrook Properties Limited and Hudson's Bay Company Developments Limited dated February 27th, 1981, to be effective March 1st, 1999.
5. Assignment of lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Hudson's Bay Company Developments Limited and Hudson's Bay Company Fur Sales International Limited, dated January 16th, 1984, to be effective March 1st, 1999.
6. Assignment of lease of premises at Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Hudson's Bay Company Fur Sales International Limited and Hudson's Bay Company Fur Sales Canada Limited, dated February 1st, 1984, to be effective March 1st, 1999.
7. Change of Name registering Hudson's Bay Company Fur Sale Canada Limited changing its name to Hudson's Bay New York Inc. on March 13th, 1987
8. Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Hudson's Bay Company Development Limited and Markborough Properties Inc. dated January 19th, 1996.
9. Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Hudson's Bay New York Inc. and Markborough Properties Inc. dated January 19th, 1996.

10. Articles of Amendment changing Markborough Properties Limited to Markborough Properties Inc. dated March 4th, 1989
11. Amalgamation of Markborough Properties Inc. into Markborough Properties Inc. /Proprietes Immobilières Markborough Inc. dated August 1, 1990.
12. Amalgamation of Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee and Markborough Properties Inc. /Proprietes Immobilières Markborough into Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee dated June 9th, 1997.
13. Notice of assignment of Imbrook Properties Limited's interest in premises at Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Imbrook Properties Limited and EL EF Investments Inc. dated November 15th, 1985.
14. Notice of assignment of Rockford Development's Limited's interest in premises at Notice of assignment of premises at Lot 21, Concession 3 fronting the Humber River, designated as parts 1-3 of Plan 64-R-8647, City of Etobicoke between Rockford Development Limited and Vinca Estates Limited dated May 31st, 1991.
15. Amalgamation of Cambridge Shopping Centres Limited/Centres Commerciaux Cambridge Limitee and Ivanhoe Ontario Inc. into Ivanhoe Cambridge I Inc. /Ivanhoe Cambridge I Inc. dated August 13th, 2001.
16. Assignment of lease of premises Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65 Skyway Drive between Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. dated July 1st, 2004.
17. Lease of premises at Lot 21, Concession 3 fronting the Humber River designated as parts 1-8, 17-21 of plan 64R-3413, Borough of Etobicoke between, *inter alia*, Samuel Black and Rockford Developments Limited. expiring August 31st, 2073.
18. Assignment of ½ interest of lease of premises at Lot 21, Concession 3 fronting the Humber Rive designated as parts 1-8, 17-21 of plan 64R-3413, Borough of Etobicoke (subject to "peel-off" lease dated February 1, 1978) between Rockford Developments Limited and Imbrook Properties Limited dated March 28, 1980.
19. Rental Rate Agreement regarding 65 Skyway Drive, Etobicoke between *inter alia*, The Estate of Samuel Black and Cambridge Shopping Centres Limited date March 1st, 1999.
20. Cambridge Shopping Centres Inter Office Memo regarding the Ownership structure of 65 Skyway Drive, Etobicoke date January 2nd, 2001.
21. Assignment of lease of premises Lot 21, Concession 3 fronting the Humber River, designated as part 3 of Plan 64-R-8647, City of Etobicoke, municipally known as 65

- Skyway Drive between Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. dated March 1st, 2014.
22. Rental Rate Agreement regarding 65 Skyway Drive, Etobicoke between Meadowvale Land Limited and Rebecca's Gift Holdings Limited and Ivanhoe Cambridge II Inc. dated March 1st, 2014.
 23. E-Mail from Legal department of Ivanhoe Cambridge Inc. regarding rental rate agreement dated September 16, 2014.
 24. Ground Rent Renegotiation Impact for 2015 at 65 Skyway Drive, dated June 9, 2016.
 25. Lease of 65 Skyway Drive between Ivanhoe Cambridge II Inc. and Kelsey's Holdings Inc. dated May 9th, 2005, for a term of 10 years.
 26. Amendment of lease between Ivanhoe Cambridge II Inc. and Kelsey's Holdings Inc. dated May 9th, 2005 to reflect Kelsey's Holdings Inc. becoming Kelsey's Restaurants Inc. dated September 15th, 2009.
 27. Renewal and Amendment of lease between Ivanhoe Cambridge II Inc. and Kelsey's Restaurants Inc. to reflect Kelsey's Restaurants Inc. becoming CARA Operations Limited, dated September 19th, 2016 and expiring November 30, 2021.
 28. Agreement of Purchase and Sale for 65 Skyway Drive between Ivanhoe Cambridge II Inc. and North American Fur Auctions Inc. dated September 16th, 2016, closing November 1, 2016.
 29. Appraisal of 65 Skyway Drive prepared by Michael Cane Consultants for North American Fur Auctions Inc. dated October 3, 2016.
 30. Credit Agreement between NAFA Properties Inc. /North American Fur Auctions Inc. and Farm Credit Canada for 4,000,000 USD dated June 16th, 2017.
 31. Charge of Land/Mortgage between NAFA Properties Inc. and Farm Credit Canada regarding 500 Carlingview Drive, Toronto in the principal amount of 7,000,000 CDN dated June 16th, 2017.
 32. Acknowledgement and Direction regarding Registration of the Charge/Mortgage on 500 Carlingview Drive, dated June 16th, 2017.
 33. Acknowledgement of receipt of Standard charge terms regarding charge on 500 Carlingview Drive, dated June 16th, 2017.
 34. Statutory Declaration from Douglas F. Lawson regarding charge on 500 Carlingview Drive, dated June 6th, 2017.
 35. General Security Agreement between NAFA Properties Inc. and Farm Credit Canada, dated June 16th, 2017.

36. General Security Agreement between North American Fur Auctions Inc. and Farm Credit Canada, dated June 16th, 2017.
37. Assignment, Postponement and Subordination Agreement in favour of Farm Credit Canada and between North American Fur Producers Inc. and NAFA Properties Inc., dated June 16th, 2017.
38. Assignment, Postponement and Subordination Agreement in favour of Farm Credit Canada and between North American Fur Producers Inc. and North American Fur Auctions Inc., dated June 16th, 2017.
39. Financing change statement with debtor NAFA Properties Inc. dated May 25th, 2017.
40. Financing change statement with debtor North American Fur Auctions Inc. dated May 25th, 2017.
41. Financing change statement with debtor North American Fur Producers Inc. dated May 25th, 2017.
42. Financing change statement with debtor North American Fur Auctions Inc. dated May 25th, 2017.
43. Acknowledge re receipt of confirmation of PPSA Registration from Gowling WLG (Canada) LLP on behalf of Farm Credit Canada date June 16th, 2017.
44. Assignment of Insurance from NAFA Properties Inc. and North American Fur Auctions Inc. to Farm Credit Canada dated June 16th, 2017.
45. Bring Down Certification from NAFA Properties Inc. to Farm Credit Canada dated June 16th, 2017.
46. Bring Down Certification from North American Fur Auctions Inc. to Farm Credit Canada dated June 16th, 2017.
47. Officer's Disclosure and Incumbency Certificate from NAFA Properties Inc. dated June 16th, 2017.
48. Officer's Disclosure and Incumbency Certificate from North American Fur Auctions Inc. dated June 16th, 2017.
49. NAFA Properties Inc. Certificate of Status dated June 16th, 2017.
50. North American Fur Auctions Inc. Certificate of Compliance dated June 16th, 2017.
51. Blaney McMurtry LLP Legal Opinion dated June 16th, 2017
52. Pre-Authorized Payment Authority dated June 16th, 2017.

53. Intercreditor Agreement between CIBC, Farm Credit Canada and NAFA Properties Inc. and North American Fur Auctions Inc. dated June 16th, 2017.
54. Discharge of Charge dated April 2nd, 2013 against 500 Carlingview Drive by North American Fur Auctions Inc. dated June 19th, 2017.
55. Acknowledge and Direction re Discharge of Charge by North American Fur Auctions Inc. dated June 16th, 2017.
56. Tax Certificate for 500 Carlingview Drive dated May 26th, 2017.
57. Written confirmation of Loan agreement from BDC to Farm Credit Canada dated June 15th, 2017.
58. Notice of Borrowing and Direction of Funds dated June 19th, 2017.
59. Agreement of Purchase and Sale of 500 Carlingview Drive between NAFA Properties Inc. and Lange Group of Companies Ltd. Dated April 18th, 2019.
60. Amendment of Agreement of Purchase and Sale of 500 Carlingview Drive dated May 27th, 2019.
61. Mortgage between NAFA Properties Stoughton LLC, a Wisconsin limited liability company and NAFA Properties Inc., a Canadian corporation of the premises at Lot One (1) of Certified Survey Map No. 14436 recorded in the Dane County Register of Deeds Office in Volume 99 of Certified Survey Maps, pages 112-113 as Document No. 5304607 in the amount of 1,500,000 USD dated November 30th, 2017.
62. Promissory Note between NAFA Properties Inc. and 464676 B.C' Ltd. In the amount of 1,500,000 USD dated October 27th, 2017.
63. Resolution of the Board of Directors of NAFA Properties Inc. approving the promissory note dated October 27th, 2017.
64. Promissory Note between NAFA Properties Stoughton LLC and NAFA Properties Inc. in the amount of 1,500,000 USD dated October 27th, 2017.
65. Resolution of the Board of Directors of NAFA Properties Stoughton LLC approving the promissory note dated November 28th, 2017.
66. Intellectual Property Purchase Agreement between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
67. Trademark Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.

68. Trademark Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions (US) Inc. dated February 6th, 2018.
69. Copyright Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
70. Domain Name Assignment between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
71. Assignment of Unregistered Intellectual Property between American Legend Cooperative, a Washington cooperative association and North American Fur Auctions Inc. dated February 6th, 2018.
72. Consent from CoBank to the above assignment of Intellectual Property dated February 6th, 2018.
73. Release of Patent and Trademark Security Interest from CoBank to American Legend Cooperative dated February 6th, 2018.
74. Release of Copyright Security Interest from CoBank to American Legend Cooperative dated February 6th, 2018.
75. Consent and Direction Letter between Mark J. Rosenblum and American Legend Cooperative dated February 6th, 2018.
76. Limited Release of Security Interests between Mark J. Rosenblum and American Legend Cooperative dated February 6th, 2018.
77. UCC Financing Statement Amendment by Mark J. Rosenblum dated February 6th, 2018.
78. UCC Financing Statement Amendment by Mark J. Rosenblum dated February 6th, 2018.
79. UCC Financing Statement Amendment by CoBank dated February 7th, 2018.
80. Consent to Elena Neverovskaya from American Legend Cooperative authorizing the use of the Blackglama brand registered trademark dated March 10th, 2017.
81. Equipment Appraisal Report of Jonathan Mullen Mink Ranch Limited & Victory Farms Incorporated, prepared by Elliot Offman A.A. dated October 15, 2016.
82. Statement of Registered and Recorder Interest against Jason Mullen Mink Ranch Limited dated November 24th, 2016.
83. Request to Cancel a Recorder Interest dated November 8th, 2016.
84. Assignment of Insurance from Jason Mullen Mink Ranch Limited to North American Fur Auctions Inc. dated July 21st, 2016.

85. Authorization and Direction re payment of funds from North American Fur Auctions Inc. to Jason Mullen Mink Ranch Limited dated July 21st, 2016.
86. Borrower's (Jason Mullen Mink Ranch Limited) Counsel Opinion dated August 23rd, 2016.
87. Demand Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Limited in the amount of 4,861,826,20 CDN and 267,521,86 USD dated July 21st, 2016.
88. Unaudited Financial Statements of Jason Mullen Mink Ranch Limited dated December 31st, 2016.
89. Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. in the amount of 6,000,000 CDN dated July 21st, 2016.
90. Guarantee from Jason Mullen to North American Fur Auctions Inc. regarding the Promissory Note date July 21st, 2016.
91. Collateral Mortgage between Jason Leonard Mullen and North American Fur Auctions Inc. dated June 19th, 2018.
92. Discharge of PPSA against Jason Mullen Mink Ranch Limited dated August 24th, 2016.
93. Collateral Mortgage between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
94. Collateral Mortgage between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated June 19th, 2018.
95. Guarantee from Jason Mullen to North American Fur Auctions Inc. regarding the Promissory Note date June 19th, 2018.
96. Marketing and Consignment Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. regarding all of its pelt production date June 19th, 2018.
97. Jason Mullen Mink Ranch Limited PPSA Search Result Report dated June 7th, 2018.
98. Promissory Note between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. in the amount of 6,000,000 CDN dated June 19th, 2018.
99. Securities Pledge Agreement between Jason Mullen and North American Fur Auctions Inc. dated July 25th, 2016.
100. Compromise and Settlement Agreement between Jason Mullen Mink Ranch Limited and Jason Leonard Mullen and Farm Credit Canada dated September 2018.

101. Marketing and Consignment Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. regarding all of its pelt production date July 21st, 2016.
102. Officer's Certificate of Jason Mullen Mink Ranch Limited approving the Loan Facilities dated July 21st, 2016.
103. Postponement Agreement between, *inter alia*, 2351604 Nova Scotia Limited (together with all other named parties, collectively the "Creditors") and Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
104. PPSA Verification Statement against Jason Mullen Mink Ranch Limited dated July 22nd, 2016.
105. Security Agreement between Jason Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated July 21st, 2016.
106. Bank Act search against Jason Mullen Mink Ranch Limited dated November 2nd, 2016.
107. Consignment agreement between North American Fur Auctions Inc. and Daikoku spolka z ograniczona odpowiedzialnoscia dated February 7th, 2019.
108. Loan Agreement written in Polish dated November 7th, 2018.
109. Mortgage Agreement written in Polish with unknown date.
110. Loan Agreement written in Polish dated November 7th, 2018.
111. Letter of Intent between North American Fur Auctions Inc. and Mr. Samuel Nieuwenhuis dated September 28, 2018.
112. Kit Loan and Security Agreement between SIA Baltic Devon Mink, a Latvian corporation and North American Fur Auctions Inc. in the amount of 4,275,000 euros dated April 1st, 2019.
113. Kit Advance Payments Agreement between NAFA Europe BV and Akciju sabiedriba "Grobina" in the amount of 2,402,500 euros dated November 12th, 2018.
114. Amendment to Kit Advance Payments Agreement between NAFA Europe BV and Akciju sabiedriba "Grobina" to change the amount to 2,711,775 euros dated November 12th, 2018.
115. Guarantee from Mr. Kestutis Riskus in the amount of 7,740,000 euros regarding loan from North American Fur Auctions Inc. to farmer Kestutis Riskus dated April 11th, 2019.
116. Marketing & Security Agreement between A&M Dittrich Mink Farm Inc. and North American Fur Auctions Inc. in the amount of 5, 203,000 USD dated March 1st, 2019.

117. Marketing and Security Agreement between Goodrich Fur Farm LLC and North American Fur Auctions Inc. in the amount of 2,512,000 USD dated March 1st, 2019.
118. Summary of Security Registration by Goodrich Fur Farm LLC in favour of North American Fur Auctions Inc. dated September 16th, 2016.
119. Set-Off Agreement between Van Ansem Group Companies and NAFA Companies dated September 18th, 2014.
120. Mink Mortality Insurance Policy – Canada dated September 2018.
121. Mink Mortality Insurance Policy – British Columbia dated September 2018.
122. Mink Mortality Insurance Policy – Manitoba dated September 2018.
123. Mink Mortality Insurance Policy – Belgium dated September 2018.
124. Mink Mortality Insurance Policy – Greece dated September 2018.
125. Mink Mortality Insurance Policy – Latvia dated September 2018.
126. Mink Mortality Insurance Policy – Lithuania dated September 2018.
127. Mink Mortality Insurance Policy – Netherlands dated September 2018.
128. Mink Mortality Insurance Policy – Poland dated September 2018.
129. Mink Mortality Insurance Policy – Romania dated September 2018.
130. Mink Mortality Insurance Policy – USA dated September 2018.
131. Mink Mortality Insurance Policy – Utah dated September 2018.
132. Certificate of Insurance – Fur Transit and Storage dated July 12, 2019.
133. Certificate of Liability Insurance – All operations at Lozicnica, Poland valid until November 1st, 2019.
134. Certificate of Liability Insurance – All operations at Wisconsin, USA valid until November 1st, 2019.
135. Certificate of Liability Insurance – All operations at 65 Skyview Drive, 500 Carlingview Drive and 567 Henry Avenue (Winnipeg) valid until November 1st, 2019.
136. Directors and Officer Liability Summary of Insurance valid until November 1st, 2019.
137. Buyer Endorsement – Shipments Form effective June 30, 2018.
138. Commercial Inland Marine Insurance dated August 29th, 2018.

139. Employment Agreement between North American Fur Auctions Inc. and Robert B. Cahill as SVP of International Marketing dated December 1st, 2014.
140. Employment Agreement between North American Fur Auctions Inc. and Douglas F. Lawson as CEO and President dated November 1st, 2018.
141. Employment Agreement between North American Fur Producers Marketing (New York) Inc. and Greg Dolinsky as SVP of Operations dated August 1st, 2011.
142. Employment Agreement between North American Fur Auctions Inc. and Iain Dunbar as SVP of Buyer and Auction Services dated November 1st, 2018.
143. Separation Agreement between North American Fur Auctions Inc. and Michael David Mengar dated November 1st, 2018.
144. Loan to Robert B. Cahill in the amount 270,000 CDN by North American Fur Auctions Inc. dated December 7th, 2015.
145. Set of Standard Charge Terms for Loan to Robert B. Cahill.
146. Certificate of Insurance on Charged property for the loan to Robert B. Cahill dated January 6th, 2016.
147. Environmental Declaration and Assessment of 3306319 Nova Scotia Limited dated August 1st, 2017.
148. Environmental Declaration and Assessment of 3306319 Nova Scotia Limited dated August 1st, 2017.
149. Customer Authorization for Collection of Personal Information from 3306319 Nova Scotia Limited to Farm Credit Canada dated June 27th, 2017.
150. Consent to Disclose Personal and Financial Information to a Third Party from 3306319 Nova Scotia Limited to Farm Credit Canada dated June 27th, 2017.
151. Loan Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited in the amount of 1,800,000 CDN dated July 18th, 2017.
152. Security Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited dated September 25th, 2017.
153. Assignment, Postponement and Subordination Agreement between NAFA Properties Inc. and Farm Credit Canada dated September 25th, 2017.
154. Assignment, Postponement and Subordination Agreement between North American Fur Auctions Inc. and Farm Credit Canada dated September 25th, 2017.
155. Resolution of the Directors of 3306319 Nova Scotia Limited regarding the form of resolution.

156. Resolution of the Directors of 3306319 Nova Scotia Limited approving the loan from Farm Credit Canada dated September 21st, 2017.
157. Amendment to the Credit Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited dated September 25th, 2017.
158. Officer's Disclosure and Incumbency Certificate of 3306319 Nova Scotia Limited dated September 25th, 2017.
159. Guarantee of Credit Agreement from North American Fur Auctions Inc. dated September 25th, 2017
160. Guarantee of Credit Agreement from NAFA Properties Inc. dated September 25th, 2017
161. Priority Agreement between North American Fur Auctions Inc. and Farm Credit Canada dated September 25th, 2017.
162. Mortgage Agreement between Farm Credit Canada and 3306319 Nova Scotia Limited in the amount of 1,800,000 CDN dated September 28th, 2017.
163. Customer Bank Account Information of NAFA Properties Inc. dated October 4th, 2017.
164. Resolution of the Directors and Shareholders of NAFA Properties Inc. approving the guarantee of the credit facility dated October 12th, 2017.
165. Resolution of the Directors and Shareholders of North American Fur Auctions Inc. approving the credit facility dated October 12th, 2017.
166. Farm Credit Canada's Legal Counsel Opinion dated January 2nd, 2018.
167. Amendment to loan agreement dated January 24th, 2018.
168. Amendment to loan agreement dated February 12th, 2018.
169. Sale Approval and Vesting Order under s. 36 of *The Companies' Creditors Arrangement Act*, by the Supreme Court of Nova Scotia approving the sale of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited to North American Fur Auctions Inc. dated April 10th, 2017.
170. Asset Purchase Agreement between Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited and North American Fur Auctions Inc. dated February 2017 and approved April 10th, 2017.
171. Amended and Restated Consolidated Marketing Agreement between North American Fur Auctions Inc. and, *inter alia*, North American Fur Association and American Mink Council Inc. dated 2014.

172. Shareholders' Agreement between North American Fur Producers Inc. and, *inter alia*, North American Fur Auctions Inc. and American Mink Council Inc. dated October 11th, 2016.
173. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and American Mink Council in the amount of 800,000 USD dated October 31st, 2018.
174. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and Canada Fox Breeders Association in the amount of 390,000 CDN dated October 31st, 2018.
175. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and Canada Mink Breeders Association in the amount of 1,500,000 CDN dated October 31st, 2018.
176. Fifth Amended and Restated Subordinated Promissory Note between North American Fur Auctions Inc. and North American Wild Fur Shippers Council in the amount of 1,000,000 CDN dated October 31st, 2018.
177. Supplemental Agreement Regarding the Implementation and Administration of the Welfur Program between FUR Europe asibl and North American Fur Auctions dated October 17th, 2014.
178. Levy Agreement Poland between Fur Europe asibl and North American Fur Auctions dated December 2018.
179. Second Addendum to Levy Agreement Poland between FUR Europe asibl and North American Fur Auctions dated January 12th, 2019.
180. Addendum to Welfur Agreement dated September 21st, 2018.
181. Fur Ban Levy collection notice from International Fur Federation dated May 14th, 2019.
182. New Agreement Relating to IFF General Levy Scheme between International Fur Federation and North American Fur Auctions, undated.
183. New Agreement Relating to IFF Levy Operation Brands between International Fur Federation and North American Fur Auctions, undated.
184. Pelt Transport Royalty Collection Agreement between Her Majesty the Queen in Right of Ontario as represented by the Minister of Natural Resources and Forestry and North American Fur Auctions Inc. dated March 31st, 2016.
185. NAFA 2916 European Ranch Mink Storage Program dated 2016.
186. Promissory note between North American Fur Auctions Inc. and Walt Brown, a US citizen in the amount of 3,546,646.61 USD dated November 4th, 2016.

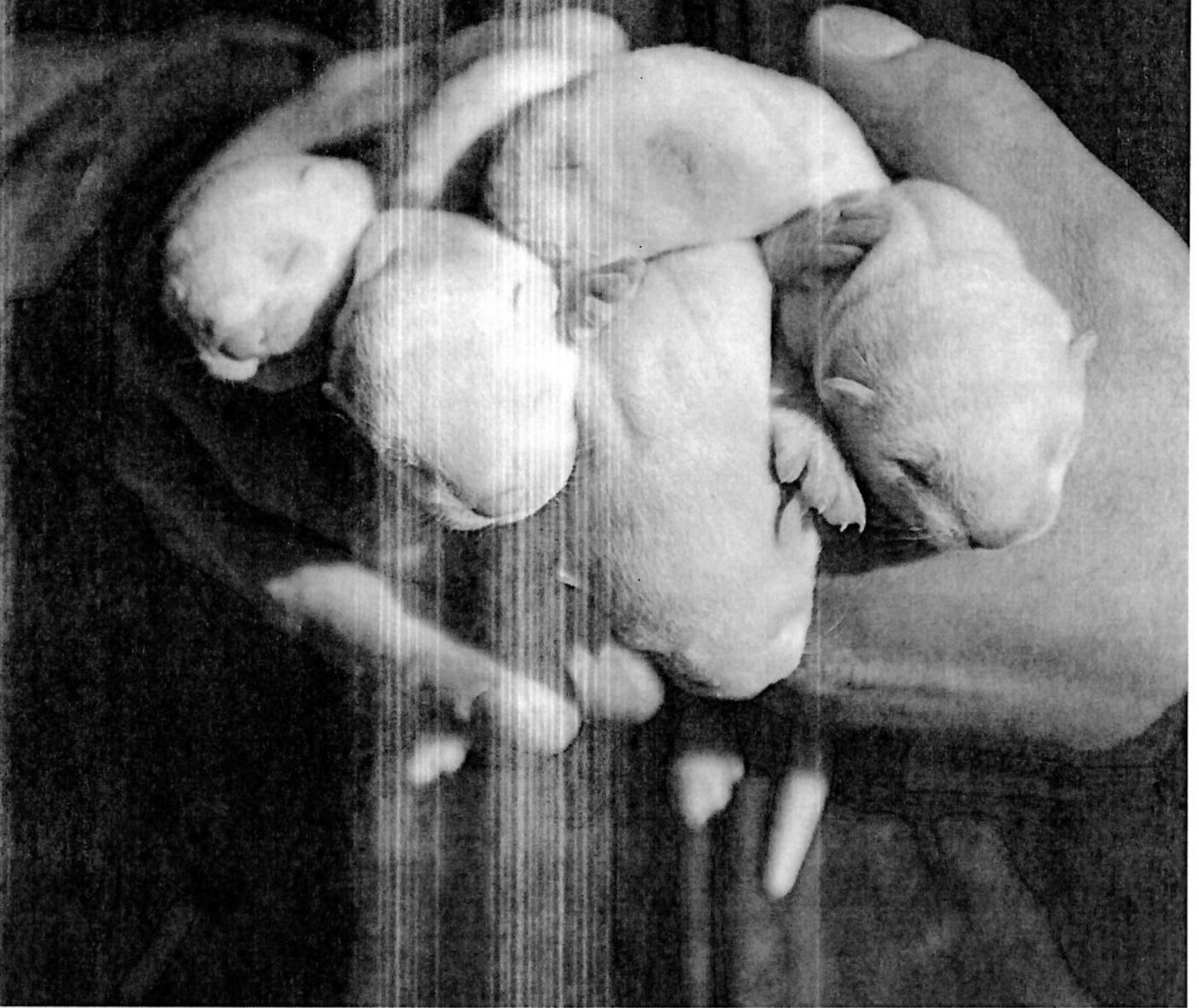
SCHEDULE 1.1.144
RANCHER ADVANCE DOCUMENTATION



KIT LOAN

Financing Program

2018-2019



205 INDUSTRIAL CIRCLE STOUGHTON, WI 53589 USA
TEL: +1.608.205.9200 | FAX: +1.608.205.9210 | WWW.NAFA.CA

USA KIT LOAN FINANCING PROGRAM



June 20, 2018

Dear Consignor:

NAFA is pleased to offer a Livestock Loan program for our American mink consignors.

In order to start the process for this year, please refer to the enclosed program summary. The application forms should be completed and returned to NAFA Stoughton, Wisconsin office as soon as you have a reasonably accurate kit count. Please ensure that all attached application forms are completed in their entirety before returning to us.

Based on the current market conditions, loan per pelt for 2018/19 will be the lesser of:

- \$20-\$22.50 per kit committed on regular winter quality mink, or
- 50% of the 2018 average to a maximum of \$22.50 per pelt

In addition, NAFA will pay your pelting bill directly to a processor for up to \$3.50 per pelt shipped to NAFA.

The final amount of each loan will be based on your kit count and the number of pelts committed for sale, which may, at the option of NAFA, be verified by a NAFA representative through a physical count.

We recommend that you take a careful consideration of committed numbers in your application, recognizing the inevitable kit losses each year.

Diana Balaam and Aneta Schwartz at our Toronto office will be handling the consignor loan administration this year. If you have any questions about the application, please contact Diana at (608) 205-9200, Aneta at (416) 213-2155 or Chris Vaughan at (608) 719-8475.

Best Regards,

Doug Lawson
Senior V.P. & CFO

2018-2019

USA KIT LOAN FINANCING PROGRAM



INFORMATION ON AMERICAN LIVESTOCK LOANS

1. Livestock loans will only be made to qualified consignors with a satisfactory track record. Evidence of a reasonable financial situation and concrete arrangements for financing the crop over the full year may be required upon request. For larger loans (i.e. over \$250,000), a monthly cash flow projection for the farm may also be requested, along with a farm financial statement. The attached NAFA Loan Application and Insurance Proposal forms must both be completed and returned to NAFA (Attn: Diana Balaam).
2. Loans to qualified applicants will be based on up to 50% of the 2018 auction season average per pelt or NAFA's estimate of current value of the pelts, **subject to a maximum loan amount (otherwise established at an average per pelt) based on pelt type and estimated cost of production.** An additional pelt advance to cover pelting costs paid directly by NAFA to the pelt processor will be made available up to \$3.50 per pelt.
3. Once approved, loan funds will be advanced according to a mutually agreed schedule until pelting time, or through periods after pelting, if required. In some special circumstances, NAFA may consider a bridge loan/pre-kit loan to cover the time until livestock loan disbursements begin.
4. The livestock must be pledged as security against the loan and, therefore, must be free of any and all other liens. No loan funds will be released until the security documents are filed by NAFA with the required government authorities.
5. The livestock serving as loan collateral must be vaccinated. This year, it will be mandatory for all consignors to have coverage under the Live Mink Insurance program in order to qualify for a kit loan. The cost of NAFA sponsored insurance program will be charged to the consignor's account on Prompt Date of the first NAFA auction. 50% of insurance premium is borne by NAFA.
6. Loans to consignors carrying on business through a corporation will require the personal guarantee of the principal shareholders.
7. Loan repayments and all related loan charges will be taken from the net proceeds of the 2019 auction sale(s) at which the pelts are sold.
8. The cost of conducting the lien search and registering the security will be borne by the consignor and incorporated in the administration fee of \$100 to be charged by NAFA.
9. The interest rate charged will be set by NAFA to equal the US bank prime plus 3%, computed from the date of release of each advance to the Prompt Date of the auction sale from which repayment is taken, unless otherwise modified in writing.
10. Short shipments from the committed number of winter quality pelts to be delivered to NAFA as set out in the loan agreement will be subject to a charge of \$1.50 USD per pelt short. For example, if you commit 5,000 pelts and only ship 4,000, you will be charged \$1,500 (i.e. 1,000 pelts short x \$1.50).
11. If something happens to your crop that will impact your ability to ship the number or quality of pelts that you have committed to send, **NAFA must be notified immediately.** A short shipment penalty may be waived based on the circumstances in your case.
12. If you have the opportunity to sell livestock, under the terms of the Loan Agreements, **NAFA must be notified before you proceed** to determine any impact on your pelt commitment and loan. We will work with you to determine if such sale is viable and that you take any steps necessary to ensure the loan is covered. **Prior authorization from NAFA is a requirement** before any such sale can proceed.

2018-2019

USA KIT LOAN FINANCING PROGRAM



NORTH AMERICAN FUR AUCTIONS APPLICATION FOR MINK LIVESTOCK LOAN

APPLICATION

(All questions MUST be answered)

- a. Are any live mink mortgaged or pledged or assigned or in any way committed as security for any outstanding indebtedness? No Yes .

If **yes**, list the amount of each such debt, the party to whom the debt is owed, and the specific nature of the security arrangements and/or the assignment.

- b. Are any proceeds from the sale of your mink assigned to anyone else? No Yes .

If **yes**, list the amount owed and the party to whom the debt is owed and the party to whom assigned.

2. Do you owe any money for animals or feed purchased? No Yes .

If **yes**, how much do you owe and to whom are you indebted?

3. Do you own the property on which the farm is located? No Yes .

If **yes**, please advise us of any mortgage thereof, including the amount thereof, and the name(s) and address(es) of mortgage holder(s).

Continued on the following page.

2018-2019

USA KIT LOAN FINANCING PROGRAM



4. Your Bank/Financial Institution Name & Address:(Bank/Financial Institution must be completed)

5. Total Amount of NAFA loan required through pelting (including costs to be paid by NAFA): \$ _____

Instalment Advances:

July	_____	November	_____	March	_____
August	_____	December	_____	April	_____
September	_____	January	_____		
October	_____	February	_____		

6. Please list the total number of Breeding Mink on the Mink Farm as of date of application. (All mink including your kits must serve as security for this loan).

Total # of Breeding Females:	_____
Total # of Breeding Males:	_____
Total # of Kits:	_____

7. Farm/Corporation Information

Farm/Corporation Name & Address: _____

Is this a corporation? Yes No
(If **yes**, attach list of Shareholders)

Name(s) & Addresses of Owner(s) or Partners

Is this a partnership? Yes No
(If **yes**, attach list of Partners)

Is this a single owner? Yes No

Continued on the following page.

2018-2019

USA KIT LOAN FINANCING PROGRAM



8. Consignor's Information

Consignor's Name

First Name: _____

Middle Name: _____

Last Name: _____

Address (if different from Farm Address):

Spouse's Name

First Name: _____

Middle Name: _____

Last Name: _____

Telephone (Home): _____

Telephone (Mobile): _____

Fax: _____

NAFA collects and uses your personal information in order to process your kit loan application. NAFA may disclose or share your information with trusted parties to the extent that is necessary, in providing credit or other financial services.

By signing below, you acknowledge that you have read the information on this form and consent NAFA to collect, use and disclose your personal information as described above.

Consignor's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

NOTE: LOANS TO CORPORATIONS WILL REQUIRE THE PERSONAL GUARANTEE OF THE PRINCIPAL SHAREHOLDER(S).

USA KIT LOAN FINANCING PROGRAM



CERTIFICATE OF VACCINATION – MINK

This is to certify that all of the mink kits at the farm of:

Located at:

Have been directly vaccinated for:

Check Applicable Box

- Virus Enteritis
- Botulism
- Distemper
- Other

If **other**, please specify:

Signature: _____

Print Name: _____

Date: _____

Please submit completed form once your mink have been vaccinated.

2018-2019

USA KIT LOAN FINANCING PROGRAM



TO FACILITATE PROCESSING

The other forms for your loan application may be completed and submitted immediately, without the following Bank/Financial Institution Declaration being submitted at the same time. However, **no loan payments to you can be made until** the Bank/Financial Institution Declaration is completed and submitted.

If you have more than one bank, contact Diana Balaam (608) 205-9200 or Aneta Schwartz (416) 213-2155. They will arrange for you to get appropriate alternate form(s) for that situation.

Note that:

NAFA will register a security lien on your mink. To keep costs down (and avoid having to charge you for the registration process) NAFA registers the lien for a 5-year period, in anticipation of you continuing to participate in the NAFA program. If at any time you want NAFA's security lien discharged and have no loan outstanding, just contact NAFA.

2018-2019

USA KIT LOAN FINANCING PROGRAM



BANK/FINANCIAL INSTITUTION DECLARATION NAFA LOAN PROGRAM

Part 1 (to be completed by the Consignor)

I, _____
(name and address of borrower)

(herein the "Consignor"), declare that at this date

_____ (name &
address of financial institution)

(herein the "Bank"), is my sole Bank.

Date _____ Consignor signature _____

Part 2 (to be completed by the Consignor's Bank)

I, _____ of the Bank stated above,
(name & title)

declare: (check the appropriate box, and initial)

_____ the Consignor has no loan and/or line of credit with the Bank, where the security collateral is any of the Consignor's live mink, and/or mink pelts and/or proceeds derived there from.

_____ the Consignor has a loan and/or line of credit with the Bank that is secured by the Consignor's live mink and/or mink pelts and/or proceeds there from, but the Bank will subordinate that security collateral to NAFA for the fur season running from now through September 30, 2019.

Date: _____ Bank Official Signature _____

Bank Contact Information:

Phone: _____ FAX: _____ e-mail: _____

2018-2019

USA
KIT LOAN FINANCING PROGRAM



CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX – USA

Consignor Information:

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address _____

NAFA Main A/C No: _____

Telephone No: _____ Fax No: _____

E-mail: _____

Special Payment Instructions: _____

Pelt Information:

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

Payment Information: Please select one of the following payment methods:

By Cheque

By Wire Transfer*

*Wire Transfers: Please attach a personal cheque marked "VOID" in case your bank information has been changed during last year or this is the first time you are requesting

Charges in Effect: Please see **Schedule A.**

This Agreement is subject to the Terms and Conditions as fully set out on the following page.

On behalf of
North American Fur Auctions Inc.

On behalf of
Consignor

(signature)

(print name)

(date)

(signature)

(print name)

2018-2019

USA KIT LOAN FINANCING PROGRAM



TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc., hereinafter referred to as "the Company".

1. Consignment Receipts and Acknowledgements

On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignors shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.

2. Company's Agreement to Offer for Sale

Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.

3. Insurance

All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.

4. Grading/Lotting/Valuation

All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective consignor associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.

5. Consignees Selling Instructions

A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other Instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.

6. Security Interest and Lien Notification

By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the

2018-2019

USA KIT LOAN FINANCING PROGRAM



Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those consignor associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

Rev. 08/18/2014

2018-2019

USA KIT LOAN FINANCING PROGRAM



SCHEDULE A CONSIGNOR CHARGES AND DEDUCTIONS AMERICAN RANCH MINK – 2018/2019

Auction Commission

NAFA Basic Auction Commission ^A 5.0%

^A Minimum auction commission of \$1.00 US per pelt

NAFA Volume Rebate Plan

Gross Sales (USD)	Commission Rebate
\$100,000 - \$499,999	0.25%
\$500,000 - \$749,999	0.50%
\$750,000 - \$999,999	0.625%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.875%
\$3,000,000 - \$3,999,999	1.00%
\$4,000,000 - \$4,999,999	1.10%
\$5,000,000 - \$10,000,000	1.20%
Over \$10,000,000	1.30%

NAFA Loyalty Rebate Plan

0.25% of 2018/2019 season's total gross turnover provided that the consignor ships back to NAFA in 2019/2020 at least 90% of the previous year's pelt volume. NAFA will, on a case by case basis, consider exceptions to this rule where circumstances outside of the consignor's control do not allow them to meet the 90% volume threshold.

Current Charges In Effect

1. Fur Commission USA Levy TBD ^B

^B In addition to the above mandatory charges, volunteer association charges may apply.

North American Fur Auctions Inc. reserves the right, at our discretion, to change, modify, add or remove portions of the above fees or rebates at any time without notice.

Rev: 06/18/2018

2018-2019

USA KIT LOAN FINANCING PROGRAM



SUMMARY OF TERMS OF COOPERATION IN 2018/2019 BREEDING SEASON AGREED BETWEEN NORTH AMERICAN FUR AUCTIONS INC. ("NAFA") AND _____ ("CONSIGNOR")

Number and quantity of pelts the consignor undertook to supply to NAFA:

The number of winter quality mink pelts* to be supplied to NAFA in 2018/2019 breeding season is: _____, including _____ female pelts and _____ male pelts / of which male pelts will constitute no less than _____%.

*Please remember that winter quality pelts are pelts harvested from adult mink during the period from mid-October until the end of January (full winter cover).

Other Key Terms

1. The amount of the loan granted by NAFA to the consignor has been calculated based upon the number of winter quality pelts the consignor has previously committed to supply.
2. The amount of contractual penalty per contracted pelt that is not supplied to NAFA is can \$1.50.
3. Failure to supply the declared number of pelts will necessitate payment of the contractual penalty and may make the loan or any part thereof immediately due for repayment and cause termination of the cooperation between NAFA and the consignor. We encourage you to realistically declare the number of pelts to be supplied in the 2018-2019 season.
4. On or before September 30, the consignor will calculate the size of the mink stock, inform NAFA about the current number of mink in the stock and confirm that the number of mink held by him/her will enable him/her to supply the contracted number of pelts.
5. If any mink is sold during the breeding season, the consignor will be under the obligation to inform NAFA immediately about the number of animals that have been sold and refund a part of the loan extended by NAFA immediately (in accordance with the principles specified in the loan agreement).
6. After the consignor supplies breeders' pelts to NAFA's warehouse, the consignor will have an opportunity to obtain an additional loan, the amount of which will be calculated based on the number of breeders' pelts actually supplied by the consignor to the warehouse.

I confirm that I have read and understand these terms.

Signature: _____ Date: _____

2018-2019

USA KIT LOAN FINANCING PROGRAM



ANNUAL BUDGET

List of cost of production (COP) expenses, per mink produced, below:

1)	Feed	<input type="text"/>
	Price/lb	<input type="text"/>
	Predicted usage per mink	<input type="text"/>
2)	Vaccine	<input type="text"/>
	Vaccine product	<input type="text"/>
	Vaccination labour	<input type="text"/>
3)	Bedding	<input type="text"/>
4)	Insurance	<input type="text"/>
5)	Utilities	<input type="text"/>
6)	Pelting	<input type="text"/>
7)	Gas/Oil	<input type="text"/>
8)	Wages	<input type="text"/>
9)	Veterinarian	<input type="text"/>
10)	Misc.	<input type="text"/>
	Total Operating Costs	<input type="text"/>

2018-2019

USA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

Mink Livestock Mortality Insurance In association with Lakewood Insurance Agency.

Mink Insurance Program Cover Includes:

1. Insured Perils
 - Loss of animals by theft, robbery, hold-up or escape
 - Loss caused by animal rights activists
 - Death of animals caused by diseases, subject to vaccine protocol – (excluding losses from Aleutian Disease)
 - Loss caused by fire, lightening, storm, flood, explosion among other perils
 - Death resulting from damage to the housing of the animals
 - Loss as a direct result of abnormal fluctuations of temperature
 - Damage to Skin and/or Fur Extension (USD 100,000 annual aggregate)
 - Release and Recapture Damage to Skin/Fur (USD 250,000 annual aggregate)
 - Debris Removal (USD 5,000 annual aggregate)
 - Post Mortem Extension (USD 1,000 annual aggregate)
2. Value of the breeders and their kits is based on production costs
3. Increase in value of breeding stock around peak of breeding season
4. Progressive increase in value of kits as they age

For more information contact:

Bill Knight
billknightins@gmail.com

Phone: 217-260-5647



2018-2019

USA KIT LOAN FINANCING PROGRAM



Proposal Form

Fur Farm Proposal Form – Mink Insurance

You must take care in answering all the following questions which are relevant to Insurers in providing this insurance and setting the terms and premium. If you do not understand the questions or the nature of the information required please seek guidance from your insurance adviser. Failure to provide information or the provision of incomplete or inaccurate information may result in the loss of cover or revised terms and/or premium or it may affect any claim you make under this insurance.

You should keep a record (including copies of letters) of all the information supplied.

Part 1 - Site Details

Name of Insured:
Insured Address (please provide full address including postcode):
.....

Email Address:

Telephone number:

Location of Animals:
(please provide full address including postcode for all sites including satellite/summer farms)

Location 1:

Location 2:

Location 3:

Location 4:

Vaccination

Please state diseases vaccinated for:

Botulism Distemper Viral Enteritis Hemorrhagic Pneumonia (Pseudomonas)

Other:

2018-2019

USA KIT LOAN FINANCING PROGRAM



Part 2 – Questionnaire

Section 1 - Biosecurity

1. Do only essential visitors have access to the site? Yes No
2. Is there adequate pest control carried out to control rodents, flies and parasites? Yes No
3. Is the site fully enclosed and/or surrounded by a perimeter fence? Yes No

Section 2 - Buildings and Surroundings

4. Is spoilt food and soiled litter removed from the pens and houses following depopulation? Yes No
5. Do you have fire extinguishers in every building? Yes No
6. Is there a fire alarm on site? Yes No

Section 3 - Stocking / Stocking Density

7. Do pen dimensions meet minimum standards agreed by US Fox Shippers Council Standing and/or Standard Guidelines for the Operation of Mink Farms in the U.S set forth by the FCUSA and/or local standards? Yes No
8. Are animals kept in pens which comply with the following space requirements? Yes No
- Single adult animal 1003.93 in²
 - Single adult with cubs 1003.93 in²
 - Juveniles after weaning, up to 2 animals 1003.93 in²
 - The minimum height of any accommodation shall be 17.71 in²

9. If not, what other sizes of cages are being used?

Number of animals	Size of cage
.....
.....
.....

Section 4 - Feed and Water

10. Is there sufficient storage of water to supply animals for at least 12 hours in an emergency? Yes No
11. Are all dried or ready mixed meals properly stored and monitored to ensure suitability for animal consumption? Yes No
12. Has the farm been using the same supplier for food and foodstuffs for at least 6 months? Yes No
13. Are fresh animal by-products upon arrival at the farm immediately (within 2 hours) processed or preserved? Yes No

2018-2019

USA KIT LOAN FINANCING PROGRAM



14. Is food preparation and storage carried out under sanitary conditions? Yes No
15. Are containers used for collection of animal by products drip proof and thoroughly washed after each collection? Yes No
16. Is feed preparation machinery cleaned after each use and regularly maintained? Yes No
17. Is fresh / frozen food refrigerated or frozen appropriately? Yes No
18. Are foodstuffs regularly checked for Botulism Toxin? Yes No
19. Do you make your own feed? Yes No

Section 5 - Health and Hygiene

20. Has the site the services of a specialist veterinary surgeon? Yes No
21. Are dead animals removed from pens daily? Yes No
22. Are mortality and culls recorded on a daily basis? (Stock records will be required in the event of a claim) Yes No
23. Are carcasses disposed of by one of the following methods?
 (a) Stored in vermin proof containers which are removed from site at least weekly Yes No
 (b) Incinerated on site Yes No
24. Has the farm been free of defects, ailments, diseases or contagious disease, during the past 12 months? Yes No
25. Has the average mortality rate over the past 3 years been below 3% for each year (0.25% per month)? Yes No
 If No, please state mortality rate: _____
26. Is Aleutian Disease (Plasmacytosis) present within the Mink population on the Farm? Yes No
 If yes, please confirm the month and year when the mink first became infected:
 Month:..... Year:.....

Section 6 - Managers and Stockmen

27. Are managers and stockmen competent / trained in the following before being given responsibility for the care of animals?
- (a) Normal and abnormal behaviour of animals, and fear reactions Yes No
- (b) Signs of good health and signs of poor health and disease Yes No
- (c) Correct handling of animals in a positive and compassionate manner Yes No
- (d) Humane slaughter methods Yes No
- (e) Equipment operation, maintenance, recognition of failures and action to be carried out to rectify Yes No
- (f) Recognition of the signs of thermal stress in animals and the procedures to be followed if a problem Yes No

2018-2019

USA KIT LOAN FINANCING PROGRAM



28. Are untrained staff used without the direct supervision of trained personnel? Yes No

Section 7 - Plans and Safety Procedures

29. Are the following plans and policies available and implemented on site?

(a) Annual cleaning plan Yes No

(b) A Unit Site plan detailing house size, access points, location of fire extinguishers and first aid kits, water sources (fire-fighting) and pest control bait points. Yes No

(c) An emergency action plan, sited in a prominent position near a telephone point, covering procedures to be followed in the case of emergencies such as fire, flood, power failure, equipment failure or the interruption of supplies. Yes No

30. Are procedures for dealing with contingencies plans known by staff and relevant telephone numbers displayed at a suitable point? Yes No

31. Is the farm manned 24 hours daily? Yes No

Section 8 – General

32. Has this farm been in operation for more than 12 months under the current management? Yes No

33. Is the farm located in an area at risk of flooding? Yes No

34. Does the farm make a profit? Yes No

35. Has any company declined a proposal from you, cancelled or refused to renew your policy or required special terms to insure you? Yes No

36. Have you been targeted by Animal Welfare activists over last 3 years? Yes No

37. Is the Insured Mink Farm certified under the Merit Award Certification Program and run in accordance with the standard Guidelines for the Operation of Mink Farms in the United States? Yes No

38. Have you any other Mink located on this Mink Farm, whether owned by you or a third party, which are not proposed for insurance under this scheme? Yes No

If 'yes' please confirm the number of Mink not proposed for insurance under this policy:

Particulars	Numbers of Mink not proposed for Insurance
Females	_____
Males	_____
Kits	_____

a) What is the reason why these Mink are not to be insured?
.....
.....

USA KIT LOAN FINANCING PROGRAM



Mink Quantity Schedule

Type	Males	Females	Kits
Wild			
Mahogany			
Pearl			
White			
Pastel			
Silver Blue			
Black Cross			
Black			
American Black			
Sapphire			
Blue Iris			
Other			
Total			

2018-2019

USA KIT LOAN FINANCING PROGRAM



VETERINARY CERTIFICATE OF MINK HEALTH *

Date of inspection

I hereby state that during the past 12 months I have visited farm of

(Insured's name)

(Farm address)

.....

For routine veterinary procedures as the occasion has required, the veterinary practice has been attending the Mink on this property for..... years.

My assessment of the overall herd health from my regular visits to this farm confirms that these animals are in sound health, being free from illness, injury and contagious disease.

I have not individually inspected all of the animals to make this declaration, however my assessment is based upon our practice's on going Veterinary program with this farm, and observations carried out on the herd at this inspection.

Any other comments:

.....

.....

Signed

Name of Veterinarian

Name of Practice

Address of Practice

.....

.....

Phone/Fax No.

Email

*VET CERTIFICATE IS NOT REQUIRED FOR RENEWAL BUSINESS

2018-2019

USA KIT LOAN FINANCING PROGRAM



Complaints Procedure

We are dedicated to providing a high quality service and **We** want to ensure that **We** maintain this at all times.

If **You** have any questions or concerns about the policy or the handling of a claim please contact **Your** broker through whom this policy was arranged.

If **You** wish to make a complaint **You** can do so at any time by referring the matter to:

Complaints Manager
Catlin Underwriting Agencies Limited
20 Gracechurch Street
London
EC3V 0BG
E-mail: xlcatlinukcomplaints@xlcatlin.com
Telephone Number: +44 (0) 20 7743 8487

If **You** remain dissatisfied after **We** have considered **Your** complaint, it may be possible in certain circumstances to refer the complaint to Lloyd's. Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint – How We Can Help" available at www.lloyds.com/complaints and are also available from Catlin Underwriting Agencies Limited at the above address or from Lloyd's at:

Lloyd's Complaints
One Lime Street
London
EC3M 7HA

If **You** remain dissatisfied after Lloyd's has considered **Your** complaint, or **You** have not received a decision by the time Catlin Underwriting Agencies Limited and Lloyd's have taken eight (8) weeks overall to consider **Your** complaint, **You** can refer **Your** complaint to the Financial Ombudsman Service at:

Exchange Tower
London
E14 9SR
E-mail: complaint.info@financial-ombudsman.org.uk
Telephone Number: **From within the United Kingdom**
0800 0234 567
calls to this number are free on mobiles and landlines
0300 1239 123
calls to this number costs no more than calls to 01 and 02 numbers
From outside the United Kingdom
+44(0)20 7964 0500

Fax Number: +44(0)20 7964 1001
Text Number: 07860 027 586 Call Back Service

2018-2019

USA KIT LOAN FINANCING PROGRAM



The Financial Ombudsman Service can look into most complaints from consumers and small businesses. For more information contact them on the above number or address, or view their website: www.financial-ombudsman.org.uk

The European Commission also provides an on-line dispute resolution (ODR) platform that allows consumers to submit their complaint through a central site, which will forward the complaint to the right Alternative Dispute Resolution (ADR) scheme. The ADR scheme for Catlin Underwriting Agencies Limited is the Financial Ombudsman Service, which can be contacted directly using the contact details above. For more information about ODR please visit <http://ec.europa.eu/odr>

The Firm Reference Number (FRN) for the Society of Lloyd's in the UK Financial Services register is 202761.

Fair Processing Notice

This Privacy Notice describes how certain underwriters at Lloyd's in respect of Syndicate 2003 (together, "we", "us" or the "Insurer") collect and use the personal information of insureds, claimants and other parties ("you") when we are providing our insurance and reinsurance services.

The information provided to the Insurer, together with medical and any other information obtained from you or from other parties about you in connection with this policy, will be used by the Insurer for the purposes of determining your application, the operation of insurance (which includes the process of underwriting, administration, claims management, analytics relevant to insurance, rehabilitation and customer concerns handling) and fraud prevention and detection. We may be required by law to collect certain personal information about you, or as a consequence of any contractual relationship we have with you. Failure to provide this information may prevent or delay the fulfilment of these obligations.

Information will be shared by the Insurer for these purposes with group companies and third party insurers, reinsurers, insurance intermediaries and service providers. Such parties may become data controllers in respect of your personal information. Because we operate as part of a global business, we may transfer your personal information outside the European Economic Area for these purposes.

You have certain rights regarding your personal information, subject to local law. These include the rights to request access, rectification, erasure, restriction, objection and receipt of your personal information in a usable electronic format and to transmit it to a third party (right to portability).

If you have questions or concerns regarding the way in which your personal information has been used, please contact: compliance@xlcatlin.com

We are committed to working with you to obtain a fair resolution of any complaint or concern about privacy. If, however, you believe that we have not been able to assist with your complaint or concern, you have the right to make a complaint to the UK Information Commissioner's Office.

For more information about how we process your personal information, please see our full privacy notice at: <http://xlgroup.com/footer/privacy-and-cookies>.

2018-2019



NORTH AMERICAN FUR AUCTIONS INC.

65 SKYWAY AVE, TORONTO, ON M9W 6C7 CANADA | TEL: +1.416.675.9320 | FAX: +1.416.675.6865 | WWW.NAFA.CA

CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX - CANADA

CONSIGNOR INFORMATION :

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address: _____

NAFA Main A/C No. _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

Principal Bank: _____ Bank Address: _____

Account Number: _____ Bank Transit: _____

Special Payment Instructions: _____

PELT INFORMATION :

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

CURRENT CHARGES IN EFFECT :

PLEASE SEE SCHEDULE A

This Agreement is subject to the Terms and Conditions as fully set out on the reverse side hereof.

On behalf of **North American Fur Auctions Inc.**

On behalf of **Consignor**

(signature)

(print name)

(signature)

(date)

(date)

TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc. and North American Fur Auctions (U.S.) Inc., (DBA North American Fur Auctions), hereinafter referred to as the Company.

1. Consignment Receipts and Acknowledgements

On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignor's shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.

2. Company's Agreement to Offer for Sale

Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.

3. Insurance

All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.

4. Grading/Lotting/Valuation

All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective rancher associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.

5. Consignees Selling Instructions

A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other Instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.

6. Security Interest and Lien Notification

By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those rancher associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

567

NORTH AMERICAN FUR AUCTIONS INC.

205 INDUSTRIAL CIRCLE, STOUGHTON, WI, 53589 USA | TEL: +1.608.205.9200 | FAX: +1.608.205.9210 | WWW.NAFA.CA

CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX - U.S.

CONSIGNOR INFORMATION :

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address: _____

NAFA Main A/C No. _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

Principal Bank: _____ Bank Address: _____

Account Number: _____ ABA/Bank Code: _____

Special Payment Instructions: _____

PELT INFORMATION :

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

CURRENT CHARGES IN EFFECT :

PLEASE SEE SCHEDULE A

This Agreement is subject to the Terms and Conditions as fully set out on the reverse side hereof.

On behalf of **North American Fur Auctions Inc.**

On behalf of **Consignor**

(print name)

(signature)

(signature)

(date)

(date)

White: NAFA Office Copy

Yellow: Customer Copy

Pink: NAFA Solicitor Copy

Rev. 08/18/2014

NAFA-PMA-US-RM-RF.indd 1

14-08-20 10:17 AM

TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc. and North American Fur Auctions (U.S.) Inc., (DBA North American Fur Auctions), hereinafter referred to as the Company.

1. Consignment Receipts and Acknowledgements

On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignor's shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.

2. Company's Agreement to Offer for Sale

Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.

3. Insurance

All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.

4. Grading/Lotting/Valuation

All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective rancher associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.

5. Consignees Selling Instructions

A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.

6. Security Interest and Lien Notification

By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those rancher associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

CANADA KIT LOAN FINANCING PROGRAM



NORTH AMERICAN FUR AUCTIONS/FARM CREDIT CANADA CANADIAN MINK LIVESTOCK LOAN PROGRAM

APPLICATION

(All questions MUST be answered)

1.

- a. Are any live mink mortgaged or pledged or assigned or in any way committed as security for any outstanding indebtedness? No Yes .

If **yes**, list the amount of each such debt, the party to whom the debt is owed, and the specific nature of the security arrangements and/or the assignment.

- b. Are any proceeds from the sale of your mink assigned to anyone else? No Yes .

If **yes**, list the amount owed and the party to whom the debt is owed and the party to whom assigned.

2. Do you owe any money for animals or feed purchased? No Yes .

If **yes**, how much do you owe and to whom are you indebted?

3. Do you own the property on which the farm is located? No Yes .

If **yes**, please advise us of any mortgage thereof, including the amount thereof, and the name(s) and address(es) of mortgage holder(s).

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Continued on the following page.

4. Your Bank/Financial Institution Name & Address:(Bank /Financial Institution must be completed).

5. Total Amount of NAFA loan required:\$ _____

Instalment Advances:

July _____	November _____	March _____
August _____	December _____	April _____
September _____	January _____	
October _____	February _____	

6. Please list the total number of Breeding Mink on the Mink Farm as of date of application.(All mink including your kits must serve as security for this loan).

Total # of Breeding Females:	_____
Total # of Breeding Males:	_____
Total # of Kits:	_____

7. Farm/Corporation Information

Farm/Corporation Name & Address: _____

Is this a corporation? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes , attach list of Shareholders)	Name/Addresses/Phone of Owner or Partners _____ _____ _____ _____
Is this a partnership? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes , attach list of Partners)	
Is this a single owner? Yes <input type="checkbox"/> No <input type="checkbox"/>	

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Continued on the following page.

8. Consignor's Information

Consignor's Name

First Name: _____

Middle Name: _____

Last Name: _____

Address (if different from Farm Address):

Spouse's Name

First Name: _____

Middle Name: _____

Last Name: _____

Telephone (Home): _____

Telephone (Mobile): _____

Fax: _____

NAFA collects and uses your personal information in order to process your kit loan application. NAFA may disclose or share your information with trusted parties to the extent that is necessary, in providing credit or other financial services.

By signing below, you acknowledge that you have read the information on this form and consent NAFA to collect, use and disclose your personal information as described above.

Consignor's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

NOTE: LOANS TO CORPORATIONS WILL REQUIRE THE PERSONAL GUARANTEE OF THE PRINCIPAL SHAREHOLDER(S).

CANADA KIT LOAN FINANCING PROGRAM



CERTIFICATE OF VACCINATION – MINK

This is to certify that all of the mink kits at the farm of:

Located at:

Have been directly vaccinated for:

Check Applicable Box

- Virus Enteritis
- Botulism
- Distemper
- Other

If **other**, please specify:

Signature: _____

Print Name: _____

Date: _____

Please submit completed form once your mink have been vaccinated.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



TO FACILITATE PROCESSING

The other forms for your loan application may be completed and submitted immediately, without the following Bank/Financial Institution Declaration being submitted at the same time. However, **no loan payments to you can be made until the Bank/Financial Institution Declaration is completed and submitted.**

If you have more than one bank, please contact Aneta Schwartz at NAFA (416) 213-2155. She will arrange for you to get appropriate alternate form(s) for that situation.

Note that:

NAFA will register a security lien on your mink. To keep costs down (and avoid having to charge you for the registration process) NAFA registers the lien for a 5-year period, in anticipation of you continuing to participate in the NAFA program. If at any time you want NAFA's security lien discharged and have no loan outstanding with NAFA, just contact NAFA.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



BANK/FINANCIAL INSTITUTION DECLARATION NAFA LOAN PROGRAM

Part 1 (to be completed by the Consignor)

I, _____
(name and address of borrower)

(herein the "Consignor"), declare that at this date

_____ (name &
address of financial institution)

(herein the "Bank"), is my sole Bank.

Date _____ Consignor signature _____

Part 2 (to be completed by the Consignor's Bank)

I, _____ of the Bank stated above,
(name & title)

declare: (check the appropriate box, and initial)

_____ the Consignor has no loan and/or line of credit with the Bank, where the security collateral is any of the Consignor's live mink, and/or mink pelts and/or proceeds derived there from.

_____ the Consignor has a loan and/or line of credit with the Bank that is secured by the Consignor's live mink and/or mink pelts and/or proceeds there from, but the Bank will subordinate that security collateral to NAFA for the fur season running from now through September 30, 2020.

Date: _____ Bank Official Signature _____

Bank Contact Information:

Phone: _____ FAX: _____ e-mail: _____

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX – CANADA

Consignor Information:

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address _____

NAFA Main A/C No: _____

Telephone No: _____ Fax No: _____

E-mail: _____

Special Payment Instructions: _____

Pelt Information:

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

Payment Information: Please select one of the following payment methods:

- By Cheque By Electronic Funds Transfer (EFT)*

*Electronic Funds Transfers: Please attach a personal cheque marked "VOID" in case your bank information has been changed during last year or this is the first time you are requesting to be paid by EFT.

Charges in Effect: Please see **Schedule A.**

This Agreement is subject to the Terms and Conditions as fully set out on the following page.

On behalf of
North American Fur Auctions Inc.

On behalf of
Consignor

(signature)

(print name)

(date)

(signature)

(print name)

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



TERMS AND CONDITIONS OF ACCEPTANCE OF FUR CONSIGNMENTS FOR SALE BY AUCTION OR PRIVATE TREATY

The following Terms and Conditions apply to all ranch mink and fox consignments received by North American Fur Auctions Inc., hereinafter referred to as "the Company".

1. **Consignment Receipts and Acknowledgements**
On receipt of consigned fur pelts at one of the Company's designated receiving locations, an Acknowledgement Form will be delivered to the Consignor. The Acknowledgement Form records the quantities and types as stated on the Consignors shipment advice or permit, solely for the purpose of notifying receipt of the shipment. It does not signify that the count stated on the form is correct. The Company will subsequently inspect and count all shipments received and advise in writing of any discrepancies in count or description. The Company reserves the right at any time after inspection of the furs to return all or any part of any shipment which in its sole discretion it may refuse to offer for sale.
2. **Company's Agreement to Offer for Sale**
Those consigned pelts accepted by the Company will be offered for sale at public auction or by private treaty, and in either case in accordance with the Company's Rules of Auction and Conditions of Sale printed in the Auction Catalogue. Unless otherwise instructed in accordance with paragraph 5 below, the consigned fur pelts will be offered for sale to the Company's best discretion, taking into account the prevailing market conditions. In the event that any shipment of furs is not sold at the auction sale for which they were originally consigned and if such furs have not been withdrawn by the Consignor immediately thereafter, said furs may be offered for sale by private treaty or at any succeeding public auction sale to be conducted by the Company. In such event, no charge will be made by the Company for storage and insurance prior to sale. Legal title to the fur pelts remains with the Consignor until the pelts are sold.
3. **Insurance**
All consignments will be insured by the Company at its expense from the later of the date of harvest or the date an executed Consignment Agreement is received by NAFA against fire and theft under the terms of the Company's general insurance policies. Loss, if any should occur, will be payable at the fair value of the pelts lost in accordance with the terms and conditions of these policies and the Company shall be entitled to the portion thereof equivalent to its regular commission as if sale of the pelts produced proceeds in the amount paid under the policies.
4. **Grading/Lotting/Valuation**
All furs received on consignment will be graded and lotted for sale in accordance with international standards agreed to by the respective consignor associations which have marketing agreements with the Company. With the prior agreement of the Consignor, the Company may intersort pelts belonging to various consignors in order to enhance marketability and value. A Lotting Letter showing each graded lot and the Company's internal valuation of each lot will be delivered to the Consignor prior to each auction. The Company's valuation is for internal use only and does not necessarily represent market value. The Company cannot be held responsible for any errors, omissions or inaccuracies in these forms nor are they representations or warranties as to what the pelts will bring at sale.
5. **Consignees Selling Instructions**
A Consignor may place a minimum price level on consigned fur pelts which are not intersorted and the Company agrees that such furs will not be sold for less, unless prior approval is received from the Consignor or an authorized representative of the Consignor. For purposes of this paragraph, a Consignor can mean a group of Consignors that intersort together and agree in writing on minimum price levels. These instructions and other instructions related to timing of sale or other matters must be communicated in writing to the Company within a reasonable period of time prior to the time at which the pelts are scheduled for sale. In the absence of specific instructions, the Company will use its best efforts to sell the furs at the highest possible price. The company's internal valuation will not be deemed to be a limit set by the Consignor. The Company retains the right to place a reserve bid on all lots and to alter, vary or withdraw any lot or lots before or during an auction sale.
6. **Security Interest and Lien Notification**
By delivery of the fur to the Company, the Consignor thereby grants to the Company a security interest in all furs so delivered, the proceeds accruing from sales in whole or in part of such furs, the proceeds of insurance thereon, and any other claims for damage to or loss thereof, to secure payments of all sums or other indebtedness owing by the Consignor to the Company. For this purpose, these Terms and Conditions shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement. In addition to all other remedies available at law or in equity, the Company upon any default, shall have the right to resell any or all of the Consignees furs at public or private sale, without notice to the Consignor except as required by law, and apply the proceeds to pay the costs of sale and any sums owing the Company. In such circumstances, the rights of the consignor under paragraph 5 herein are no longer applicable, unless otherwise agreed in writing with the Company. To the extent that the proceeds of any resale are insufficient to pay the costs thereof and all sums owing the Company, the Consignor shall remain liable for any deficiency.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



The Consignor agrees to notify the Company in writing prior to sale, of the name and mailing address of all persons or entities claiming a security interest, lien or other interest in Consignor's furs, or the proceeds therefrom, including a description of the nature and amount thereof, and to defend, indemnify and hold the Company harmless from any claims, loss, damages or expenses, including attorney's fees incurred by the Company as a result of persons or entities not so identified by Consignor and who claim to have such a security interest, lien or other interest.

7. Withdrawal by Consignor

No withdrawal of pelts by Consignors can be made after the sale thereof. On furs withdrawn before grading into lots, a charge of 1% of estimated market value will apply. After the furs have been graded, lotted and valued, no withdrawal of intersorted goods can be made. A Consignor of owner-lotted furs may, at his own expense, withdraw them at any time prior to the opening of bidding on such pelts and the Company may charge a fee of 3% of the estimated market value.

8. Right of Company to Return Furs

The Company reserves the right to return any furs to any Consignor at any time, whether or not such furs have been previously offered for sale, and Consignors shall be required to accept such return of goods. Should the Consignor fail to accept such return of goods, then in that event the said furs may be placed in cold storage and storage and insurance will in that case be charged to the Consignor at the Company's then prevailing rates (but the Company shall not be responsible for storing and insuring them accordingly). In the event that all such charges are not paid by the Consignor within ten (10) days after invoicing, the Company shall have the right without further notice to sell the furs at any public auction sale or by private treaty and out of the proceeds of such sale to reimburse itself for the amount of such charges, together with selling commissions and all other applicable charges. Any balance thereafter remaining shall be remitted to the Consignor.

9. Commission, Charges and Association Deductions

The Company will charge the Consignor a selling commission at the published rate in effect at the time of the sale, applied to the selling price of the furs and subject to any commission rebate plan published annually by the Company. The commission shall be deemed earned by the Company immediately upon sale and may be withheld from the proceeds of such sale. The Company will also levy the usual and customary charges for insurance, freight, etc., such charges to be set out in the Company's published rate schedule prior to the beginning of each selling season and to remain unchanged for the duration of such selling season. The Company may also deduct from sale proceeds any membership fees, promotional levies or other assessments agreed to by the membership of those consignor associations which have marketing agreements with the Company.

10. Guaranteed Payment

For the protection of the Consignor, the Company guarantees the credit of the buyer on sales made through it and the Company shall be responsible in the event that the buyer is insolvent or otherwise incapable of paying. On this basis the Company advances payment of the net balance of the proceeds of the sale of the consigned pelts (after deduction of commissions, pelt loan advances, and any other charges due to the Company) on the "Prompt Date" of each sale, which may be prior to receipt of the selling price from the buyer. If, however, the buyer claims defects in the Consignor's pelts which are attributable to improper handling or processing by the Consignor or the Consignor's pelt processor, the Company reserves the right to recover from the Consignor the amount of any claims payments made.

These Terms and Conditions constitute the entire agreement of the parties, supersede all prior agreements and understandings, oral or written, and may be amended only in writing executed by the Company and Consignor. The potential liability of the Company, if any, shall be exclusively limited to the amount of the commissions and charges paid by the Consignor, and shall not extend to interest charges or other charges or damages of any nature. The validity and interpretation of these Terms and Conditions and the rights and obligations of the Company, the Consignor and their successors and assigns, shall be governed in the United States by the laws of the State of Wisconsin and in Canada by the laws of the Province of Ontario.

Rev. 08/18/2014

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



SCHEDULE A CONSIGNOR CHARGES AND DEDUCTIONS CANADIAN RANCH MINK – 2018/2019

Auction Commission

NAFA Basic Auction Commission ^A 5.0%^B

^A Minimum auction commission of \$1.00 US per pelt

^B Includes any applicable CMBA Agri-Marketing levies

NAFA Volume Rebate Plan

Gross Sales (USD)	Commission Rebate
\$100,000 - \$499,999	0.25%
\$500,000 - \$749,999	0.50%
\$750,000 - \$999,999	0.625%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.875%
\$3,000,000 - \$3,999,999	1.00%
\$4,000,000 - \$4,999,999	1.10%
\$5,000,000 - \$10,000,000	1.20%
Over \$10,000,000	1.30%

NAFA Loyalty Rebate Plan

0.25% of 2018/2019 season's total gross turnover provided that the consignor ships back to NAFA in 2019/2020 at least 90% of the previous year's pelt volume. NAFA will, on a case by case basis, consider exceptions to this rule where circumstances outside of the consignor's control do not allow them to meet the 90% volume threshold.

Current Charges In Effect

1. CMBA Deduction	TBD
2. CMBA Research Levy	TBD

^C In addition to the above mandatory charges, volunteer association charges may apply.

North American Fur Auctions Inc. reserves the right, at our discretion, to change, modify, add or remove portions of the above fees or rebates at any time without notice.

Rev: 06/18/2018

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



SUMMARY OF TERMS OF COOPERATION IN 2019/2020 BREEDING SEASON AGREED BETWEEN NORTH AMERICAN FUR AUCTIONS INC. ("NAFA") AND _____ ("CONSIGNOR")

Number and quantity of pelts the consignor undertook to supply to NAFA:

The number of winter quality mink pelts* to be supplied to NAFA in 2019/2020 breeding season is: _____, including _____ female pelts and _____ male pelts / of which male pelts will constitute no less than _____%.

*Please remember that winter quality pelts are pelts harvested from adult mink during the period from mid-October until the end of January (full winter cover).

Other Key Terms

1. The amount of the loan granted by NAFA to the consignor has been calculated based upon the number of winter quality pelts the consignor has previously committed to supply.
2. The amount of contractual penalty per contracted pelt that is not supplied to NAFA is can \$2.00.
3. Failure to supply the declared number of pelts will necessitate payment of the contractual penalty and may make the loan or any part thereof immediately due for repayment and cause termination of the cooperation between NAFA and the consignor. We encourage you to realistically declare the number of pelts to be supplied in the 2019-2020 season.
4. On or before September 30, the consignor will calculate the size of the mink stock, inform NAFA about the current number of mink in the stock and confirm that the number of mink held by him/her will enable him/her to supply the contracted number of pelts.
5. If any mink is sold during the breeding season, the consignor will be under the obligation to inform NAFA immediately about the number of animals that have been sold and refund a part of the loan extended by NAFA immediately (in accordance with the principles specified in the loan agreement).
6. After the consignor supplies breeders' pelts to NAFA's warehouse, the consignor will have an opportunity to obtain an additional loan, the amount of which will be calculated based on the number of breeders' pelts actually supplied by the consignor to the warehouse.

I confirm that I have read and understand these terms.

Signature: _____

Date: _____

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



ANNUAL BUDGET

List of cost of production (COP) expenses, per mink produced, below:

1)		Feed	<input type="text"/>
	Price/lb		<input type="text"/>
	Predicted usage per mink		<input type="text"/>
2)		Vaccine	<input type="text"/>
	Vaccine product		<input type="text"/>
	Vaccination labour		<input type="text"/>
3)		Bedding	<input type="text"/>
4)		Insurance	<input type="text"/>
5)		Utilities	<input type="text"/>
6)		Pelting	<input type="text"/>
7)		Gas/Oil	<input type="text"/>
8)		Wages	<input type="text"/>
9)		Veterinarian	<input type="text"/>
10)		Misc.	<input type="text"/>
	Total Operating Costs		<input type="text"/>

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

Mink Livestock Mortality Insurance
In association with Mitchell McConnell Insurance

General Contact Information:

Mitchell McConnell Insurance Ltd.

660 Rothesay Avenue, Saint John, NBE 2H4

Telephone: 506-634-7200
Fax: 506-633-1858
Toll Free: 1-800-796-2455

Lead Contact for Mink Insurance Program:

Christopher (Chris) Bourque CAIB, CRM, President
Email Address: chrisb@mitchellmccconnell.com
Mobile Phone: 506-333-5756

Commercial Department Contacts:

Debbie Cosman CIP, Manager Commercial Sales
Email Address: debbiec@mitchellmccconnell.com

Janet Anderson CIP, Inside Sales Producer
Email Address: janeta@mitchellmccconnell.com

Ownership:

Christopher (Chris) Bourque CAIB, CRM, President
Email Address: chrisb@mitchellmccconnell.com

Steven Keating CIP, Vice President
Email Address: stevek@mitchellmccconnell.com

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



MINK INSURANCE PROGRAM

Mink Livestock Mortality Insurance In association with Mitchell McConnell Insurance

The Mink Insurance Program coverage includes:

1. Insured Perils
 - Loss of animals by theft, robbery, hold-up or escape
 - Loss caused by animal rights activists
 - Death of animals caused by diseases, subject to vaccine protocol – (excluding losses from Aleutian Disease)
 - Loss caused by fire, lightening, storm, flood, explosion among other perils
 - Death resulting from damage to the housing of the animals
 - Loss as a direct result of abnormal fluctuations of temperature
2. Value of the breeders and their kits is based on production costs
3. Increase in value of breeding stock around peak of breeding season
4. Progressive increase in value of kits as they age

Christopher (Chris) Bourque
chrisb@mitchellmccconnell.com

Telephone: 506-653-9620
 Mobile: 506-333-5756
 Fax: 506-633-1858
 Toll Free: 1-800-796-2455



Mitchell McConnell Insurance Ltd.

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Proposal Form

Fur Farm Proposal Form – Mink Insurance

You must take care in answering all the following questions which are relevant to Insurers in providing this insurance and setting the terms and premium. If you do not understand the questions or the nature of the information required please seek guidance from your insurance adviser. Failure to provide information or the provision of incomplete or inaccurate information may result in the loss of cover or revised terms and/or premium or it may affect any claim you make under this insurance.

You should keep a record (including copies of letters) of all the information supplied.

Part 1 - Site Details

Name of Insured:

Insured Address (please provide full address including postcode):
.....

Email Address:

Telephone number:

Location of Animals:

(please provide full address including postcode for all sites including satellite/summer farms)

Location 1:

Location 2:

Location 3:

Location 4:

Vaccination

Please state diseases vaccinated for:

Botulism Distemper Viral Enteritis Hemorrhagic Pneumonia (Pseudomonas)

Other:

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Part 2 – Questionnaire

Section 1 - Biosecurity

1. Do only essential visitors have access to the site? Yes No
2. Is there adequate pest control carried out to control rodents, flies and parasites? Yes No
3. Is the site fully enclosed and/or surrounded by a perimeter fence? Yes No

Section 2 - Buildings and Surroundings

4. Is spoilt food and soiled litter removed from the pens and houses following depopulation? Yes No
5. Do you have fire extinguishers in every building? Yes No
6. Is there a fire alarm on site? Yes No

Section 3 - Stocking / Stocking Density

7. Do pen dimensions meet minimum standards agreed by the National Farm Animal Care Council Code of Practice for the Care and Handling of Farmed Mink? Yes No

Section 4 - Feed and Water

8. Is there sufficient storage of water to supply animals for at least 12 hours in an emergency? Yes No
9. Are all dried or ready mixed meals properly stored and monitored to ensure suitability for animal consumption? Yes No
10. Has the farm been using the same supplier for food and foodstuffs for at least 6 months? Yes No
11. Are fresh animal by-products upon arrival at the farm immediately (within 2 hours) processed or preserved? Yes No
12. Is food preparation and storage carried out under sanitary conditions? Yes No
13. Are containers used for collection of animal by products drip proof and thoroughly washed after each collection? Yes No
14. Is feed preparation machinery cleaned after each use and regularly maintained? Yes No
15. Is fresh / frozen food refrigerated or frozen appropriately? Yes No
16. Are foodstuffs regularly checked for Botulism Toxin? Yes No
17. Do you make your own feed? Yes No

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Section 5 - Health and Hygiene

18. Has the site the services of a specialist veterinary surgeon? Yes No
19. Are dead animals removed from pens daily? Yes No
20. Are mortality and culls recorded on a daily basis? (Stock records will be required in the event of a claim) Yes No
21. Are carcasses disposed of by one of the following methods?
 (a) Stored in vermin proof containers which are removed from site at least weekly Yes No
 (b) Incinerated on site Yes No
22. Has the farm been free of defects, ailments, diseases or contagious disease, during the past 12 months? Yes No
23. Has the average mortality rate over the past 3 years been below 3% for each year (0.25% per month)? Yes No
 If No, please state mortality rate: _____
24. Is Aleutian Disease (Plasmacytosis) present within the Mink population on the Farm? Yes No
 If yes, please confirm the month and year when the mink first became infected:
 Month:..... Year:.....

Section 6 - Managers and Stockmen

25. Are managers and stockmen competent / trained in the following before being given responsibility for the care of animals?
 (a) Normal and abnormal behaviour of animals, and fear reactions Yes No
 (b) Signs of good health and signs of poor health and disease Yes No
 (c) Correct handling of animals in a positive and compassionate manner Yes No
 (d) Humane slaughter methods Yes No
 (e) Equipment operation, maintenance, recognition of failures and action to be carried out to rectify Yes No
 (d) Recognition of the signs of thermal stress in animals and the procedures to be followed if a problem Yes No
26. Are untrained staff used without the direct supervision of trained personnel? Yes No

Section 7 - Plans and Safety Procedures

27. Are the following plans and policies available and implemented on site?
 (a) Annual cleaning plan Yes No
 (b) A Unit Site plan detailing house size, access points, location of fire extinguishers and first aid kits, water sources (fire-fighting) and pest control bait points. Yes No
 (c) An emergency action plan, sited in a prominent position near a telephone point, covering procedures to be followed in the case of emergencies such as fire, flood, power failure, equipment failure or the interruption of supplies. Yes No
28. Are procedures for dealing with contingencies plans known by staff and relevant telephone numbers displayed at a suitable point? Yes No

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



29. Is the farm manned 24 hours daily? Yes No

Section 8 – General

30. Has this farm been in operation for more than 12 months under the current management? Yes No

31. Is the farm located in an area at risk of flooding? Yes No

32. Does the farm make a profit? Yes No

33. Has any company declined a proposal from you, cancelled or refused to renew your policy or required special terms to insure you? Yes No

34. Have you been targeted by Animal Welfare activists over last 3 years? Yes No

35. Have you any other Mink located on this Mink Farm, whether owned by you or a third party, which are not proposed for insurance under this scheme? Yes No

If 'yes' please confirm the number of Mink not proposed for insurance under this policy:

Particulars	Numbers of Mink not proposed for Insurance
Females	_____
Males	_____
Kits	_____

a) What is the reason why these Mink are not to be insured?
.....
.....

b) Please provide details of how these Mink can be easily identified and distinguished from those proposed for insurance hereunder:
.....
.....

36. Are the animals proposed for insurance currently in a good state of health, with no signs of infection or disease? Yes No

If NO, please provide details:.....

Section 9 - Past Insurance History

Please enter details of current insurers and details of any claims made together with reasons for the claim within the last 3 years:

.....
.....
.....

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



Section 10 - Comments

Where any questions have been answered with a tick in the right hand column please give details. Continue on a separate sheet if necessary:

Question No.	Comments
.....
.....

Declaration

I/we declare that the information disclosed on this proposal, is to the best of my/our knowledge and belief both accurate and complete. I/we have taken care not to make any misrepresentation in the disclosure of this information and understand that all information provided is relevant to the acceptance and assessment of this insurance, the terms on which it is accepted and the premium charged.

Notice to the Proposer

By signing the declaration below you are confirming that you understand the English language and the terms of cover where they have been provided to you in English. If you are unsure of any terms conditions or exclusions please seek assistance from your insurance adviser before you sign.

Signed:

Print Name:

Date:.....

Data Protection

Any information you have provided will be dealt with by us in compliance with the provisions of the Data Protection Act 1998. For the purpose of providing this insurance and handling of any claims or complaints which may arise under it, we may need to transfer certain information which you have provided to other parties. By signing this proposal you agree that such transfer(s) may be made.

Mink Quantity Schedule

Type	Males	Females	Kits
Wild			
Mahogany			
Pearl			
White			
Pastel			
Silver Blue			
Black Cross			
Black			
American Black			
Sapphire			
Blue Iris			
Other			
Total			

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



VETERINARY CERTIFICATE OF MINK HEALTH *

Date of inspection

I hereby state that during the past 12 months I have visited farm of

(Insured's name)

(Farm address)

.....

For routine veterinary procedures as the occasion has required, the veterinary practice has been attending the Mink on this property for..... years.

My assessment of the overall herd health from my regular visits to this farm confirms that these animals are in sound health, being free from illness, injury and contagious disease.

I have not individually inspected all of the animals to make this declaration, however my assessment is based upon our practice's on going Veterinary program with this farm, and observations carried out on the herd at this inspection.

Any other comments:

.....

.....

Signed

Name of Veterinarian

Name of Practice

Address of Practice

.....

.....

Phone/Fax No.

Email

*VET CERTIFICATE IS NOT REQUIRED FOR RENEWAL BUSINESS

2019-2020

CANADA KIT LOAN FINANCING PROGRAM



CONSIGNMENT AGREEMENT FOR RANCH MINK and/or RANCH FOX – CANADA

Consignor Information:

Name of Consignor: _____

If Corporation, Name of Principal Owner: _____

Full Mailing Address _____

NAFA Main A/C No: _____

Telephone No: _____ Fax No: _____

E-mail: _____

Special Payment Instructions: _____

Pelt Information:

Description	Committed Quantities
_____	_____
_____	_____
_____	_____
_____	_____

Payment Information: Please select one of the following payment methods:

By Cheque

By Electronic Funds Transfer (EFT)*

*Electronic Funds Transfers: Please attach a personal cheque marked "VOID" in case your bank information has been changed during last year or this is the first time you are requesting to be paid by EFT.

Charges in Effect: Please see **Schedule A.**

This Agreement is subject to the Terms and Conditions as fully set out on the following page.

On behalf of
North American Fur Auctions Inc.

On behalf of
Consignor

(signature)

(print name)

(date)

(signature)

(print name)

2018-2019

SCHEDULE 2.5(1)**OPERATING TRANCHE A CREDIT COMMITMENTS***

(All Operating Tranche A Credit Commitments are stated in U.S. Dollars)

Canadian Imperial Bank of Commerce	(57% of the Operating Tranche A Credit Authorized Credit Amount on the relevant date) minus U.S.\$5,000,000
HSBC Bank Canada	33% of the Operating Tranche A Credit Authorized Credit Amount on the relevant date
Export Development Canada	10% of the Operating Tranche A Credit Authorized Credit Amount on the relevant date

*The Operating Tranche A Credit was terminated on September 19, 2019. Accordingly, and for greater certainty, no Drawdowns, advances or other credits of any kind whatsoever are available to the Borrower under the Operating Tranche A Credit.

SCHEDULE 2.5(2)**OPERATING TRANCHE B CREDIT COMMITMENTS**

(All Operating Tranche B Credit Commitments are stated in U.S. Dollars)

Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund LP	U.S.8,000,000

SCHEDULE 2.5(3)**SUPPLEMENTARY CREDIT COMMITMENTS***

Canadian Imperial Bank of Commerce	100% of the Commitments in respect of the VISA Credit 66⅔% of the Commitments in respect of the Hedge Credit
HSBC Bank Canada	33⅓% of the Commitments in respect of the Hedge Credit

*The Hedge Credit was terminated effective as at September 11, 2019. Accordingly, and for greater certainty, no Drawdowns, advances or other credits of any kind whatsoever are available to the Borrower under the Hedge Credit.

SCHEDULE 2.5(4)**SWINGLINE COMMITMENT***

<u>Lender</u>	<u>Commitments</u>
Canadian Imperial Bank of Commerce	U.S.\$5,000,000

*The Operating Tranche A Credit was terminated on September 19, 2019. Accordingly, and for greater certainty, no Drawdowns, advances or other credits of any kind whatsoever are available to the Borrower under the Operating Tranche A Credit.

SCHEDULE 2.5(5)**TERM TRANCHE A CREDIT COMMITMENTS***

(All Term Tranche A Credit Commitments are stated in U.S. Dollars)

Export Development Canada	U.S.\$5,500,000
---------------------------	-----------------

*The Term Tranche A Credit was terminated on September 19, 2019. Accordingly, and for greater certainty, no Drawdowns, advances or other credits of any kind whatsoever are available to the Borrower under the Term Tranche A Credit.

SCHEDULE 4.7**SHIPPER LETTER OF CREDIT AGREEMENT**

N/A – the Borrower does not issue letters of credit to Shippers.

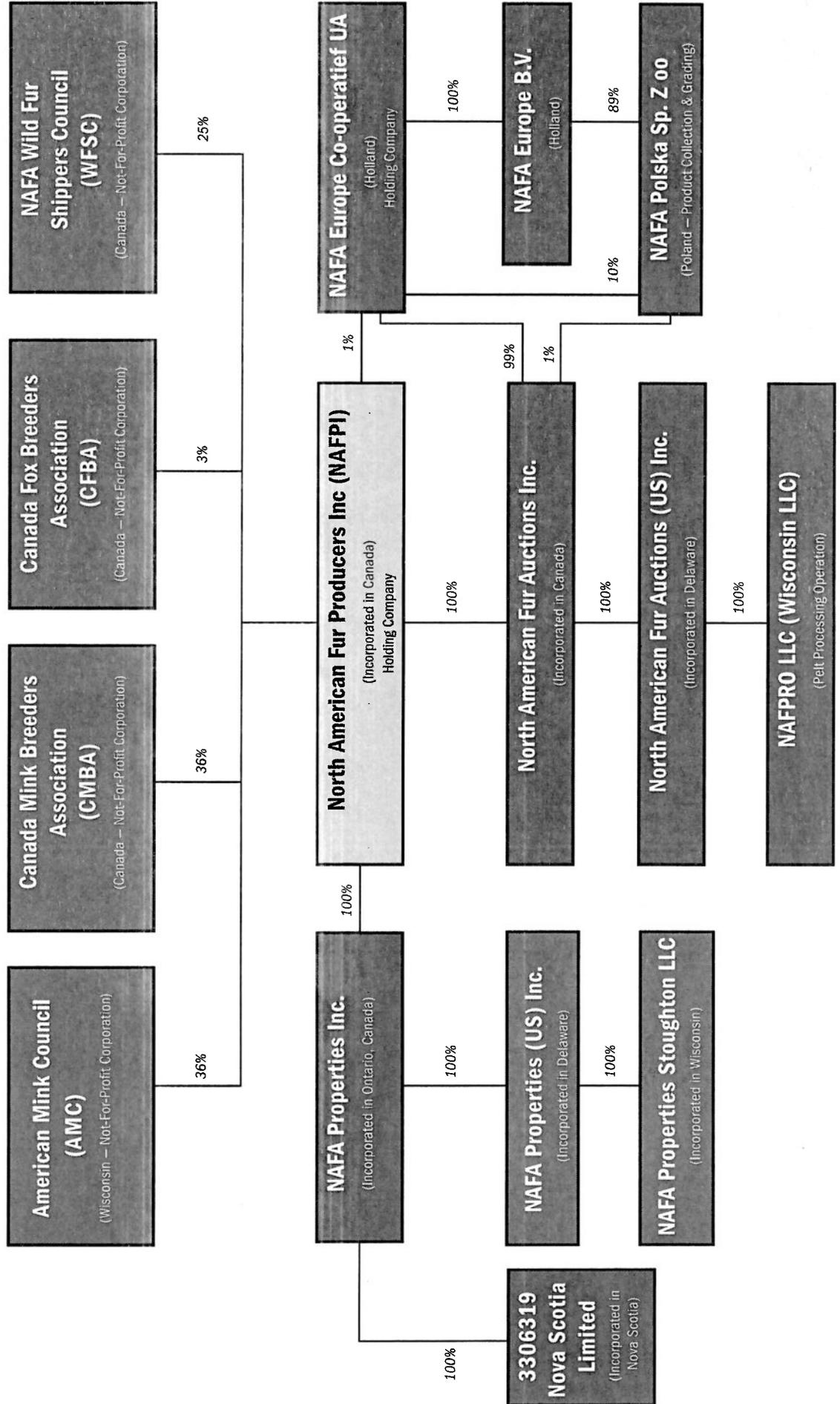
SCHEDULE 8.1(5)
OWNERSHIP SUBSIDIARIES

See attached.



NAFA OWNERSHIP STRUCTURE

September 2017



SCHEDULE 8.1(21)
INSURANCE PARTICULARS

See attached.



INTERNATIONAL

Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

2018-2019
SUMMARY OF INSURANCE

November 1st, 2018

North American Fur Auctions Inc. et al.

65 Skyway Avenue,
 Toronto, Ontario
 M9W 6C7

Worldwide Locations

NAFA Canada HQ

65 Skyway Avenue,
 Toronto, Ontario M9W 6C7

T 416-675-9320

F 416-675-6865

Head Office

500 Carlingview Drive,
 Toronto, Ontario M9W 5R3

NAFA Canada West

567 Henry Avenue,
 Winnipeg, Manitoba R3A 0T8

T 204-774-1705

F 204-943-2941

NAFA USA

205 Industrial Circle,
 Stoughton, Wisconsin 53589

T 608-205-9200

F 608-205-9210

1600 Williams Drive,
 Stoughton, Wisconsin 53589

NAFA Polska Sp.z o.o.

Lozicnica,
 Ul, Granitowa 10
 72-100 Gm. Goleniow
 Poland

T +48.91.350.9520

F +48.91.350.9539

NAFA Holland

Sprokkelveld 5-6596 DH
 Milsbeek
 Holland

T +31.485-514403

F +31.485-518

NAFA China

B1121, Nanxincang Tower,
 A22/Dongsishitiao, Dongcheng District,
 Beijing, China 100007

T +8610.5169.0916

F +8610.5169.0917



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Canada

Composite Mercantile Policy - North American Fur Auctions Inc. A/O

Les Encans de Fourrures de L'amerique du Nord Inc. A/O

North American Fur Producers Inc. A/O

NAFA Properties Inc. A/O

Canadian Mink Breeders Association A/O

Canadian Fox Breeders Association A/O

North American Fur Auctions Wild Fur Shippers Council

CNA Insurance Policy # MPR2347650 - November 1st, 2018-2019

\$ 147,379.

Property Section

Location 1 – 65 Skyway Avenue, Rexdale, Ontario M9W 6C7

\$ 24,720,000 On Building 1 (44,496)
 1,000,000 On Warehouse Equipment
 500,000 On Office Furniture & Equipment
 250,000 On Telephone & Security Equipment
 500,000 On Cafeteria & Kitchen Equipment
 500,000 On EDP Hardware & Software
 1,313,000 On Building 2 (Montana's) (added effective February 22nd, 2017) (3,283)
 26,250,000 Equipment Breakdown

Location 2 – 500 Carlingview Drive, Toronto, Ontario M9W 5R3

\$ 8,755,000 On Building (15,759)
 500,000 On Warehouse Equipment
 On Office Furniture & Equipment
 100,000 On EDP Hardware & Software
 100,000 On Telephone & Security Equipment
 9,200,000 Equipment Breakdown

Location 3 – 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8

\$ 100,000 On Leaseholds (including HVAC Equipment)
 100,000 On Warehouse Equipment
 10,000 On Office Furniture & Equipment
 5,000 On Telephone & Security Equipment
 20,000 On EDP Hardware & Software
 235,000 Equipment Breakdown

Location 4 – 4 Banigan Drive, Toronto, Ontario M49H 1E9 - OnX Canada

\$ 1,500,000 On EDP Hardware & Software



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

- \$ 50,000,000 Limit of Loss Total Insured Property Values "All Risks" Replacement Cost
- \$ 50,000,000 Annual aggregate for losses caused by the Peril of Earth Movement or Flood
 - 5,000,000 Extra Expense Canadian Location 1
 - 2,500,000 Extra Expense Canadian Location 2
 - 500,000 Extra Expense Canadian Location 3
 - 10,000 Arson and Crime Reward Payment
 - 100,000 Ammonia Contamination
 - 500,000 Blanket Limit
 - Accounts Receivable
 - Arson and Crime Reward Payments
 - Fine Arts
 - Fire Protection Equipment Recharge Expense
 - Leasehold Interest
 - Master Key Replacement
 - Personal Effects
 - Theft Damage to Unowned Building
 - 5,000 Bonus Payments
 - 50,000 Brands & Labels Clause
 - 10,000 Data Restoration Expense
 - Debris Removal
 - 25,000 Deferred Payments
 - 50,000 Event Cancellation
 - 100,000 Expediting Expenses
 - 500,000 Extra Expense
 - 100,000 Ingress/Egress
 - 50,000 Inventory or Appraisal
 - 10,000 Portable Electronic Equipment
 - 10,000 Loss Adjustment Expense
 - 2,000,000 Newly Acquired or Newly Constructed Property
 - 2,000,000 Newly Acquired Business Personal Property
 - Peak Season 25% Increase
 - 10,000 Prepaid Rent
 - 50,000 Property at Unnamed Locations
 - 50,000 Property at Temporary Locations
 - 50,000 Contents in Transit
 - 50,000 Installation Coverage
 - 25,000 Rents
 - 50,000 Royalties
 - 50,000 Trees, Shrubs, Plants or Lawns
 - 100,000 Unintentional Errors and Omissions
 - 500,000 Valuable Papers & Records
 - 25,000 Water Damage (other Liquids, Powder or Molten Material Damage
 - Coverage Limitations
 - Sub-Limit
 - 2,500 loss by theft
 - 2,500 furs/trimmed garments
 - 5,000 patterns molds and dies
 - 250 stamps tickets, letters of credit



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Breakdown of Equipment included
 Building By-laws included in the Limit
 Contingent Business Income – 24 Hours
 500,000 Fine Art
 25,000 Fire Department Service Charges
 25,000 Fire Extinguisher Recharge
 25,000 Pollution Clean-up and Removal
 50,000 Preservation of Property
 10,000 Professional Fees
 100,000 Service Interruption
 Blanket Difference in Conditions Endorsement

Subject to the following Deductibles:

\$ 25,000 Each & Every Occurrence Canada
 10,000 Equipment Breakdown
 50,000 Flood,
 3% or 100,000 Earthquake and Landslide
Excluded Property Item: Fur Pelts
 90 Days Notice of Cancellation
 IBC Standard Mortgage Clause (6301)

Loss Payees & Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Business Development Bank of Canada – 1st Loss Payee & Mortgage - 65 Skyway Ave.
3985 Highway 7 East, Suite 201,
Markham, Ontario L3R 2A2

Farm Credit Canada - 1st Mortgagee - 500 Carlingview Drive
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

Farm Credit Canada – Loss Payee ATIMA – All Locations
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Additional Insureds:

*The Corporation of the City of Toronto
 Real Estate Division, Metro Hall
 55 John Street, 2nd Floor,
 Toronto, Ontario M5V 3C6*

*Rebecca's Gift Holdings Limited
 1350793 Ontario Limited
 The Estate of Joseph Black
 c/o (Address TBA)*

Inland Marine Section

\$ 156,919 Contractors /Mobile Equipment
 25,000 Blanket Commercial Property Floater – Each Occurrence
 131,919 Scheduled Commercial Equipment
 Subject to the following Deductibles:
 \$ 5,000 Each & Every Occurrence Canada

*3 – 2014 Hyster R30XMS3 Pickers c/w access
 1 – 2014 Hyster N35ZR2 Single Reach Truck c/w access*

Loss Payee:

*Business Development Bank of Canada - First Loss Payee and Mortgagee
 3985 Highway 7 East, Suite 201,
 Markham, Ontario L3R 2A2*

*National Leasing Group Inc. – Lessor Hyster Equipment
 Loss Damage Waiver Program Department
 1525 Buffalo Place,
 Winnipeg, Manitoba R3T 1L9*

Liability Section

\$ 2,000,000 Commercial General Liability – Each Occurrence
 2,000,000 Personal & Advertisers Liability
 2,000,000 Products Completed Operations Hazard
 25,000 Medical Expense
 5,000,000 General Aggregate Limit
 1,000,000 Tenants Legal Liability – any 1 premises
 5,000,000 TLL Aggregate
 1,000,000 Employee Benefits Liability
 2,000,000 Employers Liability
 100,000 Excess Repatriation (per Employee)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

250,000 Aggregate on Excess Repatriation

1,000,000 SPF#6 Non Owned Automobile
 SEF # 94 – Non Owned Automobile Endorsement
 Private Passenger and Light Commercial
 \$ 75,000 Limit of Liability each occurrence
 SEF # 99 – Excluding Long Term Leased Vehicle
 Difference in Conditions Endorsement
 Financial Interest Coverage Endorsement

subject to a \$ 10,000 Combined BI & PD Deductible per Occurrence
 5,000 Employee Benefits & Employers Liability
 \$ 1,000 Deductible Non Owned Auto SEF #94

Includes Extension of Coverage for Auction Club Van Rentals
 Storage Trailer Rentals

Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Business Development Bank of Canada – 1st Loss Payee & Mortgage - 65 Skyway Ave.
3985 Highway 7 East, Suite 201,
Markham, Ontario L3R 2A2

Farm Credit Canada - 1st Mortgagee - 500 Carlingview Drive
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

Farm Credit Canada – Loss Payee ATIMA – All Locations
7025 Langer Drive, Suite 210,
Mississauga, Ontario L5N 0E8

The Corporation of the City of Toronto
Real Estate Division, Metro Hall
55 John Street, 2nd Floor,
Toronto, Ontario M5V 3C6



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

*Rebecca's Gift Holdings Limited
 1350793 Ontario Limited
 The Estate of Joseph Black
 c/o (Address TBA)*

Cyber Liability Policy - *North American Fur Auctions Inc. et al*

CNA Insurance Policy # IRP2347649 - Effective November 1st, 2018-2019

\$ 11,400.

\$ 2,000,000 Security & Privacy Liability any one Loss
 2,000,000 Regulatory Proceedings each Loss
 2,000,000 Aggregate Limit of Liability
 2,000,000 Internet Media Liability
 250,000 Privacy Breach Costs each Privacy Event
 250,000 Digital Asset Replacement Expense each Security Event
 250,000 Cyber Extortion Threat each Threat
 250,000 Reward Payments Coverage each Cyber Extortion Event
 subject to a \$ 25,000 Retention each Claim Regulatory Proceeding,
 Privacy or Security Event or Cyber Extortion Threat

Umbrella Liability Policy- *North American Fur Auctions Inc. A/O
 Les Encans de Fourrures de L'amerique du Nord Inc. A/O
 North American Fur Producers Inc. A/O
 NAFA Properties Inc. A/O
 3306319 Nova Scotia Limited O/A NAFA Farms A/O
 Canadian Mink Breeders Association A/O
 Canadian Fox Breeders Association A/O
 North American Fur Auctions Wild Fur Shippers Council A/O
 NAFA Polska Sp.z o.o. A/O
 NAFA Europe B.V. A/O
 NAFA Europe Co-operatief UA*

CNA Insurance Policy # TBA - effective November 1st, 2018-2019

\$ 44,989.

\$ 23,000,000 Commercial Umbrella Liability Each Occurrence
 23,000,000 Products – Completed Operations Aggregate
 23,000,000 General Aggregate
 subject to a \$ 5,000 Self-Insured Retention
 23,000,000 Excess Liability Limit
 2,000,000 Minimum Attachment Limits –Canada, USA,& Poland
 1,000,000 Minimum Attachment Limits -NAFA Farms, China, & Holland

Endorsements: Cancellation 60 Days
 Currency Endorsement – Canadian (Limits & Premium)
 Financial Interest Coverage Endorsement



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Schedule of Underlying Insurance

Commercial General Liability Policies – Canada

\$ 2,000,000 Limit of Liability Each Occurrence

2,000,000 Products - Completed Operations Aggregate

2,000,000 General Aggregate (other than Products/Completed Operations)

- **CNA Insurance Canadian G/L Policy # MRP2347650**

\$ 1,000,000 Premises Bodily Injury & Property Damage Liability

1,000,000 Personal & Advertisers Liability

2,000,000 Annual Aggregate

- **Clare Mutual Insurance Policy # F000669-17**
- **Clare Mutual Insurance Policy # C000670-17**

Automobile Liability - Ontario & Nova Scotia

\$ 2,000,000 Third Party Liability

- **CNA Insurance Auto Policy # CAE2347651**
- **Dominion of Canada Policy # APC3057257**

Commercial General Liability Policy – USA

\$ 2,000,000 Limit of Liability Each Occurrence

2,000,000 Products - Completed Operations Aggregate

2,000,000 General Aggregate (other than Products/Completed Operations)

- **CNA American Casualty Company G/L Policy # 6072228080**

Automobile Liability - Wisconsin USA

\$ 2,000,000 Third Party Liability

- **CNA Insurance Wisconsin Auto Policy # 6072820238**

Commercial Public Liability Policy – Holland

€ 1,000,000 Limit of Liability Each Occurrence

- **CNA Insurance Policy #**

Commercial Public Liability Policy – China

\$ 1,000,000 Limit of Liability Each Occurrence

- **CNA Insurance Policy #**

D&O & EPL Liability Policy- *North American Fur Auctions Inc. A/O*
Les Encans de Fourrures de L'amerique du Nord Inc. A/O
North American Fur Auctions (US) Inc.
North American Fur Producers Inc.

CNA Insurance Policy # MLP2347647 - effective November 1st, 2018-2019

\$ 47,900.

\$ 10,000,000 Management & Company Liability including Directors' & Officers
 subject to a \$ 25,000 Self-Insured Retention
 retroactive date March 28th, 1999



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

- 10,000,000 Employment Practice's Liability
 subject to a \$ 50,000 Self-Insured Retention
 retroactive date March 28th, 1999
- 10,000,000 Aggregate Limit Directors & Offices & Employment Practices Liability
- 1,000,000 Shared Punitive Damages sublimit of Liability D&O & EPL
- 1,000,000 Additional Limit for Defense Costs
- \$ 1,500,000 Employee Theft Coverage per loss Limit and Aggregate Limit
 subject to a \$ 10,000 Deductible
- 1,500,000 Employee Theft while on Client Premises
- 1,500,000 Forgery or Alteration including Personal Accounts
- 1,500,000 Theft, Disappearance and Destruction of Money & Securities
- 1,500,000 Robbery & Safe Burglary of Other Property
- 1,500,000 Counterfeit Money Orders and Currency
- 1,500,000 Computer and Funds Transfer Fraud
- 25,000 Proof of Loss Expense
 12 Month Discovery Period

Endorsements: Sanctions Endorsement
 Declaration of Emergency Endorsement
 United States Terrorism Risk Insurance Act Endorsement

Automobile Policy – *North American Fur Auctions Inc.*

CNA Insurance Policy # CAE2347651 - effective November 1st, 2018-2019

\$ 7,608.

- \$ 2,000,000 Third Party Liability
 - Direct Compensation PD Deductible \$ Nil
 - Accident Benefits (basic only)
 - Optional Accident Benefits
 - Increased Medical Rehab & Attendant Care
 - Increased Death & Funeral
 - All Perils Coverage (subject to a \$ 500 deductible) Power Units
 - All Perils Coverage (subject to a \$ 1,000 deductible) Leased Trailers if any
- OPCF 20 – Transportation Replacement *\$ 1,500 Limit*
- OPCF 27 – Physical Damage Extension *\$ 50,000 Limit per vehicle*
- OPCF 35 – Emergency Assistance
- OPCF 44R – Family Protection Coverage
- 2010 Dodge Grand Caravan 2D4RN4DE4AR452937 (2662) (02-9)
- 2008 Ford Edge LI 2FMDK49C58BB37263 (3791) (02-9)
- 2014 Dodge Grand Caravan SE 2C4RDGBG8ER136792 (2662) (36-6)

Drivers: *Paul Culligan C9220-61966-20907*
Herman Jansen J0472-32714-61217
Douglas Lawson L0942-17935-80723 (G)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Additional Insured:

*Trailer Wizards Ltd. -
 1880 Britannia Road East,
 Mississauga, Ontario L4W 1J3*

NAFA Farms Nova Scotia Locations:

Location 1: 569 Middle Cross Road, Roxville, Nova Scotia
 Location 2: 241 Riverdale Road, Weymouth, Nova Scotia

Mailing: P. O. Box # 40, Weymouth, Nova Scotia, B0W 3T0

Composite Mercantile Policy – 3306319 Nova Scotia Limited

Clare Mutual Insurance Policy # F000669-17 - May 12th, 2018-2019

\$ 9,429.

Property Section – *Broad Named Perils*

Location 1 – 241 Riverdale Road, Weymouth, Nova Scotia

\$ 660,000 On Buildings (4 Pens @ \$ 165,000)	2,722
subject to a \$ 5,000 deductible	

Location 2 – 569 Middle Cross Road, Roxville, Nova Scotia

\$ 1,300,000 On Buildings (8 Pens @ ~ \$ 165,000)	5,362
subject to a \$ 5,000 deductible	

Scheduled Farm Equipment - *added October 6th, 2017*

2017 New Holland T4 Tractor T4.90 # ZGLE51470 - Value \$ 77,000	539
2017 New Holland T4 Tractor T4.90 # ZGLE51747 - Value \$ 77,000	539
subject to a \$ 750 deductible	

Lessor: Blueline New Holland Limited
 16 Lower Truro Road,
 Lower Truro, Nova Scotia B6L 1L9

Loss Payee: CNH Industrial Capital Canada Ltd. – On Leased Tractors
 P.O. Box 5334
 Burlington, Ontario L7R 4Z8

Lienholder – Farm Credit Canada - Loss Payee & 1st Mortgagee
 Loan Administration Centre
 100-1133 St. George Boulevard,
 Moncton, New Brunswick E1E 4E1



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Liability Section

\$ 2,000,000 Public Liability – Each Occurrence	240
2,000,000 Personal & Advertisers Liability	
2,000,000 Annual Aggregate	
subject to a \$ 500 deductible	Policy Fee 27

Composite Mercantile Policy – 3306319 Nova Scotia Limited

Clare Mutual Insurance Policy # C000670-17 - May 12th, 2018-2019 **\$ 1,843.**

Rented Dwellings – Broad Named Perils

Location – 241 Riverdale Road, Weymouth Nova Scotia B0W 3T0

\$ 372,000 On Rented Dwelling	1,701
On Landlords Contents	
30,000 on Detached Private Structures	
subject to a \$ 750 deductible on Property	

Mortgagee Loss Payee – Farm Credit Canada
 Loan Administration Centre
 100-1133 St. George Boulevard,
 Moncton, New Brunswick E1E 4E1

\$ 1,000,000 Premises Bodily Injury & Property Damage Liability	115
1,000,000 Personal & Advertisers Liability	
2,000,000 Annual Aggregate	
subject to a \$ 500 deductible	Policy Fee 27

Automobile Policy – 3306319 Nova Scotia Limited O/A NAFA Farms

Dominion of Canada Policy # APC3057257 - January 8th, 2018 - 2019 **\$ 2,865.**

\$ 2,000,000 Third Party Liability
 Direct Compensation PD Deductible \$ Nil
 Mandatory Accident Benefits (basic only)
 All Perils Coverage (subject to a \$ 1,000 deductible)
 NSEF 20 – Transportation Replacement \$ 1,500 Limit
 NSEF 27B – Physical Damage Extension \$ 45,000 Limit per vehicle
 NSEF 44 – Family Protection Coverage

2011 Chevrolet Silverado 2500 HD LTZ P/U 1GC1KYC81BF134160	(585804) (36-6)	972
2011 GMC Sierra 2500 HD SLE P/U 1GT020C86BF116850	(676402) (36-6)	996
2008 Chevrolet Silverado 3500 WT P/U 1GCJK34618E144377	(584302) (36-6)	897



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Drivers: *Jonathon Mullen* MULLE300376009
Heman Mullen MULLE300147004
Julie-Ann Mullen MULLE150277000

Unlicensed Trailers: Dump trailer 2L9GS43986B105221
 Stock trailer, 4FGL02429YC029876

USA

Composite Mercantile Policy - *North American Fur Auctions (US) Inc. A/O*
NAFPRO LLC (Wisconsin LLC) A/O
NAFA Properties Stoughton LLC A/O
NAFA Properties (US) Inc. A/O
American Mink Council

CNA – American Casualty Company # 6072228080 - November 1st, 2018-2019 \$ 43,846.USD

Property Section

Location 1 – 205 Industrial Circle, Stoughton, Wisconsin 53589 27,674

\$ 5,623,000 On Building
 1,500,000 On Warehouse Equipment
 100,000 On Office Furniture & Equipment
 100,000 On Telephone & Security Equipment
 5,000,000 On Pelt Processing Equipment
 150,000 On EDP Hardware & Software
 2,000,000 Extra Expense

Location 2 - 1600 Williams Drive, Stoughton, Wisconsin 53589 6,473

\$ 2,060,000 On Building
 100,000 On Warehouse Equipment
 5,000 On Office Furniture & Equipment
 5,000 On Telephone & Security Equipment
 100,000 Extra Expense

\$ 16,643,000 Limit of Loss Total Insured Property Values USD “All Risks” Replacement Cost
 Including Earthquake & Flood

Brands & Labels Expenses
 25,000 Contaminants by a Refrigerant
 Debris Removal - Included
 50,000 Debris Removal – Additional Costs & Expenses
 50,000 Demolition and Repair Cost
 Earthquake Sprinkler Leakage Coverge
 Electronic Vandalism – Not Covered
 25,000 Employee Theft – each occurrence



INTERNATIONAL

Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Equipment Breakdown – Spoilage Coverage
 25,000 Expediting Expense
 100,000 Fine Arts – any one item
 500,000 Fire Department Service Charges (basket)
 Fire Protective Equipment Refills
 25,000 Forgery or Alteration
 25,000 Fungi
 50,000 Ingress/Egress
 500,000 Lost Key Replacement (basket)
 25,000 Loss Adjustment Expense
 10,000 Money & Securities
 1,000,000 Newly Acquired Premises – 180 Day Reporting
 500,000 Newly Acquired Property - 180 Day Reporting
 250,000 Newly Acquired Location – Time Element
 500,000 Non-Owned Detached Trailer Coverage (basket)
 25,000 Outdoor Trees Plants Shrubs 1,000 per Tree or Shrub
 10,000 Pollution Clean-up & Removal (Land & Water)
 Professional Fees
 100,000 Research & Development Property
 500,000 Reward Payments (basket)
 Theft Damage to Non-Owned Buildings
 250,000 Unintentional Errors & Omissions
 500,000 Accounts Receivable
 25,000 Transit per occurrence

\$ 16,643,000 Annual aggregate for losses caused by the Peril of Earth Movement & Flood

Subject to the following Deductibles:

\$ 25,000 Each & Every Occurrence
 3% or 50,000 Flood
 3% or 50,000 Earthquake and Landslide

Excluded Property Item: Fur Pelts
 60 Days Notice of Cancellation

Inland Marine Section

674

\$ 55,874 Contractors Scheduled Mobile Equipment
 50,000 Unscheduled Short term lease, borrowed or rented from others
 25,000 Unscheduled Short term lease, borrowed or rented from others, Max per item
 195,874 Maximum Occurrence Limit any one loss

Subject to the following Deductibles:

\$ 5,000 Each & Every Occurrence
 \$ 1,000 Unscheduled property of others

2 – 2018 Mitsubishi FB16PNT Electric Rider Forklift with Charger @ \$ 27,937 ea
Serial Numbers AFB2500128 and AFB2500129
Lease Numbers 100-10181280 & 100-10181283



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Loss Payee:

*De Lage Landen Financial Services Inc. – Lessor
 Lease Processing Center
 1111 Old Eagle School Road,
 Wayne, PA 19087 USA*

Liability Section

9,025

\$ 2,000,000 Commercial General Liability – Each Occurrence
 100,000 Damage to Premises Rented to you – Any one Premises
 15,000 Medical Expense Limit any one person
 2,000,000 Personal & Advertising Injury Limit
 2,000,000 General Aggregate Limit
 subject to a \$ 10,000 Deductible BI & PD Liability, Personal and Advertising
 Injury Liability, Medical Payments and Supplementary Payments
 1,000,000 Employee Benefits Liability – Each Employee
 subject to a \$ 1,000 Deductible

Loss Payees & Additional Insured:

*Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
 Central Operations Service Group
 595 Bay Street, Suite 500,
 Toronto, Ontario M5G 2C2*

*HSBC Bank of Canada - ATIMA (General Assignment)
 170 Atwell Drive,
 Toronto, Ontario M9W 5Z5*

*Export Development Canada - ATIMA (General Assignment)
 150 Slater Street,
 Ottawa, Ontario K1A 1K3*

Business Automobile Policy - North American Fur Auctions (US) Inc.

CNA – Transportation Insurance Company # 6072820238 - November 1st, 2018-2019 \$ 4,193.USD

\$ 2,000,000 Third Party Liability –Specifically Described Auto's & Mobile Equipment
 1,000,000 Uninsured Motorist – Owned Auto's subject to Compulsory UM Law
 1,000,000 Underinsured Motorist – Owned Auto's subject to Compulsory UM Law
 10,000 Auto Medical Payments
 Comprehensive Coverage (subject to a \$ 1,000 deductible)
 Collision Coverage (subject to a \$ 1,000 deductible)



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

2006 Dodge Caravan 1D4GP45RG63573472 Code 232990 1.555
 2014 Honda CR-V 5J6RM4H33EL039568 Code 032990 1.798
 Non Owned/Hired Autos 820

Drivers: Nick Dolinsky D452-6398-7361-00 DOH- 12/9/11
 Ravin Chatfield C314-7307-8930-08 DOH -1/24/04
 Dennis Brady 02-17-1959 B630-1755-9057-02

US Workers Compensation – North American Fur Auctions (US) Inc.
 NAFPRO LLC (Wisconsin LLC)

Middlesex Mutual Assurance Policy # 8945073001 November 7th, 2017 – 2018 \$ 78,307.USD

Statutory Wisconsin Workers Compensation Benefits
 \$ 1,000,000 Employers Liability - each accident
 1,000,000 Employers Liability – disease each employee
 1,000,000 Employers Liability – disease policy limit

Schedule of Locations

1 – 205 Industrial Circle, Stoughton, Wisconsin 53589-1303
 2- 1600 Williams Drive, Stoughton, Wisconsin 53589

Class: (8810) Clerical Office Employees Noc - Class Min. if any Payroll - \$ 258.00
 (7380) Drivers, Chauffeurs and their Helpers Noc -
 Class Min. if any Payroll - \$ 900.00
 (8742) Salespersons, Collectors or Messengers - Outside
 Class Min. if any Payroll - \$ 315.00
 (8719) Stevedoring: Freight Handling Noc Trailers and Checcking Clerks
 Engaged in connection with Stevedore Work -
 Class Min. if any Payroll - \$ 5154.00

Location& & Premiums:

1. (7380)	\$ 60,000.00	@ \$ 6.42	=	\$ 3,852
2. (8810)	\$ 189,614.00	@ \$ 0.21	=	\$ 398
(8742)	\$ 66,612.00	@ \$ 0.53	=	\$ 353
(8742)	\$ 2,761,072.00	@ \$ 1.64	=	\$ 45,282

Total Location Premiums	\$ 49,885
Premium for Increased Limit @ (1.10%)	\$ 549
Premium subject to Modification	\$ 50,434
Experience Rating Modification Factor (1.530)	\$ 26,730
Terrorism	\$ 615
Catastrophe (other than Terrorism)	\$ 308

Estimated Annual Premium \$ 78,087

Declared Officers& Excluded Individuals:

Michael Mengar - President
 Gregg Dolinsky – Vice President



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Poland

Property Policy- NAFA Polska Sp.z o.o.

CNA - Compensa Vienna Insurance Group Policy # 68694 - November 1st, 2018-2019 \$ 40,948.USD
Net Local = 153.510.00 PLN

\$ 16,880,000 any one Loss or Occurrence (USD)
 All Values USD "All Risks" Replacement Cost

Location 1 – Lozienica, Ul. Granitowa 10. 72-100 Goleniow, Poland

\$ 14,708,000 On Building and Improvements	PLN 42.496.560.00	<i>On Building</i>
2,000,000 On Warehouse Equipment	PLN 7.512.310.00	<i>On Equipment</i>
200,000 On Office Furniture & Equipment		
50,000 On Telephone & Security Equipment		
100,000 On Cafeteria & Kitchen Equipment		
250,000 On EDP & Software		
2,500,000 On Business Income	PLN 7.945.173.00	
17,130,000 On Earthquake Flood & Wind	PLN 49.494.566.00	
250,000 On Extra Expense		
100,000 Fire Brigade Charges		
1,000,000 Newly Acquired Location		
100,000 Off Premises Power/Utilities/Service Interruption		
100,000 Unnamed Locations		
100,000 Valuable Papers		

Subject to the following Deductibles:

\$ 10.000 Each & Every Occurrence	PLN 28.610
10.000 Coverage Extensions	PLN 28.610
10.000 Water Back Flow	PLN 28.610
3% Min 50.000 Flood	PLN 38.538
3% Min 50.000 Earthquake	PLN 38.538

1 CAD = 2.884465 PLN.

1 USD = 3.74889 PLN

Liability Policy- NAFA Polska Sp.z o.o.

CNA - Compensa Vienna Insurance Group Policy# 1037956 - November 1st, 2018-2019 \$ 7,745.USD
Net Local = 29..036,00 PLN

\$ 2,000,000 Commercial General Liability – Each Occurrence – *5.778.795,00 PLN*
 2,000,000 Products Completed Operations Aggregate
 2,000,000 General Aggregate Limit



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

2,000,000 Non-Owned Automobile Liability
 1,000,000 Damage to Rented Building
 1,000,000 Personal Injury
 1,000,000 Employers Liability
 subject to a \$ 10,000 Deductible Each Occurrence - PLN 28.894,00 PLN

1 USD = 3,74889 PLN

Loss Payees & Additional Insureds:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Central Operations Service Group
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

China

Liability Policy- *North American Fur Auctions Inc. O/A North American Fur Auctions China Office*

CNA Insurance	effective November 1st, 2018-2019	\$ 1,605.USD
Ping An Property & Casualty Insurance Company of China Ltd.		
Policy # 10103003900542541255	<i>1.060</i>	
Policy # 10103003900542539475	<i>545</i>	

\$ 2,000,000 Public Liability per occurrence
 2,000,000 Aggregate Limit
 Coverage Extensions include:
 Fire Extinguishing Expense
 Water Damage
 Malicious Damage
 Tenants Legal Liability
 War or Terrorist Acts are excluded
 subject to a \$ 10,000 Deductible Each Occurrence = 89,256 RMB

1.000.000 Employers Liability per occurrence and aggregate
 Liability under the contract of Employment to pay Medical Expenses and
 Compensation including Legal costs in respect of death or bodily injury by
 accident or through occupational disease to any Employee whilst engaged
 in the course of Employment



INTERNATIONAL

Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Schedule of Locations

- 1 – 65 Skyway Avenue, Toronto, Ontario M9W 6C7
- 2 – 500 Carlingview Drive, Toronto, Ontario M9W 5R3
- 3 – 567 Henry Avenue, Winnipeg, Manitoba R3A 0T8
- 4 – 205 Industrial Circle, Stoughton, Wisconsin 53589
- 5 – 1600 Williams Drive, Stoughton, Wisconsin 53589
- 6 – Spokkeld 5, 6595 DH, Milsbeek, Holland
- 7 – Lozienica, Ul. Granitowa 10, Lozienica 72-100 Goleniów, Poland
- 8 – Norpol Sp. z o.o. - Ul. Granitowa 12 Lozienica 72-100 Goleniów, Poland

\$ 40,000,000 USD On any one Conveyance
 50,000,000 USD On any one Ranch and/or Flesher Location
 Selling Price Clause included

Subject to the following Deductibles:

- \$ 25,000 Each & Every Loss on Locations Owned Leased or Operated
- 10,000 Each & Every Loss at Farms or Flesher Locations or In Transit
- 100,000 Annual Aggregate Deductible above Each & Every Loss Deductible applies

Loss Payees:

Canadian Imperial Bank of Commerce - ATIMA (General Assignment)
Ontario Relationship Support Centre
595 Bay Street, Suite 500,
Toronto, Ontario M5G 2C2

HSBC Bank of Canada - ATIMA (General Assignment)
170 Atwell Drive,
Toronto, Ontario M9W 5Z5

Export Development Canada - ATIMA (General Assignment)
150 Slater Street,
Ottawa, Ontario K1A 1K3

Waiver of Recourse:

Norpol Sp. Z.o.o.
Zdzaryl,
72-100 Goleniow and/or
Lozienica, ul. Granitowa 12,
72-100 Goleniow, Poland

Top Lot Farms Inc. O/A
Top Lot Processors
702 N. Industrial Avenue,
Arlington, South Dakota 57212, USA



Krause Edwards Insurance Brokers Limited
 595 Cityview Blvd., Unit 15,
 Vaughan, Ontario L4H 3M7
 (B) 416.479.4294 (F) 416.479.4295

Furriers Excess Layer - *North American Fur Auctions Inc. A/O*
North American Fur Auctions (US) Inc. A/O
Associated Companies A/O Subsidiaries Companies

Price Forbes & Partners Policy # B0507SP1800799 - November 1st, 2018-2019 \$ 125,000. USD

\$ 150,000,000 USD On Fur Pelts and/or Skins each and every loss excess of
 50,000,000 USD Primary Coverage On any one Ranch and/or Flesher Location
 in storage at the Insured's Premises only

Schedule of Locations

- 1 – 65 Skyway Avenue, Toronto, Ontario M9W 6C7*
- 2 – 500 Carlingview Drive, Toronto, Ontario M9W 5R3*
- 3 – 205 Industrial Circle, Stoughton, Wisconsin 53589*
- 4 - 1600 Williams Drive, Stoughton, Wisconsin 53589*
- 5 – Lozienica, Ul. Granitowa 10, 72-100 Goleniow, Poland*

SCHEDULE 8.1(22)**RANCHER LIVESTOCK LOAN ADVANCES EXCEEDING U.S.\$1,500,000**

See attached.

NAFA - Loan greater than US \$1,500,000.00

ID	Name	USD	
			July 12, 2019
2552	GOSP. ROLNO-HOD. RAJMUND GASIOREK	\$	15,958,147
856801	A & M DITTRICH MINK FARM INC.	\$	10,605,352
19599	JASON MULLEN MINK RANCH LTD. # 8	\$	6,180,743
856814	GOODRICH FUR FARM LLC	\$	5,944,277
17630	MR. KESTUTIS RISKUS, UKININKAS KESTUTIS RISKUS	\$	4,923,786
9306	AKCIJU SABIEDRIBA "GROBINA"	\$	4,895,285
5805	BALTIC DEVON MINK SIA	\$	4,520,353
17836	BO TORBEN LARSEN, GINDESKOVGARD MINK APS	\$	3,543,949
17410	NIEUWENHUIS WYMIARKI 1 SP J	\$	3,157,668
17633	MR. KESTUTIS RISKUS, UKININKAS KESTUTIS RISKUS	\$	2,465,138
808638	EAGLE EYE FARM INC.	\$	2,375,178
17413	GEBR. NIEUWENHUIS SP TERM LOAN	\$	2,229,269
30200	HODOWLA NOREK EDYTA GASIOREK	\$	1,748,026
		Total	\$ 68,547,172

SCHEDULE 8.1(23)

REGISTRATION PROCEDURES FOR RANCHER LIVESTOCK LOAN SECURITY

See attached.

REGISTRATION PROCEDURES FOR RANCHER LIVESTOCK LOAN SECURITY

When a livestock loan is approved for a new rancher, a lien on live mink and its proceeds will be registered under relevant local Personal Property Security Act (PPSA) for Canadian ranchers or Uniform Commercial Code (UCC) for US ranchers, to protect the security interest of NAFA. The initial registration will be done for five years with the assumption that ranchers will continually be shipping to, and borrowing from, NAFA. At the expiry, it will be renewed for another five years. At the request of the consignor, NAFA will release a lien if there are no outstanding amounts owing to NAFA at the time of the request.

In Europe, NAFA's security interest in each consignor's mink is also registered with the appropriate local or national authorities.

SCHEDULE 8.1(40)**BANK ACCOUNTS**

See attached.

NMFA - Bank Accounts
 Required pursuant to Schedule 6.1(40) of the Third Amended and Restated Credit Agreement

Account Name	Account Number	Currency	Balance	Date	Name	Address	Telephone Number
NMFA Europe B.V.	NL63 RABO 0140 0243 02	EUR	41,342.30	9/27/2019	NMFA Europe B.V.	Tromweg 3, 3997 MN T GGT The Netherlands	31 6225 20745
North American For Auctions Inc	US17 RABO 0140 0243 02	USD	1,242,248.89	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
North Europe Cooperative U.A.	NL67 RABO 0151 1067 73	EUR	1,286,033.64	9/27/2019	North Europe Cooperative U.A.	Tromweg 3, 3997 MN T GGT The Netherlands	31 6225 20745
Total							
NMFA Europe B.V.	NL69 RABO 0140 0243 02	USD	84,373.17	9/27/2019	NMFA Europe B.V.	Tromweg 3, 3997 MN T GGT The Netherlands	31 6225 20745
North American For Auctions Inc	US17 RABO 0140 0243 02	USD	26,270.68	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Total							
NMFA CAD	142-038113-401	CAD	761.65	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Total							
NMFA RMB	142-038113-271	CNY	423,132.59	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Total							
NMFA EUR	142-038113-270	EUR	67,812.05	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA-POLSKA BRANCH	PL02-1280-0003-0000-0031-8615-4021	EUR	135,825.09	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA-POLSKA SP Z O O	PL17-1280-0003-0000-0031-8615-4021	EUR	1,000.00	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
DAIKOKU SP Z O O	PL44-1280-0003-0000-0031-7771-4021	EUR	33,348.93	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
NMFA POLSKA SP Z O O	PL76-1280-0003-0000-0031-8615-2021	EUR	35,404.07	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
NMFA POLSKA SP Z O O	PL87-1280-0003-0000-0031-7771-4023	EUR	332,435.74	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
Total							
DAIKOKU SP Z O O	PL02-1280-0003-0000-0031-8615-2021	PLN	37,183.48	9/27/2019	North American For Auctions Inc	Graniowa 10, Lodziena, Poland	+48 91 350 9320
VAT account for customer 177714	PL17-1280-0003-0000-0031-7771-4701	PLN	1,992.07	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
North American For Auctions Inc	PL42-1280-0003-0000-0031-8609-4021	PLN	164,317.84	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
North American For Auctions Inc	PL51-1280-0003-0000-0031-8615-4701	PLN	219,932.43	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
North American For Auctions Inc	PL66-1280-0003-0000-0031-7771-4021	PLN	733,425.82	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
VAT account for customer 180494	PL75-1280-0003-0000-0031-8609-4701	PLN	733,425.82	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
Total							
NMFA USD	142-038113-020	USD	75.97	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA-POLSKA SP Z O O	PL17-1280-0003-0000-0031-7771-4022	USD	1,093.37	9/27/2019	North American For Auctions Inc	ul. Graniowa 10 Lodziena, Golenow, Poland	+48 91 350 9320
NMFA-POLSKA BRANCH	PL76-1280-0003-0000-0031-8609-4022	USD	1,109.34	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Total							
North American For Auctions Bf Rep (HSEC China)	616-105183-001	CNY	86,280.49	9/27/2019	North American For Auctions Inc.	18 Floor, Fortune Financial Center, No.5 Dongshanhuan Zhong Road, Chaoyang District, Beijing, China 100020	86 10 59988620
Total							
CMIC	Account Number	Currency	Balance	Name	Address	Telephone Number	
TOR-BANKRUPT INTEREST	3772.47-01110	CDN	(170.60)	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO OPERATING	3772.47-01216	CDN	634,370.99	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
INVESTMENT ACCOUNT	3772.95-72113	CDN	36,951.65	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA/FCC	3772.88-55013	CDN	(3,493,003.18)	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO PROCEEDS	3772.47-01712	CDN	-	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO DEPOSIT (IN/OUT)	3772.47-02018	CDN	-	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
Operating Tranche B Credit Account	3772.66-74014	CDN	-	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
WSEC	3772.69-06214	CDN	57.02	9/26/2019	WSEC For Shippers Council	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA PROPERTIES INC.	3772.66-72813	CDN	-	9/26/2019	NMFA Properties Inc.	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO OPERATING	3772.02-20116	USD	564,945.96	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
US CO OPERATING	3772.02-25711	USD	-	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO/US PROCEEDS	3772.02-20213	USD	1,559.02	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
US CO PROCEEDS	3772.02-48816	USD	-	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
TORONTO DEPOSIT (IN/OUT)	3772.02-20914	USD	-	9/26/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA PROPERTIES INC. - USD	3772.02-20017	USD	70.69	9/26/2019	NMFA Properties Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
NMFA PROPERTIES INC. - CNY	3772.02-20018	USD	-	9/26/2019	NMFA Properties Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
SEGREGATION ACCOUNT	3772.02-36810	USD	-	9/26/2019	North American For Auctions Inc	921 N Main St., Edgerton, WI 53534	608-884-1184
Operating Tranche B Credit Account	3772.02-30715	USD	-	9/27/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
3306319 NOVA SCOTIA LTD	3772.73-96417	CDN	11.74	9/26/2019	3306319 Nova Scotia Ltd	710 Prince Street, Turoo NS, B7N 5H1	416-675-9320
WINNIPEG COLLECTORS	791-01012	USD	(5,318.27)	9/26/2019	North American For Auctions Inc	567 Henry Ave, Winnipeg, MB, R3A 0T8	204-774-3705
WINNIPEG COLLECTORS	710-07115	USD	(1,352.87)	9/26/2019	North American For Auctions Inc	567 Henry Ave, Winnipeg, MB, R3A 0T8	204-774-3705
NMFA	3772.70-05517	CDN	4,139.34	7/15/2019	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320
BMO Harris	Account Number	Currency	Balance	Name	Address	Telephone Number	
North American For Auctions (US) Inc	4808578743	USD	124,150.44	9/26/2019	North American For Auctions (US) Inc	1015 N Main St., Edgerton, WI 53534	608-884-1184
North American For Auctions (US) Inc	4808578751	USD	0	9/26/2019	North American For Auctions (US) Inc	1015 N Main St., Edgerton, WI 53534	608-884-1184
TORONTO CREDIT UNION	10039866	CDN	To be obtained	North American For Auctions Inc	65 Skyway Ave., Toronto, ON, M9W 6C7	416-675-9320	

SCHEDULE 9.1(5)(iv)
PAYMENT POLICIES

See attached.



MINK KIT
LOAN &
PELT
ADVANCES -
POLICY &
PRACTICES

2018/19

NORTH AMERICAN FUR AUCTIONS

Contents

1	Livestock loans	
1.1	Livestock loan per pelt.....	2
1.2	Procedure.....	2
1.3	PPSA/UCC registrations.....	3
1.4	Solicitor visit.....	3
1.5	Livestock insurance.....	4
1.6	Pelting/processing charges.....	4
1.7	Loan administration fee.....	4
2	Livestock Sale by Consignors	4
3	Pelt advances	
3.1	Advance per pelt.....	4
3.2	Procedure.....	5
4	Operating/Bridge/Other loans.....	5
5	Approving authorities.....	6
6	Interest rates.....	7
7	Loan recovery.....	7
8	Six Basic C's of All Lending.....	8
9	Other Control Procedures.....	8

1. Livestock loans

NAFA has made it an annual practice to grant mink kit loans to mink ranchers who have agreed to consign their mink to NAFA. This activity is an important part of the business and a vital mink solicitation tool. The purpose of these loans is to feed the mink from the time that they are weaned from their mother to the time when they are harvested for their pelts as well as to provide for basic ranch operating expenses such as labour. Usually, funds for livestock loans are advanced starting in June of each year until February of the following year. These loans are repaid when the harvested mink pelts are sold at auction.

1.1 Livestock loan per pelt

Loans to qualified rancher applicants will be based on the estimated number of kits he/she expects to ship to NAFA during the upcoming auction season. The maximum loan value per kit is approved each year by the NAFA Board of Directors; but general practice is to establish the maximum loan value as the lower of 50% of the previous auction season average per pelt or a per pelt value based upon present market conditions and the estimated costs of production. Currently, the standard livestock loan per pelt for North American ranchers is approximately \$20.00-\$25.00 US (between \$22.50 and \$27.50 for Canadian ranchers) and for European ranchers Euro 10.00- 20.00.

In situations where there are carried forward balances from the previous season, individual agreements are to be made with the rancher in consultation with senior management.

In addition to the normal kit loan disbursed to each North American rancher, a further amount of up to \$5 per pelt will be made available as an advance to cover pelting costs which is normally paid directly by NAFA to the pelt processor of choice for each consignor's mink. Pelting invoices for European ranchers will be considered on a case by case basis, as a pelt advance.

1.2 Procedure

In North America, the process starts with sending out standard NAFA Livestock Loan application package to ranchers at the beginning of May. Once NAFA head office receives properly completed and signed applications back from the ranchers, the formal livestock loan approval forms will be prepared. Due diligence such as PPSA/UCC searches and feedback from North American solicitors will be obtained as required before recommending the loan to the relevant approving authority.

In Europe, the branch offices receive the kit loan inquiries mainly through the European solicitor network. The solicitors visit the ranchers and gather the information required to process the kit loans early in the spring, and pass on the information to the branch offices who then obtain the necessary loan approvals.

In the case of recurrent loan request, the previous track record of financial dealings with NAFA, evidence of a reasonable financial situation, concrete arrangements for financing the crop over the full year will primarily be considered by the approving authority. New applications will be considered on a case by case basis. For larger loans, a monthly cash flow projection for the farm may be requested, along with a farm financial statement.

Special conditions or concessions might be recommended and later approved based on the past consignor performance, prior experience with the account or circumstances arising out of current market conditions.

Once the livestock loan is approved, security registrations will be done, if it does not already exist in PPSA or UCC systems. Standard loan agreement and security package will be mailed out to the qualified applicants indicating loan amount, pelt commitment, disbursement schedule, interest rate and other terms/conditions of the loan.

Once the loan and security agreements have been completed, signed and received back by NAFA, the loan disbursements will commence according to the previously established loan schedule, usually the first of each month between July and December. No disbursement will be made until Financial Institution Declaration is received. In the case of any financial institution indicating that it has a loan with a pledge on rancher's mink, a subordination agreement will be obtained in order to ensure NAFA has a priority interest on rancher's mink, unless exempted by approving authority.

1.3 PPSA/UCC registrations

When a livestock loan is approved for a new rancher, a lien on live mink and its proceeds will be registered under Personal Property Security Act (PPSA) for Canadian ranchers or Uniform Commercial Code (UCC) for US ranchers, to protect the security interest of NAFA. The initial registration will be done for five years with the assumption that rancher will continually be shipping to and borrowing from NAFA. At the expiry, it will be renewed for another five years. At the request of the consignor, NAFA will release lien, if there are no outstanding amounts owing to NAFA at the time of request.

In Europe, NAFA's security interest in each consignor's mink is also registered with the appropriate local or national authorities.

1.4 Solicitor visit

NAFA's solicitors will normally on an annual basis visit each mink rancher or farm and conduct a physical count of kits in order to verify the estimates made at the time of loan approval. In case of considerable deviations from the previously established kit production estimate, the livestock loan will be reduced or revised accordingly.

1.5 Livestock insurance

Most ranch livestock in Europe and growing population in North America are insured by Live Mink Insurance of which 50% of insurance premium is borne by NAFA. The policy runs for one year and the rancher's share of insurance premium is charged to individual account on Prompt Date of the first NAFA auction.

1.7 Pelting/processing charges

Once a pelting plant sends invoices to NAFA, for an individual rancher or farm that has made use of the plant's services in pelting their mink, along with the payment authorization form, NAFA will charge any amounts owing to the relevant rancher/farm account maintained in NAFA's consignor accounting system known as Creskin. Unless the processor is a NAFA owned and operated pelting plant, pelting costs will be considered part of loan and standard interest rates will apply to any payments made in respect of pelting costs.

1.8 Loan Administration Fee

NAFA charges an annual loan administration fee of \$100 to cover the costs such as PPSA/UCC searches, security registrations and other administration costs.

2. Livestock Sale by Consignors

It is customary in mink farming that ranchers may have the opportunity to sell livestock. Under the terms of NAFA Loan Agreement, a rancher who has a loan and committed to sell their pelts to NAFA, must notify their intention to sell livestock to NAFA's regional solicitor or the main office. NAFA will then determine the impact of intended livestock sale on the pelt commitment and the loan. NAFA will always work with the rancher to decide if such sale is viable and will make sure that consignor takes necessary steps to ensure the loan is covered. Therefore, prior authorization from NAFA is mandatory before any livestock sale can proceed.

3. Pelt advances

Pelt advances are funds loaned to a consignor that are over and above the normal kit loan limits. They are disbursed as a means of additional financing to any rancher that has already shipped goods to NAFA for an upcoming auction. The pelts have to be received by a NAFA warehouse, collection depot or authorized pelting plant in order for the pelt advance funds to be released.

3.1 Advance per pelt

The maximum advance per pelt will be decided case by case basis depending on the current market for type of pelt, quality of pelts and past averages of the consignor. However, the advance should not exceed 60% of

average price recorded in comparable previous year auction unless current market circumstances indicate that this amount should be reconsidered (usually down instead of up). For example, advance per pelt on pelts received for Spring 2019 auction should not exceed 60% of Spring 2018 average price for the consignor unless current market conditions, either good or bad, dictate some other form of loan limit in this regard.

3.2 Procedure

Consignors can request a pelt advance from any NAFA office/depot via phone or email. The NAFA office will then forward the request to NAFA Toronto for the approval and/or disbursement. Amount of the pelt advance will be based on the number of pelts received by NAFA or an authorized pelting plant. In the case where the pelts are already in possession of NAFA at the time of request, no additional documentation will be required before disbursing the advance. If the pelt advance request includes any pelts not already in NAFA's possession (i.e. to be delivered to a NAFA location within a short period of time), a signed promissory note will be obtained indicating the pelt commitment and associated financial obligation.

4. Operating/Bridge/Other loans

NAFA may approve operating/bridge/other loans based on special requests/circumstances. The CEO shall be consulted on most such loans unless they are less than \$50,000 in which case the CFO may authorize such a loan.

A promissory note in NAFA's format will be signed by consignor and NAFA and held on file at NAFA. As is the case with all other form of loan, any amount owing by a consignor will be deducted from the next available auction proceeds unless some other payment terms have been previously negotiated.

5. Approving authorities

Region	Loan Type	Loan Value	Approval Required
North America	Annual kit loan – recurring consignment	\$25/pelt to a max of \$250,000	NAFA regional solicitor, CFO or CEO
North America	Annual kit loan – recurring consignment	\$25/pelt to any amount exceeding \$500,000	NAFA regional solicitor, CFO & CEO
North America	Pelt advance – recurring consignment	60% of prior year's auction average to a max of \$500,000	NAFA regional solicitor, CFO or CEO
North America	Pelt advance – recurring consignment	Total kit & pelt advance loan amount exceeding \$500,000	NAFA regional solicitor, CFO & CEO
North America	Kit loan - new consignor	\$25/pelt to a max of \$100,000	NAFA regional solicitor, CFO or CEO
North America	Kit loan - new consignor	\$25/pelt to any amount exceeding \$100,000	NAFA regional solicitor, CFO & CEO
North America	Pelt advance - new consignor	60% of current projected market value after inspection to a max of \$250,000	NAFA regional solicitor, CFO or CEO
North America	Pelt advance - new consignor	Total kit & pelt advance loan amount exceeding \$250,000	NAFA regional solicitor, CFO & CEO

Region	Loan Type	Loan Value	Approval Required
Europe	Annual kit loan – recurring consignment	Up to 20€/pelt to a max of 500,000€	SVP Europe, CFO or CEO
Europe	Annual kit loan – recurring consignment	Up to 20€/pelt to any amount exceeding 500,000€	SVP Europe, CFO & CEO
Europe	Pelt advance – recurring consignment	60% of prior year's auction average to a max of 1,000,000€	SVP Europe, CFO or CEO
Europe	Pelt advance – recurring consignment	Total kit & pelt advance loan amount exceeding 1,000,000€	SVP Europe, CFO & CEO

Europe	Kit loan - new consignor	Up to 20€/pelt to a max of 250,000€	SVP Europe, CFO or CEO
Europe	Kit loan - new consignor	Up to 20€/pelt to any amount exceeding 250,000€	SVP Europe, CFO & CEO
Europe	Pelt advance - new consignor	60% of prior year's auction average to a max of 500,000€	SVP Europe, CFO or CEO
Europe	Pelt advance - new consignor	Total kit & pelt advance loan amount exceeding 500,000€	SVP Europe, CFO & CEO

The above lending ranges (i.e., up to 60% of prior year's averages) are not intended to be publically acknowledged to outside of NAFA. It is always NAFA management's preference to lend a consignor less money per pelt if possible so as to continue to reduce NAFA's exposure to any future loan losses and increase a consignor's own equity stake in their mink. However, NAFA will lend on a competitive basis where required.

Further, the limits above are also not intended to override good, sound judgement about the merits of any loan. If the elements of any loan look questionable and despite the authorization limits above, the CEO should be consulted on whether the loan should be granted or otherwise increased or modified in any material respect.

6. Interest rates

Standard interest rates on loan/advance are as follows;

Canadian Dollar loans/advances	Citi Canada prime rate plus 3%
US Dollar Loans/advances	Citibank prime rate plus 3%
European consignor loans/advances	Interest (known as a "special commission charge" on Polish loans) is set based on the Consignor Risk Rating. The Base Rate is set at 4.5% and discounts or premiums are applied based on the risk calculated by pre-determined parameters

Unless specifically stated otherwise in the individual loan agreement, standard interest rates will apply on all livestock loans and advances.

7. Loan recovery

Loan repayments and all related loan charges will be taken from the net proceeds of upcoming auction sale(s) at which the pelts are sold.

8. Six Basic C's of All Lending

- i. **Character** - Specific purpose for loan and serious intent to repay loan.
- ii. **Capacity** - Customer has legal authority to sign binding contract.
- iii. **Cash** - Does the borrower have the ability to generate enough cash to repay the loan?
- iv. **Collateral** - Does the borrower have adequate assets to support the loan?
- v. **Conditions** - Must look at the changing economic conditions to assess ability to repay.
- vi. **Control** - Does loan meet written loan policy?

9. Other Control Procedures

The Audit Committee of the NAFA Board will meet from time to time with the CFO during the course of each year (approximately 3 times a year) to review NAFA's total current consignor loan portfolio for reasonability in terms of loan amounts on a per pelt basis and general correctness.

SCHEDULE 9.1(15)(v)
EXISTING LOANS TO FARMERS

See attached.

SCHEDULE 11.12**NEW DEPOSITS ACCOUNT**

1. The New Deposits Account is not a trust account and shall at all times be subject to the Security.
2. The New Deposits Account is a “deposits only account” such that funds will not be withdrawable therefrom, other than as set out below.
3. Funds from the New Deposits Account may only be withdrawn pursuant to this Schedule to refund a Buyer new cash deposits paid by such Buyer to the Borrower after August 14, 2019 in connection with the Third Auction process (the “New Deposits”) or portion thereof (as applicable) if:
 - A. such Buyer purchased pelts (the “Purchased Pelts”) during the Third Auction process and has paid the Borrower the full amount of the purchase price for such Purchased Pelts (inclusive of the New Deposit paid by such Buyer) (the “Pelts Purchase Price”) by way of cash or letter of credit (which has been drawn) by October 31, 2019, but the Purchased Pelts have not been delivered to such Buyer (storage at the request of such Buyer shall be deemed to constitute delivery for the purposes of this section), in which case the full amount of the applicable New Deposit shall be refunded to such Buyer from the funds in the New Deposits Account;
 - B. such Buyer purchased pelts at the Third Auction and has paid the Borrower the full amount of the Pelts Purchase Price (inclusive of the New Deposit paid by such Buyer) by way of cash or letter of credit (which has been drawn) by October 31, 2019 and has received the Purchased Pelts but there is a balance remaining in the New Deposit paid by such Buyer, in which case the amount of such balance shall be refunded to such Buyer from the funds in the New Deposits Account; or
 - C. the New Deposit paid by such Buyer for Purchased Pelts is less than twenty five percent (25%) of the invoice value to be paid by Prompt Day for such Purchased Pelts, and on or before October 31, 2019, the Borrower has resold the applicable Purchased Pelts to another party, in which case the full amount of the applicable New Deposit shall be refunded to such Buyer from the funds in the New Deposits Account.
4. The Borrower will, on a daily basis or such more frequent intervals as the Agent may request from time to time, cause the Borrower’s Financial Advisor to report to the Agent as to the funds required to be withdrawn from the New Deposits Account in accordance with this Schedule, including any New Deposit that is forfeited by a Buyer.
5. The Borrower hereby irrevocably authorizes and directs the Agent:

- A. to transfer to Buyers, for and on behalf of the Borrower, any funds in the New Deposits Account that the Agent has been satisfied is to be refunded to Buyers in accordance with Section 3 above pursuant to wire instructions to be provided to the Agent by the Borrower;
- B. to transfer from the New Deposits Account into any bank account held by the Borrower with the Agent, which is subject to a CCC Agreement, the following:
 - (i) any funds in the New Deposits Account which are not New Deposits (including, for greater certainty, any Buyer Receipts paid by any Buyers into the New Deposits Account, notwithstanding Section 9.1(48) and Section 6 below below);
 - (ii) the full amount of the applicable New Deposit immediately upon payment in full of the Buyer Receipts for the applicable Purchased Pelts sold at the Third Auction for which such New Deposit was made into the New Deposits Account (which has not been refunded to the applicable Buyer in accordance with Section 3 above), written notice of which shall be immediately provided by the Borrower's Financial Advisor to the Agent, together with supporting documentation that is satisfactory to the Agent;
 - (iii) the full amount of any New Deposit that is forfeited by a Buyer; and
 - (iv) all funds in the New Deposits Account on November 1, 2019,

which funds shall, in each case, be immediately set-off and applied toward the satisfaction of the Obligations to the Operating Tranche A Credit Lenders.

- 6. For greater certainty, no other amounts are permitted to be deposited in the New Deposits Account.

This is Exhibit "H" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, consisting of stylized, overlapping letters that appear to be 'JW' followed by a long horizontal stroke.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 6
Page(s): 36

SEARCH : Business Debtor : NORTH AMERICAN FUR AUCTIONS INC.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 6
Page(s): 36

SEARCH : Business Debtor : NORTH AMERICAN FUR AUCTIONS INC.

FAMILY : 1 OF 6 ENQUIRY PAGE : 1 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 693654426 EXPIRY DATE : 07FEB 2020 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20140207 0949 6005 1603 REG TYP: P PPSA REG PERIOD: 06
02 IND DOB : IND NAME:
03 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

04 ADDRESS : CE65 AV SKYWAY OCN :
CITY : ETOBICOKE PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME:

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
NATIONAL LEASING GROUP INC.

09 ADDRESS : 1525 BUFFALO PLACE (2657102)
CITY : WINNIPEG PROV: MB POSTAL CODE: R3T 1L9
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE X MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13 ALL PICKERS, SINGLE REACH TRUCK OF EVERY NATURE OR KIND DESCRIBED IN
14 LEASE NUMBER 2657102 BETWEEN THE SECURED PARTY, AS LESSOR AND THE
15 DEBTOR AS LESSEE, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL
16 AGENT:

17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 1 OF 6 ENQUIRY PAGE : 2 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 693654426 EXPIRY DATE : 07FEB 2020 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20140207 0949 6005 1603 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:

04 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13 ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.
14

15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 2 OF 6 ENQUIRY PAGE : 3 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 712509129 EXPIRY DATE : 09DEC 2021 STATUS :
 01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :
 REG NUM : 20151209 1402 1462 1958 REG TYP: P PPSA REG PERIOD: 6
 02 IND DOB : IND NAME:
 03 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

04 ADDRESS : 65 SKYWAY AVE OCN :
 CITY : TORONTO PROV: ON POSTAL CODE: M9W6C7
 05 IND DOB : IND NAME:
 06 BUS NAME:

07 ADDRESS : OCN :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 XEROX CANADA LTD

09 ADDRESS : 33 BLOOR ST. E. 3RD FLOOR
 CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X X X X X X
 YEAR MAKE MODEL V.I.N.

11
 12

GENERAL COLLATERAL DESCRIPTION

13
 14
 15

16 AGENT: PPSA CANADA INC. - (3992)
 17 ADDRESS : 110 SHEPPARD AVE EAST, SUITE 303
 CITY : TORONTO PROV: ON POSTAL CODE: M2N6Y8

FAMILY : 3 OF 6 ENQUIRY PAGE : 4 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 723965544 EXPIRY DATE : 10JAN 2047 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20170110 1304 1590 4822 REG TYP: P PPSA REG PERIOD: 25
02 IND DOB : IND NAME:
03 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES DE L'AMER
IQUE DU NORD INC. OCN :
04 ADDRESS : 65 SKYWAY AVENUE
CITY : TORONTO PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC. OCN :
07 ADDRESS : 65 SKYWAY AVENUE
CITY : TORONTO PROV: ON POSTAL CODE: M9W 6C7

08 SECURED PARTY/LIEN CLAIMANT :
BUSINESS DEVELOPMENT BANK OF CANADA
09 ADDRESS : 3985 HIGHWAY 7 EAST, SUITE 201
CITY : MARKHAM PROV: ON POSTAL CODE: L3R 2A2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: WILSON VUKELICH LLP (GV/DMS 02-4988)
17 ADDRESS : 710-60 COLUMBIA WAY
CITY : MARKHAM PROV: ON POSTAL CODE: L3R 0C9

FAMILY : 3 OF 6 ENQUIRY PAGE : 5 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 723965544 EXPIRY DATE : 10JAN 2047 STATUS :
 01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
 REG NUM : 20170110 1304 1590 4822 REG TYP: REG PERIOD:

02 IND DOB : IND NAME:
 03 BUS NAME: LES ENCANS DE FOURRURES DE L'AMERIQUE DU NORD INC.

04 ADDRESS : 65 SKYWAY AVENUE OCN :
 CITY : TORONTO PROV: ON POSTAL CODE: M9W 6C7

05 IND DOB : IND NAME:
 06 BUS NAME:

07 ADDRESS : OCN :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
 CITY : PROV: POSTAL CODE:
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE MODEL V.I.N.

11
 12

GENERAL COLLATERAL DESCRIPTION

13
 14
 15

16 AGENT:

17 ADDRESS :
 CITY : PROV: POSTAL CODE:

FAMILY : 3 OF 6 ENQUIRY PAGE : 6 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 723965544
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 01 OF 001 MV SCHED: 20170110 1452 1590 4851
21 REFERENCE FILE NUMBER : 723965544
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS D
E FOURRURES DE L'AMERIQUE DU NORD INC.
25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : WILSON VUKELICH LLP (GV/DMS 02-4988)
17 ADDRESS : 710-60 COLUMBIA WAY
CITY : MARKHAM PROV : ON POSTAL CODE : L3R 0C9

FAMILY : 4 OF 6 ENQUIRY PAGE : 7 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 727990731 EXPIRY DATE : 25MAY 2024 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 002 MV SCHEDULE ATTACHED :
 REG NUM : 20170525 1145 1862 5347 REG TYP: P PPSA REG PERIOD: 7
 02 IND DOB : IND NAME:
 03 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

OCN :
 04 ADDRESS : 65 SKYWAY AVENUE
 CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7
 05 IND DOB : IND NAME:
 06 BUS NAME: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES DE L'AMER
 IQUE DU NORD INC. OCN :
 07 ADDRESS : 65 SKYWAY AVENUE
 CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7

08 SECURED PARTY/LIEN CLAIMANT :
 FARM CREDIT CANADA

09 ADDRESS : 1133 ST. GEORGE BLVD., SUITE 200
 CITY : MONCTON PROV: NB POSTAL CODE: E1E 4E1
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X X
 YEAR MAKE MODEL V.I.N.

11
 12

GENERAL COLLATERAL DESCRIPTION

13
 14
 15

16 AGENT: GOWLING WLG (CANADA) LLP
 17 ADDRESS : ONE MAIN STREET WEST
 CITY : HAMILTON PROV: ON POSTAL CODE: L8P 4Z5

FAMILY : 4 OF 6 ENQUIRY PAGE : 8 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 727990731 EXPIRY DATE : 25MAY 2024 STATUS :
01 CAUTION FILING : PAGE : 002 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20170525 1145 1862 5347 REG TYP: REG PERIOD:

02 IND DOB : IND NAME:
03 BUS NAME: LES ENCANS DE FOURRURES DE L'AMERIQUE DU NORD INC.
OCN :

04 ADDRESS : 65 SKYWAY AVENUE
CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7

05 IND DOB : IND NAME:
06 BUS NAME: LES ENCANS DE FOURRURES DE L'AMERIQUE DU NORD INC. NORTH AMERICAN
FUR AUCTIONS INC. OCN :

07 ADDRESS : 65 SKYWAY AVENUE
CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION

13
14
15

16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 5 OF 6 ENQUIRY PAGE : 9 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 862676964 EXPIRY DATE : 08JUN 2021 STATUS :
01 CAUTION FILING : PAGE : 01 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20000608 1639 9065 9181 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

04 ADDRESS : 65 SKYWAY AVENUE OCN :
CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME: OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
CANADIAN IMPERIAL BANK OF COMMERCE, AS AGENT

09 ADDRESS : 161 BAY STREET, 8TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2S8
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15

16 AGENT: BLAKE, CASSELS & GRAYDON LLP (PSM/JMX)
17 ADDRESS : BOX 25, COMMERCE COURT WEST
CITY : TORONTO PROV: ON POSTAL CODE: M5L 1A9

FAMILY : 5 OF 6 ENQUIRY PAGE : 10 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

00 FILE NUMBER : 862676964 EXPIRY DATE : 08JUN 2021 STATUS :
01 CAUTION FILING : PAGE : 02 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20000608 1639 9065 9181 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:

04 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : ATTN DIRECTOR, AGENCY ADMINISTRATION
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15

16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 5 OF 6 ENQUIRY PAGE : 11 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
 PAGE TOT REGISTRATION NUM REG TYPE
 01 CAUTION : 01 OF 003 MV SCHED: 20000609 1641 9065 9223
 21 REFERENCE FILE NUMBER : 862676964
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

25 OTHER CHANGE:
 26 REASON: TO ADD THE FRENCH VERSION OF THE BUSINESS DEBTOR NAME TO
 27 /DESCR: REGISTRATION NO. 20000608 1639 9065 9181.
 28 :
 02/05 IND/TRANSFEE:
 03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR PRODUCERS MARKETING INC./LES PRODUCTEU
 RS DE FOURRURES NORD-AMERICAINS MARKETING INC. OCN:
 04/07 ADDRESS:
 CITY: PROV: POSTAL CODE:
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
 CITY : PROV : POSTAL CODE :
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
 11
 12
 13
 14
 15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/JMX)
 17 ADDRESS : BOX 25, COMMERCE COURT WEST
 CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 5 OF 6 ENQUIRY PAGE : 12 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20000609 1641 9065 9223
21 REFERENCE FILE NUMBER : 862676964

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES PRODUCTEURS DE FOURRURES NORD-AMERICAINS MARKETING IN
C. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 5 OF 6 ENQUIRY PAGE : 13 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

PAGE TOT FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : 03 OF 003 MV SCHED: 20000609 1641 9065 9223

21 REFERENCE FILE NUMBER : 862676964

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES PRODUCTEURS DE FOURRURES NORD-AMERICAINS MARKETING IN
C./ NORTH AMERICAN FUR PRODUCERS MARKETING INC. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 5 OF 6 ENQUIRY PAGE : 14 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20050425 1949 1531 1272
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

04/07 ADDRESS: OCN:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : SUITE 180-13571 COMMERCE PARKWAY
CITY : RICHMOND PROV : BC POSTAL CODE : V6V2L1

FAMILY : 5 OF 6 ENQUIRY PAGE : 15 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20100406 1451 1531 5486
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

04/07 ADDRESS: OCN:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 5 OF 6 ENQUIRY PAGE : 16 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
 PAGE TOT REGISTRATION NUM REG TYPE
 01 CAUTION : 01 OF 001 MV SCHED: 20130129 1948 1531 9643
 21 REFERENCE FILE NUMBER : 862676964
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

25 OTHER CHANGE:
 26 REASON: TO AMEND DEBTOR'S NAME AND SECURED PARTY'S ADDRESS.
 27 /DESCR:
 28 :
 02/05 IND/TRANSFEE:
 03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC.

OCN:
 04/07 ADDRESS: 65 SKYWAY AVENUE
 CITY: REXDALE PROV: ON POSTAL CODE: M9W 6C7
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
 CANADIAN IMPERIAL BANK OF COMMERCE
 09 ADDRESS : 595 BAY STREET, 5TH FLOOR
 CITY : TORONTO PROV : ON POSTAL CODE : M5G 2C2
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
 11
 12
 13
 14
 15

16 NAME : D+H LIMITED PARTNERSHIP
 17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
 CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 5 OF 6 ENQUIRY PAGE : 17 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
 REGISTRATION NUM REG TYPE
 01 CAUTION : PAGE TOT 20141006 1335 1862 2320
 21 REFERENCE FILE NUMBER : 862676964
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
 26 REASON: TO INCLUDE ADDITIONAL VERSIONS OF THE DEBTORS NAME.
 27 /DESCR:
 28 :
 02/05 IND/TRANSFEE:
 03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR PRODUCERS MARKETING INC. LES PRODUCTEU
 RS DE FOURRURES NORD-AMERICAINS MARKETING INC. OCN:
 04/07 ADDRESS:
 CITY: PROV: POSTAL CODE:
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
 CITY : PROV : POSTAL CODE :
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
 11
 12
 13
 14
 15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)
 17 ADDRESS : SUITE 4000, COMMERCE COURT WEST
 CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 5 OF 6 ENQUIRY PAGE : 18 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141006 1335 1862 2320
21 REFERENCE FILE NUMBER : 862676964

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES PRODUCTEURS DE FOURRURES NORD-AMERICAINS MARKETING IN
C. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 5 OF 6 ENQUIRY PAGE : 19 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 002 MV SCHED: 20141006 1338 1862 2323
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
26 REASON: TO INCLUDE ADDITIONAL VERSIONS OF THE DEBTORS NAME.
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES
DE D'AMERIQUE DU NORD INC. OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)
17 ADDRESS : SUITE 4000, COMMERCE COURT WEST
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 5 OF 6 ENQUIRY PAGE : 20 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141006 1338 1862 2323
21 REFERENCE FILE NUMBER : 862676964

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES ENCANS DE FOURRURES DE D'AMERIQUE DU NORD INC.
OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 5 OF 6 ENQUIRY PAGE : 21 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141008 1244 1862 2491
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
26 REASON: TO CORRECT THE ADDITIONAL VERSIONS OF THE DEBTORS NAME.
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES
DE L'AMERIQUE DU NORD INC. OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)
17 ADDRESS : SUITE 4000, COMMERCE COURT WEST
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 5 OF 6 ENQUIRY PAGE : 22 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141008 1244 1862 2491
21 REFERENCE FILE NUMBER : 862676964

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES ENCANS DE FOURRURES DE L'AMERIQUE DU NORD INC.
OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 5 OF 6 ENQUIRY PAGE : 23 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 01 OF 001 MV SCHED: 20150513 1952 1531 3306
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : D+H LIMITED PARTNERSHIP
17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 5 OF 6 ENQUIRY PAGE : 24 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 862676964
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 01 OF 001 MV SCHED: 20190712 1451 1590 0985
21 REFERENCE FILE NUMBER : 862676964
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 1 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

04/07 ADDRESS: OCN:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (MICH/LLB)
17 ADDRESS : 4000 COMMERCE COURT WEST, 199 BAY STREET
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 25 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

THIS REGISTRATION WAS MADE UNDER THE CORPORATION SECURITIES
REGISTRATION ACT (R.S.O.1980, C.94) OR A PREDECESSOR THEREOF.
A COPY OF THE INSTRUMENT IS AVAILABLE FOR INSPECTION IN THE
OFFICES OF THE MINISTRY OF CONSUMER AND BUSINESS SERVICES
LOCATED AT:

375 UNIVERSITY AVENUE, 3RD FLOOR
TORONTO, ONTARIO
M7A 2H6 TEL. (416) 325-8810

FILE NUM: 900887607 CSRA NUM: 88760 PAGE: 001 OF 001 STATUS:

DEBTOR NAME :
HUDSON'S BAY FUR SALES CANADA INC.

DEBTOR NAME :

FAMILY : 6 OF 6 ENQUIRY PAGE : 26 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
01 CAUTION : PAGE TOT REGISTRATION NUM REG TYPE
OF MV SCHED: 19910607 1420 0043 3646 P PPSA
21 REFERENCE FILE NUMBER : 88760
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: HUDSON'S BAY FUR SALES CANADA INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

04/07 ADDRESS: OCN:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : BLAKE, CASSELS & GRAYDON (KSA)
17 ADDRESS : BOX 25, COMMERCE COURT WEST
CITY : TORONTO PROV : ONT POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 27 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
 PAGE TOT REGISTRATION NUM REG TYPE
 01 CAUTION : 01 OF 02 MV SCHED: 19920327 1354 0043 1902 P PPSA
 21 REFERENCE FILE NUMBER : 900887607
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: HUDSON'S BAY FUR SALES CANADA INC.

25 OTHER CHANGE:
 26 REASON: CHANGE OF NAME OF DEBTOR
 27 /DESCR:
 28 :
 02/05 IND/TRANSFEE:
 03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR PRODUCERS MARKETING INC.
 OCN:

04/07 ADDRESS:
 CITY: PROV: POSTAL CODE:
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
 CITY : PROV : POSTAL CODE :
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
 11
 12
 13
 14
 15

16 NAME : BLAKE, CASSELS & GRAYDON (AA)
 17 ADDRESS : BOX 25, COMMERCE COURT WEST
 CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 28 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 02 OF 02 MV SCHED: 19920327 1354 0043 1902

21 REFERENCE FILE NUMBER : 900887607
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES PRODUCTEURS DE FOURRURES NORD-AMERICAINS MARKETING IN
C. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 6 OF 6 ENQUIRY PAGE : 29 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 01 OF 001 MV SCHED: 20130129 1948 1531 9642
21 REFERENCE FILE NUMBER : 900887607
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
26 REASON: TO AMEND DEBTOR'S NAME.
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC.

OCN:
04/07 ADDRESS: 65 SKYWAY AVE
CITY: ETOBICOKE PROV: ON POSTAL CODE: M9W 6C7
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : D+H LIMITED PARTNERSHIP
17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 6 OF 6 ENQUIRY PAGE : 30 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20130130 1951 1531 0488
21 REFERENCE FILE NUMBER : 900887607
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR PRODUCERS MARKETING INC.

25 OTHER CHANGE:
26 REASON: TO AMEND DEBTOR'S NAME.
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC.

OCN:
04/07 ADDRESS: 65 SKYWAY AVE
CITY: ETOBICOKE PROV: ON POSTAL CODE: M9W 6C7
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : D+H LIMITED PARTNERSHIP
17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 6 OF 6 ENQUIRY PAGE : 31 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
 REGISTRATION NUM REG TYPE
 01 CAUTION : PAGE TOT 20141006 1335 1862 2321

21 REFERENCE FILE NUMBER : 900887607

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:

26 REASON: TO INCLUDE ADDITIONAL VERSIONS OF THE DEBTORS NAME.

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR PRODUCERS MARKETING INC. LES PRODUCTEU
 RS DE FOURRURES NORD-AMERICAINS MARKETING INC. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :	DATE OF	NO FIXED
CONS.	MV		MATURITY OR	MAT DATE
GOODS INVTRY	EQUIP	ACCTS	OTHER	
INCL	AMOUNT			

10

11

12

13

14

15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)

17 ADDRESS : SUITE 4000, COMMERCE COURT WEST

CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 32 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141006 1335 1862 2321
21 REFERENCE FILE NUMBER : 900887607

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES PRODUCTEURS DE FOURRURES NORD-AMERICAINS MARKETING IN
C. OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 6 OF 6 ENQUIRY PAGE : 33 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 002 MV SCHED: 20141006 1338 1862 2324

21 REFERENCE FILE NUMBER : 900887607

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:

26 REASON: TO INCLUDE ADDITIONAL VERSIONS OF THE DEBTORS NAME.

27 /DESCR:

28 :

02/05 IND/TRANSFEREE:

03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES
DE D'AMERIQUE DU NORD INC. OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :

PROV :

POSTAL CODE :

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

INCL

AMOUNT

MATURITY OR

MAT DATE

10

11

12

13

14

15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)

17 ADDRESS : SUITE 4000, COMMERCE COURT WEST

CITY : TORONTO

PROV : ON

POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 34 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20141006 1338 1862 2324
002 OF 002 MV SCHED:

21 REFERENCE FILE NUMBER : 900887607
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: LES ENCANS DE FOURRURES DE D'AMERIQUE DU NORD INC.
OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

FAMILY : 6 OF 6 ENQUIRY PAGE : 35 OF 36
 SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
 REGISTRATION NUM REG TYPE
 01 CAUTION : PAGE TOT 20141008 1244 1862 2492
 21 REFERENCE FILE NUMBER : 900887607
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NORTH AMERICAN FUR AUCTIONS INC.

25 OTHER CHANGE:
 26 REASON: TO CORRECT THE ADDITIONAL VERSIONS OF THE DEBTORS NAME.
 27 /DESCR:
 28 :
 02/05 IND/TRANSFEE:
 03/06 BUS NAME/TRFEE: NORTH AMERICAN FUR AUCTIONS INC. LES ENCANS DE FOURRURES
 DE L'AMERIQUE DU NORD INC. OCN:
 04/07 ADDRESS:
 CITY: PROV: POSTAL CODE:
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
 CITY : PROV : POSTAL CODE :
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
 11
 12
 13
 14
 15

16 NAME : BLAKE, CASSELS & GRAYDON LLP (PSM/LLB)
 17 ADDRESS : SUITE 4000, COMMERCE COURT WEST
 CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 6 OF 6 ENQUIRY PAGE : 36 OF 36
SEARCH : BD : NORTH AMERICAN FUR AUCTIONS INC.

FILE NUMBER 900887607
REGISTRATION NUM REG TYPE
20141008 1244 1862 2492
01 CAUTION : PAGE TOT
002 OF 002 MV SCHED:
21 REFERENCE FILE NUMBER : 900887607
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: LES ENCANS DE FOURRURES DE L'AMERIQUE DU NORD INC.
OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME :
17 ADDRESS :
CITY : PROV : POSTAL CODE :

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 3
Page(s): 5

SEARCH : Business Debtor : NAFA PROPERTIES INC.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 3
Page(s): 5

SEARCH : Business Debtor : NAFA PROPERTIES INC.

FAMILY : 1 OF 3 ENQUIRY PAGE : 1 OF 5
SEARCH : BD : NAFA PROPERTIES INC.

00 FILE NUMBER : 693459936 EXPIRY DATE : 29JAN 2029 STATUS :
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20140129 1433 1530 9712 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: NAFA PROPERTIES INC.

OCN :

04 ADDRESS : 65 SKYWAY AVENUE
CITY : ETOBICOKE PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
CANADIAN IMPERIAL BANK OF COMMERCE
09 ADDRESS : 595 BAY STREET, 5TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5G 2C2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION

13
14
15
16 AGENT: D+H LIMITED PARTNERSHIP
17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE
CITY : BURNABY PROV: BC POSTAL CODE: V5G 3S8

FAMILY : 1 OF 3
SEARCH : BD : NAFA PROPERTIES INC.

ENQUIRY PAGE : 2 OF 5

FILE NUMBER 693459936

01 CAUTION : PAGE TOT REGISTRATION NUM REG TYPE
01 OF 001 MV SCHED: 20181106 1044 1529 5374

21 REFERENCE FILE NUMBER : 693459936

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 10 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: NAFA PROPERTIES INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEREE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :

PROV :

POSTAL CODE :

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

INCL

AMOUNT

MATURITY OR

MAT DATE

10

11

12

13

14

15

16 NAME : D+H LIMITED PARTNERSHIP

17 ADDRESS : SUITE 200, 4126 NORLAND AVENUE

CITY : BURNABY

PROV : BC

POSTAL CODE : V5G 3S8

FAMILY : 2 OF 3 ENQUIRY PAGE : 3 OF 5
SEARCH : BD : NAFA PROPERTIES INC.

00 FILE NUMBER : 723965517 EXPIRY DATE : 10JAN 2047 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20170110 1303 1590 4821 REG TYP: P PPSA REG PERIOD: 25
02 IND DOB : IND NAME:
03 BUS NAME: NAFA PROPERTIES INC.

04 ADDRESS : 65 SKYWAY AVENUE OCN :
CITY : TORONTO PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME:

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
BUSINESS DEVELOPMENT BANK OF CANADA
09 ADDRESS : 3985 HIGHWAY 7 EAST, SUITE 201
CITY : MARKHAM PROV: ON POSTAL CODE: L3R 2A2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15

16 AGENT: WILSON VUKELICH LLP (GV/DMS 02-4988)
17 ADDRESS : 710-60 COLUMBIA WAY
CITY : MARKHAM PROV: ON POSTAL CODE: L3R 0C9

FAMILY : 2 OF 3
SEARCH : BD : NAFAPROPERTIES INC.

ENQUIRY PAGE : 4 OF 5

01 CAUTION : PAGE TOT REGISTRATION NUM REG TYPE
01 OF 001 MV SCHED: 20170110 1452 1590 4850
21 REFERENCE FILE NUMBER : 723965517
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NAFAPROPERTIES INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:

04/07 ADDRESS: OCN:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : WILSON VUKELICH LLP (GV/DMS 02-4988)
17 ADDRESS : 710-60 COLUMBIA WAY
CITY : MARKHAM PROV : ON POSTAL CODE : L3R 0C9

FAMILY : 3 OF 3 ENQUIRY PAGE : 5 OF 5
SEARCH : BD : NAFA PROPERTIES INC.

00 FILE NUMBER : 727990722 EXPIRY DATE : 25MAY 2024 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20170525 1145 1862 5346 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: NAFA PROPERTIES INC.

04 ADDRESS : 65 SKYWAY AVENUE OCN :
CITY : REXDALE PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME:

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FARM CREDIT CANADA

09 ADDRESS : 1133 ST. GEORGE BLVD., SUITE 200
CITY : MONCTON PROV: NB POSTAL CODE: E1E 4E1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13
14
15

16 AGENT: GOWLING WLG (CANADA) LLP
17 ADDRESS : ONE MAIN STREET WEST
CITY : HAMILTON PROV: ON POSTAL CODE: L8P 4Z5

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 1
Page(s): 1

SEARCH : Business Debtor : 3306319 NOVA SCOTIA LIMITED

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 10/25/2019
File Currency Date: 10/24/2019
Family(ies): 1
Page(s): 1

SEARCH : Business Debtor : 3306319 NOVA SCOTIA LIMITED

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 1
SEARCH : BD : 3306319 NOVA SCOTIA LIMITED

00 FILE NUMBER : 753277347 EXPIRY DATE : 12JUL 2024 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20190712 0854 1590 0905 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 3306319 NOVA SCOTIA LIMITED

OCN :
04 ADDRESS : 65 SKYWAY AVENUE
CITY : ETOBICOKE PROV: ON POSTAL CODE: M9W 6C7
05 IND DOB : IND NAME:
06 BUS NAME: 3306319 NOVA SCOTIA LIMITED

OCN :
07 ADDRESS : 710 PRINCE STREET
CITY : TRURO PROV: NS POSTAL CODE: B2N 1G6

08 SECURED PARTY/LIEN CLAIMANT :
CANADIAN IMPERIAL BANK OF COMMERCE

09 ADDRESS : 595 BAY STREET, 5TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5G 2C2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
13 GENERAL COLLATERAL DESCRIPTION

14
15
16 AGENT: BLAKE, CASSELS & GRAYDON LLP (MICH/LLB)
17 ADDRESS : 4000 COMMERCE COURT WEST, 199 BAY STREET
CITY : TORONTO PROV: ON POSTAL CODE: M5L 1A9

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)
Search Criteria: 3306319 NOVA SCOTIA LIMITED
Date and Time of Search: 2019-10-25 14:15 (Atlantic)
Transaction Number: 19021064
Searched By: S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	27611672	3306319 Nova Scotia Limited	Rexdale
*	*	28496404	3306319 Nova Scotia Limited	Toronto
*	*	31471311	3306319 NOVA SCOTIA LIMITED	TRURO
*	*	31471311	3306319 NOVA SCOTIA LIMITED	ETOBICOKE
	*	28406601	3306319 NOVA SCOTIA LTD	DIGBY

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 4 registration(s) contained information that **exactly** matched the search criteria you specified.

- 1 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 27611672

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	27611672	2017-05-12 12:06	2022-05-12	BWS162447
Amendment	31491384	2019-07-18 16:32	2022-05-12	SM000581.1136

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 3306319 Nova Scotia Limited
 Lawson, Douglas
 President
 65 Skyway Avenue
 Rexdale ON M9W 6C7
 Canada

Secured Parties

Type: Enterprise
 North American Fur Auctions Inc.
 Boyd, Donald
 Chairman
 65 Skyway Avenue
 Rexdale ON M9W 6C7
 Canada

General Collateral

All of the debtor's present and after-acquired personal property.

Additional Information

Added by registration number 31491384

THE REGISTRATION IS SUBJECT TO A SUBORDINATION AGREEMENT MADE BETWEEN THE DEBTOR, THE SECURED PARTY AND CANADIAN IMPERIAL BANK OF COMMERCE DATED AS OF JULY 17, 2019 WHEREIN THE SECURED PARTY SUBORDINATES ITS INTEREST IN THE GENERAL COLLATERAL TO THE INTEREST OF CANADIAN IMPERIAL BANK OF COMMERCE (REGISTRATION NUMBER 31471311 AS AMENDED BY REGISTRATION NUMBER 31472350).

Registration Details for Registration Number: 28496404

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	28496404	2017-10-31 15:09	2027-10-31	BWS 171936

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 3306319 Nova Scotia Limited
 Lawson, Douglas

President
65 Skyway Avenue
Toronto ON M9W 6C7
Canada

Secured Parties

Type: Enterprise
Farm Credit Canada
Boukayli, Dima
Senior Relationship Management Associate
210-7025 Langer Drive
Mississauga ON L5N 0E8
Canada
Phone #: 905-542-8202

General Collateral

1. All present and after-acquired personal property
2. All mobile equipment including but not limited to motorized feed carts, tractors, excavator, pick up trucks, stock trailer and gooseneck trailer located at Riverdale Road, Riverdale, NS and 569 Middle Cross Road, Roxville, NS together with all present and after-acquired attachments, accessories and accessions thereto, including, but not limited to the following:
 - 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 6B84
 - 2011 HLA 3000 Horst Snow Blade (8 ft)
 - 2008 Chevrolet 3500 (Diesel)
 - 2011 GMC Sierra Regular Cab (Diesel)
 - 2011 Chevrolet Silverado LTZ (Diesel)
 - 2000 Featherlite Stock Trailer Model #200
 - 2006 LWL_ Gooseneck Tri-axle (20x8 ft)
 - Mand 53ft Van Trailer
 - 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
 - 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
- All types and kinds of personal property which are proceeds of the Collateral, including without limitation, goods, crops, chattel paper, securities, investment property, documents of title, instruments, money and intangibles (including accounts).

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
4FGL02429YC029876	Trailer	2000 Featherlite Stock Trailer	28496404	
2L9GS43986B105221	Trailer	2006 Linkletter Dump Trailer 20 Ft.	28496404	
56197	Motor Vehicle	2004 Kubota M8200DTHSC-1 4WD Tractor	28496404	
7163566	Motor Vehicle	M740 Loader	28496404	
LA0602525	Motor Vehicle	2011 Kobelco 215SR 20 ton Excavator	28496404	
56197	Motor Vehicle	2006 Kubota 4WD Tractor M8200DTHSC1	28496404	
4FGL02429YC029876	Trailer	2000 Feather Stock Trailer Colour: Grey	28496404	
2L9GS43986B105221	Trailer	2006 Dump Trailer Colour: Black	28496404	
1GC1KYC81BF134160	Motor Vehicle	2011 Chev Silverado 2500	28496404	
1GT020C86BF116850	Motor Vehicle	2011 GMC Sierra 2500	28496404	
1GCJK34618E144377	Motor Vehicle	2008 Chev Silverado	28496404	
2L49G843986B10521	Trailer	2008 Linkletter Trailer	28496404	

Registration Details for Registration Number: 31471311

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	31471311	2019-07-15 14:30	2024-07-15	SM000581.1136
Amendment	31472350	2019-07-15 16:23	2024-07-15	SM000581.1136

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 3306319 NOVA SCOTIA LIMITED
 710 PRINCE STREET
 TRURO NS B2N 1G6
 Canada

Type: Enterprise
 3306319 NOVA SCOTIA LIMITED
 65 SKYWAY AVENUE
 ETOBICOKE ON M9W 6C7
 Canada

Secured Parties

Type: Enterprise
 CANADIAN IMPERIAL BANK OF COMMERCE
 595 BAY STREET, 5TH FLOOR
 TORONTO ON M5G 2C2
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
4FGL02429YC029876	Trailer	2000 Featherlite Stock Trailer	31472350	
2L9GS43986B105221	Trailer	2006 Linkletter Dump Trailer 20 Ft.	31472350	
56197	Motor Vehicle	2004 Kubota M8200DTHSC-1 4WD Tractor	31472350	
7163566	Motor Vehicle	M740 Loader	31472350	
LA0602525	Motor Vehicle	2011 Kobelco 215SR 20 ton Excavator	31472350	
56197	Motor Vehicle	2006 Kubota 4WD Tractor M8200DTHSC1	31472350	
4FGL02429YC029876	Trailer	2000 Feather Stock Trailer Colour: Grey	31472350	
2L9GS43986B105221	Trailer	2006 Dump Trailer Colour: Black	31472350	
1GC1KYC81BF134160	Motor Vehicle	2011 Chev Silverado 2500	31472350	
1GT020C86BF116850	Motor Vehicle	2011 GMC Sierra 2500	31472350	
1GCJK34618E144377	Motor Vehicle	2008 Chev Silverado	31472350	
2L49G843986B10521	Trailer	2008 Linkletter Trailer	31472350	
ZGLE51747	Motor Vehicle	2017 NEWHOL T4.90	31472350	
ZGLE50666	Motor Vehicle	2016 NEWHOL T4.90	31472350	
1GT02ZC80DF130041	Motor Vehicle	2013 GMC Sierra 2500	31472350	
50874	Motor Vehicle	2013 Kubota 4wd factory cab	31472350	
E0063	Motor Vehicle	2013 Kubota Loader	31472350	
13LA11187	Motor Vehicle	2013 HLA rotator forks	31472350	
M600027	Trailer	M60 Feed cart	31472350	

Registration Details for Registration Number: 28406601

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	28406601	2017-10-13 10:57	2022-10-13	1714481-NH1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 3306319 NOVA SCOTIA LTD
 569 MIDDLE CROSS RD ROXVILLE
 DIGBY NS B0V 1A0
 CANADA

Secured Parties

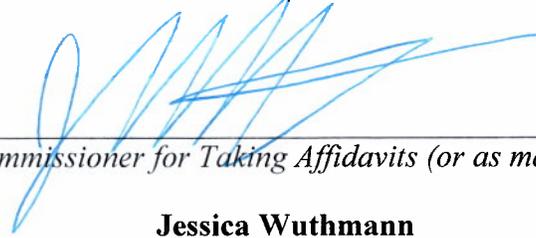
Type: Enterprise
 CNH Industrial Capital Canada Ltd.
 4475 North Service Road
 Burlington ON L7L 4X7
 Canada
 Fax #: 773-289-5256

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
ZGLE51747	Motor Vehicle	2017 NEWHOL T4.90	28406601	
ZGLE50666	Motor Vehicle	2016 NEWHOL T4.90	28406601	

END OF REPORT

This is Exhibit "I" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a stylized name.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann



ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

07424-0195 (LTT)

PAGE 1 OF 4
PREPARED FOR Annletran
ON 2019/10/25 AT 10:27:47

PROPERTY DESCRIPTION: PT LT 21 CON 3 FTH ETOBICOKE; PT RDAL BTN CON 2 & 3 FTH ETOBICOKE CLOSED BY EB528845, PT 3, 6, 7, 8 64R8647; S/T DEBTS IN EB373297; S/T EB529811;
TORONTO (ETOBICOKE) ; CITY OF TORONTO

PROPERTY REMARKS:
ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2004/06/21

OWNERS' NAMES
REBECCA'S GIFT HOLDINGS LIMITED
BLACK, ANNE
BLACK, LORNE GARY
BLACK, STEPHEN HOWARD
BLACK, IAN NEIL
BLACK, JOSEPH-ESTATE
1350739 ONTARIO LIMITED

CAPACITY SHARE
TCOM 1/2
TWM
TWM
TWM
TWM

1/6
2/6

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
**	PRINTOUT	INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **				
**	SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO				
**		SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *				
**		AND ESCHEATS OR FORFEITURE TO THE CROWN.				
**		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF				
**		IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY				
**		CONVENTION.				
**		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
**	DATE OF CONVERSION TO	LAND TITLES: 2004/06/21 **				
EB373297	1970/08/12	TRANSFER	\$2		MINDEN, BEATRICE BLACK, SAMUEL BLACK, JOSEPH BLACK, NORMAN	C
EB412063	1973/01/29	NOTICE			DEPARTMENT OF TRANSPORT, CANADA	C
		REMARKS: AIRPORT ZONING REGULATION				
64R3413	1974/01/23	PLAN REFERENCE				C
EB434538	1974/06/05	NOTICE OF LEASE			ROCKFORD DEVELOPMENTS LIMITED	C
		REMARKS: SKETCH ATTACHED.				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

07424-0195 (LTT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PAGE 2 OF 4
PREPARED FOR Aniletran
ON 2019/10/25 AT 10:27:47

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
64R7996	1979/10/10	PLAN REFERENCE				C
EB521973	1980/03/28	ASSIGNMENT LEASE			IMBROOK PROPERTIES LIMITED	C
		REMARKS: EB434528				
64R8647	1980/09/12	PLAN REFERENCE				C
ER528844	1980/10/02	AGREEMENT			THE CORPORATION OF THE BOROUGH OF ETOBICOKE	C
EB529811	1980/10/30	TRANSFER EASEMENT			HIRAM WALKER--CONSUMER HOME LTD VIZ THE CONSUMERS' GAS COMPANY	C
EB529856	1980/10/30	NOTICE OF LEASE			ROCKFORD DEVELOPMENTS LIMITED IMBROOK PROPERTIES LIMITED	C
EB530152	1980/11/04	AGREEMENT			BOROUGH OF ETOBICOKE	C
		REMARKS: SITE CONTROL				
EB530258	1980/11/06	LEASE			HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED	C
EB537697	1981/06/08	LEASE			ROCKFORD DEVELOPMENTS LTD IMBROOK PROPERTIES LTD.	C
EB540360	1981/08/10	ACKNOWLEDGEMENT				C
		REMARKS: EB530258				
TB288766	1985/12/04	ASSIGNMENT LEASE			ELER INVESTMENTS INC.	C
		REMARKS: EB529856				
TB291556	1985/12/17	CHARGE	\$166,194,000		MONTREAL TRUST COMPANY OF CANADA	C
		REMARKS: LEASEHOLD AND EASEMENT RIGHTS AMENDED BY E584585				
		CORRECTIONS: 'CHARGE' CHANGED FROM 'CANADA PERMANENT TRUST COMPANY' TO 'MONTREAL TRUST COMPANY OF CANADA' ON 2002/10/24 BY D. THOMPSON - LNO #66.				
TB296815	1986/01/17	ASSIGNMENT LEASE			IMBROOK PROPERTIES LIMITED	C
		REMARKS: MULTI				
		CORRECTIONS: PARTY TO NAME CHANGED FROM IMBROOK PROPERTIES LTD. TO IMBROOK PROPERTIES LIMITED ON 2016/03/23 AT 12:36				
TB366644	1986/11/04	AGREEMENT			CITY OF ETOBICOKE	C
TB375487	1986/12/08	LEASE			IMBROOK PROPERTIES LIMITED	C
		REMARKS: SKETCH ATTACHED.				
		CORRECTIONS: PARTY TO NAME CHANGED FROM IMBROOK PROPERTIES LTD. TO IMBROOK PROPERTIES LIMITED ON 2016/03/11 AT 14:29 BY RELOSO, PHILLIP.				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

07424-0195 (LIT)

PAGE 4 OF 4
PREPARED FOR Aniletran
ON 2019/10/25 AT 10:27:47

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
AT1255958	2006/09/15	TRANSMISSION-LAND		BLACK, JOSEPH	BLACK, ANNE BLACK, LORNE GARY BLACK, STEPHEN HOWARD BLACK, IAN NEIL BLACK, JOSEPH-ESTATE	C
AT2453920	2010/07/21	TRANS PERSONAL REP	\$766,667	GREENSTEIN, HERBERT JACK GEIST, HARVEY	1350739 ONTARIO LIMITED	C
AT2472527	2010/08/11	TRANS PERSONAL REP	\$766,667	BLACK, THOMY SUE FRANKLIN, KAY LEE GREENSTEIN, HERBERT JACK MEITTEEN, ELIZABETH ANN BLACK	1350739 ONTARIO LIMITED	C
AT4174167	2016/03/23	APL CH NAME INST		IMBROOK PROPERTIES LIMITED	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C
AT4174168	2016/03/23	APL CH NAME INST		IMBROOK PROPERTIES LIMITED	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C
AT4492753	2017/02/22	NO ASSG LESSEE INT	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492755	2017/02/22	NO ASSG LESSEE INT	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492756	2017/02/22	NO CHARGE LEASE	\$7,240,000	NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT4492757	2017/02/22	NO ASSGN RENT GEN		NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT5561368	2019/10/11	NO CHARGE LEASE	\$100,000,000	NAFA PROPERTIES INC.	CANADIAN IMPERIAL BANK OF COMMERCE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



FARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

07424-0200 (LT)

PAGE 1 OF 3
PREPARED FOR AnnieTran
ON 2019/10/25 AT 10:29:07

PROPERTY DESCRIPTION: PT LT 21 CON 3 FTH ETOBICOKE CLOSED BY EB528845, PT 1, 2, 4, 5, 64R8647; S/T EB529811; TORONTO (ETOBICOKE) ; CITY OF TORONTO

PROPERTY REMARKS:
ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

CAPACITY SHARE
BENO

PIN CREATION DATE:
2004/06/21

OWNERS' NAMES
CITY OF TORONTO

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
		** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **				
		**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:				
		SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *				
		AND ESCHEATS OR FORFEITURE TO THE CROWN.				
		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF				
		IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY				
		CONVENTION.				
		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
		**DATE OF CONVERSION TO LAND TITLES: 2004/06/21 **				
EB375135	1970/10/01	PLAN MISCELLANEOUS				C
		REMARKS: PL8837				
EB412063	1973/01/29	NOTICE			DEPARTMENT OF TRANSPORT, CANADA	C
		REMARKS: AIRPORT ZONING REGULATION				
64R7996	1979/10/10	PLAN REFERENCE				C
64R8647	1980/09/12	PLAN REFERENCE				C
EB528845	1980/10/02	BYLAW				C
EB529811	1980/10/30	TRANSFER EASEMENT			HIRAM WALKER-CONSUMER HOME LTD VIZ THE CONSUMERS' GAS COMPANY	C
EB529855	1980/10/30	LEASE			ROCKFORD DEVELOPMENTS LIMITED	C
EB530152	1980/11/04	AGREEMENT			BOROUGH OF ETOBICOKE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



ServiceOntario

LAND
REGISTRY
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 3
PREPARED FOR Annetran
ON 2019/10/25 AT 10:29:07

07424-0200 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		REMARKS: SITE CONTROL				
EB530258	1980/11/06	LEASE			HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED	C
EB537696	1981/06/08	LEASE			ROCKFORD DEVELOPMENTS LTD. IMBROOK PROPERTIES LTD.	C
		REMARKS: SKETCH ATTACHED.				
EB540360	1981/08/10	ACKNOWLEDGEMENT				C
		REMARKS: EB530258				
TB288767	1985/12/04	ASSIGNMENT LEASE			ELEF INVESTMENTS INC.	C
		REMARKS: EB529855				
TB296816	1986/01/17	ASSIGNMENT LEASE			IMBROOK PROPERTIES LTD.	C
		REMARKS: EB537496				
TB419322	1987/06/05	DEBENTURE	\$11,100,000		MIDLAND BANK CANADA	C
TB419504	1987/06/05	ASSIGNMENT GENERAL				C
		REMARKS: RENTS				
TB464831	1987/11/25	NOTICE OF LEASE			COLDWELL BANKER CANADA INC.	C
TB478544	1988/01/27	AGREEMENT			CITY OF ETOBICOKE	C
TB760210	1991/05/31	TRANSFER			VINCA ESTATES LTD. 908498 ONTARIO LTD.	C
CA339842	1995/04/05	NOTICE				C
CA387591	1996/01/23	NOTICE				C
CA387592	1996/01/23	NOTICE				C
CA387593	1996/01/23	NOTICE				C
CA387594	1996/01/23	NOTICE				C
CA387595	1996/01/23	AGREEMENT			CITY OF ETOBICOKE	C
CA662395	2000/04/28	NOTICE				C
		REMARKS: AIRPORT ZONING				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



LAND
REGISTRY
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 3
PREPARED FOR Annie Tran
ON 2019/10/25 AT 10:29:07

07424-0200 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AT1090598	2006/03/21	NOTICE		HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF TRANSPORT		C
		REMARKS: PEARSON AIRPORT ZONING REGULATION				
AT4492754	2017/02/22	NO ASSG LESSEE INT	\$1,611,368	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
		REMARKS: EB529855.				
AT4492755	2017/02/22	NO ASSG LESSEE INT	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
		REMARKS: EB530258. PT 1 AND 2, 64R8647.				
AT4492758	2017/02/22	NO CHARGE LEASE	\$7,240,000	NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
		REMARKS: EB529855. PTS 1 AND 2 ON 64R8647				
AT4492759	2017/02/22	NO ASSGN RENT GEN		NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
		REMARKS: PT 1 AND 2, 64R8647..AT4492758				
AT5261369	2019/10/11	NO CHARGE LEASE	\$100,000,000	NAFA PROPERTIES INC.	CANADIAN IMPERIAL BANK OF COMMERCE	
		REMARKS: EB529855.				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

07419-0005 (LT)

PAGE 1 OF 2

PREPARED FOR Annetran
ON 2019/10/25 AT 10:31:37

PROPERTY DESCRIPTION: PT LT 27, CON 4 FRONTING THE HUMBER, PART 1, 64R12615; ETOBICOKE; SUBJECT TO A TEMPORARY EASEMENT IN GROSS OVER PART 8 ON PLAN 66R26479 AS IN AT3252103; CITY OF TORONTO

LAND REGISTRY OFFICE #66 * CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY REMARKS:
ESTATE/QUALIFIER: REGENTLY:
FEE SIMPLE FIRST CONVERSION FROM BOOK 1663
LT CONVERSION QUALIFIED
OWNERS' NAMES: CAPACITY SHARE
NAPA PROPERTIES INC. ROWN

PIN CREATION DATE:
1994/10/24

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
**	EFFECTIVE 2000/07/29	THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1994/10/24 ON THIS PIN**				
**	REPLACED WITH THE "PIN CREATION DATE" OF 1994/10/24**					
**	PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **					
**	SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND EASEMENTS OR FORECLOSURES TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**	DATE OF CONVERSION TO LAND TITLES: 1994/10/24 **					
EB125035	1953/06/03	CERTIFICATE				C
	REMARKS: AMENDED BY EB216574 & EB255931 MALTON AIRPORT ZONING REGULATIONS - THE AERONAUTIC ACT					
	CORRECTIONS: 'THIS INSTRUMENT' WAS DELETED FROM PROPERTY 11281-0005 IN ERROR AND WAS RE-INSTATED ON 2001/12/13 BY JAMES, VEILLEUX.					
EB158733	1955/09/23	PLAN MISCELLANEOUS				C
	REMARKS: NO. 4875					
EB216574	1959/06/17	NOTICE				C
	REMARKS: DEPARTMENT OF TRANSPORT ZONING REGULATIONS RE MALTON AIRPORT; AMENDED BY EB255931, SEE B33889 & B82527					
EB255931	1962/03/13	NOTICE				C
	REMARKS: B82527					
EB306568	1965/10/22	AGREEMENT			TOWNSHIP OF ETOBICOKE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

LAND REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND REGISTER
OFFICE #66

07419-0005 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PAGE 2 OF 2
PREPARED FOR Annette
ON 2019/10/25 AT 10:31:37

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
EB412063	1973/01/29	NOTICE			DEPARTMENT OF TRANSPORT, CANADA	C
		REMARKS: AIRPORT ZONING REGULATION				
64R12615	1989/12/15	PLAN REFERENCE				C
E317117	2000/03/27	NOTICE			HER MAJESTY THE QUEEN IN RIGHT OF THE DEPARTMENT OF TRANSPORT CANADA	C
		REMARKS: PEARSON AIRPORT ZONING REGULATION				
66R26479	2012/11/14	PLAN REFERENCE				C
AT3193379	2012/12/07	CERTIFICATE		METROLINK		C
		REMARKS: CERTIFICATE OF APPROVAL				
AT3252103	2013/03/07	TRANSFER EASEMENT		AFFINEX INC.	METROLINK	C
		REMARKS: PLANNING ACT STATEMENTS.				
AT3268601	2013/04/02	TRANSFER	\$4,000,000	AFFINEX INC.	NAFA PROPERTIES INC.	C
		REMARKS: PLANNING ACT STATEMENTS.				
AT1600042	2017/06/16	CHARGE	\$7,000,000	NAFA PROPERTIES INC.	FARM CREDIT CANADA	C
AT5187666	2019/07/17	CHARGE	\$100,000,000	NAFA PROPERTIES INC.	CANADIAN IMPERIAL BANK OF COMMERCE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

This is Exhibit "J" referred to in the Affidavit of Doug Lawson
sworn on the 30th day of October, 2019.

A handwritten signature in blue ink, appearing to be 'JW', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

Jessica Wuthmann

Term Sheet

We understand that North American Fur Auctions Inc. (the “**Borrower**”) intends to seek protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an order (the “**Initial Order**”) to be obtained from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

In connection with the proceedings to be commenced by the Initial Order (the “**CCAA Proceedings**”), Waygar Capital Inc., in its capacity as lender and/or in its capacity as agent for one or more lenders to be designated (the “**Lender**”), wishes to provide the Borrower with this term sheet (the “**Term Sheet**”) which sets out the terms and conditions upon which the Lender would be willing to provide the Borrower with the DIP Facility (as hereinafter defined).

Borrower	North American Fur Auctions Inc.
Lender	Waygar Capital Inc. as lender and/or as agent for one or more lenders to be designated prior to closing of the DIP Facility.
Facility Type	Term Credit Facility (the “ DIP Facility ”).
Amount	Maximum principal amount of U.S.\$5,000,000.
Interest Rate	12% per annum, calculated monthly, not in advance. Interest calculated as aforesaid shall be payable: (i) monthly, in arrears, on the first business day (in Toronto) of each month until the full amount outstanding hereunder on account of the DIP Facility has been paid in full; (ii) in accordance with the “ Repayment ” section below; and (iii) upon Maturity (as hereinafter defined). The first monthly payment of interest hereunder shall be payable on the first business day of the month immediately following the month in which the initial advance of the DIP Facility occurs, computed from the date of such advance.
Closing Fee	The Borrower shall pay to the Lender a closing fee equal to 2.00% of the maximum principal amount of the DIP Facility (the “ Closing Fee ”), which Closing Fee shall be earned and payable on the date of the definitive agreement governing the financing transaction contemplated by this Term Sheet (the “ DIP Loan Agreement ”).
Purpose	The purposes set out in the cash flow projections to be approved by the Lender and filed in support of the Borrower’s application for the Initial Order (the “ Cash Flows ”), including, without limitation: (i) for ordinary course working capital and other general corporate purposes of the Borrower in accordance with, and subject to the limitations set forth in, the Cash Flow Projections, the Initial Order or any other order of the Court in the CCAA Proceedings; and (ii) to pay transaction costs, fees and expenses (including the Permitted Fees and Expenses, as defined below, and professional fees and fees and expenses owing to the Lender pursuant to the terms of this Term Sheet or other DIP Facility documentation) incurred in connection with the DIP Facility, the CCAA Proceedings and the transactions contemplated thereunder.

Availability Provided (i) that the Initial Order including the DIP Charge (as defined below) has been made, (ii) an Event of Default (as defined below) has not occurred and (iii) demand for payment has not been made, the DIP Facility shall be available by one or, at the option of the Borrower, multiple advances each in the minimum amount of \$1,000,000. The initial advance shall be instigated promptly upon request therefore by the Borrower, approved by the Monitor, and any subsequent advances shall be available on three (3) business days prior written request to the Lender, approved by the Monitor.

Term The DIP Facility matures on the earliest of (“**Maturity**”):

- (a) the date that is [ninety (90)] days from the date of the DIP Loan Agreement or such later date as the Lender may agree in writing;
- (b) the completion of a sale or sales of all or substantially all of the Borrower’s assets, property and undertaking, as approved by the Lender, the Monitor and, where required, the Court;
- (c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majorities of the Borrower’s creditors, by the Court, and by the DIP Lender;
- (d) the date on which the Initial Order expires without being extended or on which the CCAA Proceedings are terminated or dismissed; and
- (e) the occurrence of an Event of Default (as defined below).

All amounts outstanding or payable under the DIP Loan Agreement (including the principal and all unpaid accrued interest under the DIP Facility and all fees and other amounts required to be paid by the Borrower) shall be due and payable in full on Maturity.

Repayment Any amounts received in repayment of obligations owing under the DIP Loan Agreement shall be paid and applied as follows: (i) firstly, towards outstanding Permitted Fees and Expenses (as defined below); (ii) secondly, towards outstanding interest and costs payable hereunder; and (iv) thirdly, towards outstanding principal hereunder.

Prepayment of DIP Facility: The DIP Facility can be permanently repaid in whole or in part at any time, without notice or penalty.

Security

All debts, liabilities, and obligations of the Borrower under the DIP Facility shall be secured by a first-ranking super-priority charge pursuant to the Initial Order over all of the present and future real and personal, tangible and intangible property and assets of the Borrower in favour of the Lender in priority to all assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise (the “**DIP Charge**”).

Permitted Fees and Expenses:

“Permitted Fees and Expenses” means, collectively:

- (a) all reasonable and documented fees and expenses of counsel for the Borrower in connection with the DIP Facility and the CCAA Proceedings (whether incurred prior to or during the pendency of the CCAA Proceedings); and
- (b) all reasonable and documented fees and expenses incurred by **[Deloitte]** (including the fees and expenses of its counsel), in its capacity as “Monitor” under the CCAA Proceedings (whether incurred prior to or during the pendency of the CCAA Proceedings) (the “**Monitor**”).

Default

The following events shall constitute events of default (each, an “**Event of Default**”):

- (a) if the Borrower fails to pay to the Lender when due any amount of principal, interest or other amounts under the DIP Facility, this Term Sheet or otherwise, whether by acceleration or otherwise;
- (b) if the Borrower defaults, in the observance or performance of any other non-financial term, covenant or condition in this Term Sheet or any other agreement between the Lender and the Borrower entered into on or after the date of the DIP Loan Agreement, and such default is not cured within five (5) business days of receiving notice thereof from the Lender;
- (c) if the Lender determines, in its sole discretion, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the Borrower;
- (d) if (i) the Initial Order is varied without the consent of the Lender or any other order is made which is or may be prejudicial to the Lender’s interests, acting reasonably; (ii) the Initial Order is appealed or leave to appeal is granted; or (iii) the stay of proceedings contained in the Initial Order is terminated or lifted;
- (e) if a receiver is appointed over any property of the Borrower or any judgment or order or process of any court becomes

enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;

- (f) if the Borrower ceases to carry on business;
- (g) if the Borrower becomes a bankrupt under the bankruptcy laws of Canada; or

Remedies

Upon the occurrence of an Event of Default:

- (a) the Lender may immediately terminate the DIP Facility; and
- (b) all amounts outstanding under the DIP Facility and this Term Sheet shall, at the option of the Lender, immediately become due and payable; and
- (c) upon seeking an Order of the Court on five (5) days prior notice, enforce, without further notice, demand or delay, all of its rights and remedies against the Borrower and its property, assets and undertaking including, without limitation, by way of appointment of a receiver.

Conditions Precedent

The advance of the DIP Facility is conditional upon the Borrower obtaining the Initial Order on terms acceptable to the Lender, including an order: (i) authorizing the Borrower to enter into and authorizing the Borrower and the Monitor to perform their obligations under this Term Sheet; and (ii) granting the Lender a first-ranking super-priority charge over all of the present and future real and personal, tangible and intangible property and assets of the Borrower.

Fees and Expenses

The Borrower shall be responsible for all reasonable costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Term Sheet and any enforcement of the DIP Charge including, without limitation, all court attendances in connection therewith. All such fees and expenses shall be added to the DIP Facility and be secured by the DIP Charge.

Governing Law

Province of Ontario.

Counterparts

This Term Sheet may be executed and delivered by the parties in separate counterparts, each of such counterparts when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of an executed copy of this Term Sheet or any counterpart to any party may be by facsimile or email PDF format.

The offer of financing constituted by this Term Sheet is open for acceptance by the execution by the Borrower and return of a duplicate copy by 5:00pm on October <*>, 2019, after which date this offer will expire and this Term Sheet shall be of no further force or effect.

Yours truly,

WAYGAR CAPITAL INC.

Per: _____

Name:

Title:

I have authority to bind the corporation.

Accepted this _____ day of October, 2019.

NORTH AMERICAN FUR AUCTIONS INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

TAB 3

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	THURSDAY, THE 31 ST
)	
MR. JUSTICE McEWEN)	DAY OF OCTOBER, 2019

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**”)

INITIAL ORDER

THIS APPLICATION, made by North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc. (“**NAFA**”), 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 (collectively, the “**Applicants**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Doug Lawson sworn October 30, 2019 and the Exhibits thereto (“**Lawson Affidavit**”), and on hearing the submissions of counsel for the Applicants, counsel to Deloitte Restructuring Inc. (“**Deloitte**”), in its capacity as monitor for the Applicants (in such capacity, “**Monitor**”), counsel to the Canadian Imperial Bank of Commerce, as Agent to

the Applicants' lending syndicate ("**CIBC**" or the "**Agent**"), 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 ●, sworn, ●, and on reading the consent of Deloitte to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, independent contractors, advisors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty, subject to the terms of the Definitive Documents (as defined herein) to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, the DIP Lender (as defined herein) and the Agent replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants, subject to availability under and in accordance with the terms of the DIP Term Sheet (as defined herein) and the Definitive Documents, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, commissions, employee and pension benefits, vacation pay, expenses and director fees and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll, pension and benefits processing and servicing expenses;
- (b) all outstanding and future amounts owing to or in respect of Persons working as independent contractors in connection with the Business; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the DIP Term Sheet and the Definitive Documents, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance, and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date other than amounts due and owing to the Agent for regularly occurring interest amounts; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Term Sheet and the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate in any series of related transactions, provided that these limits shall not apply to the SAGA Furs Transaction (as defined in the Lawson Affidavit), and provided that with respect to leased premises, the Applicants may, subject to the requirements of the CCAA and paragraphs 11 to 13 herein, vacate abandon or quit the whole (but not part of) and may permanently (but not temporarily) cease, downsize or shut down any of their Business or operations in respect of any leased premises;
- (b) continue to sell Kit Loans and Pelts (as defined in the Lawson Affidavit) in accordance with the SAGA Furs Transaction;
- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all avenues of refinancing, restructuring, selling and reorganizing their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganization,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Applicants or their Business (the “**Restructuring**”).

REAL PROPERTY LEASES

11. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

12. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of their intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the entitlement of the Applicants to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants’ claim(s) to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer or resiliation, the

relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS, THE BUSINESS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including November 29, 2019, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court. Without limiting the

foregoing, no right, option, remedy, and/or exemption in favour of the Applicants shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefit services, insurance, transportation services, utility, customs clearing, warehouse and logistics services or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from failing to renew on commercially reasonable terms, discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

19. **THIS COURT ORDERS** that the Key Employee Retention Plan (“**KERP**”) as described in the Lawson Affidavit is hereby approved and the Applicants are authorized, in consultation with the Monitor, to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

20. **THIS COURT ORDERS** that the key employees referred to in the KERP (the “**Key Employees**”) shall be entitled to the benefit of and are hereby granted a charge on the Property, which shall not exceed an aggregate amount of \$150,000.00 USD (“**KERP Charge**”) to secure the amounts payable to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraph 41 hereof.

APPROVAL OF FINANCIAL ADVISOR AGREEMENT

21. **THIS COURT ORDERS** that the ongoing engagement of KPMG Inc. and KPMG Corporate Finance (collectively, the “**Financial Advisor**”) as financial advisor to the Applicants under the terms under which they have operated to date is hereby ratified and approved and the Applicants are authorized and directed *nunc pro tunc* to make payments contemplated thereunder and in consultation with the Monitor.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed and is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION AND CHARGE

23. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the

Property, which charge shall not exceed an aggregate amount of \$1,000,000.00 USD, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraph 41 herein.

25. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) liaise with the Applicants and the Assistants with respect to all matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;

- (d) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and the Agent, and their respective counsel and advisors, of financial and other information as agreed to between the Applicants, the Agent and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the Agent and the DIP Lender;
- (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, the DIP Term Sheet and by the Definitive Documents, which information shall be reviewed with the Monitor and delivered to the DIP Lender, its counsel and financial advisor on a periodic basis or as otherwise agreed to by the DIP Lender;
- (f) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform its duties arising under this Order;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

28. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

29. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

30. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor and counsel to the directors and officers shall be paid their

reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings, and the Applicants are hereby authorized and directed to do so.

33. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor and counsel to the directors and officers, if any, shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 41 hereof.

DIP FINANCING

35. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow as contemplated under the Term Sheet attached as Exhibit J to the Lawson Affidavit (the “**DIP Term Sheet**”) between NAFA and Waygar Capital Inc. (the “**DIP Lender**”) (as may be amended, restated, supplemented and/or modified, subject to approval of this Court in respect of any amendment the Monitor determines to be material) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures all in accordance with the DIP Term Sheet, provided that borrowings under the DIP Term Sheet shall not exceed \$5,000,000.00 USD unless permitted by further Order of this Court (the “**DIP Facility**”).

36. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet and the Definitive Documents (as defined below).

37. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver the DIP Term Sheet and such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by

the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraph 41 hereof.

39. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge, the DIP Term Sheet or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the Definitive Documents or the DIP Lender’s Charge, the DIP Lender may, subject to the provisions of the DIP Term Sheet with respect to the giving of notice or otherwise, and in accordance with the DIP Term Sheet, the Definitive Documents and the DIP Lender’s Charge, as applicable, may cease making advances to the Applicants, make demand, accelerate payment and give other notices; provided that the DIP Lender must apply to this Court on seven (7) days’ prior written notice to the Applicants and the Monitor to enforce against or exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Lender’s Charge, including without limitation, to set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender’s Charge, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

40. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”), with respect to any advances made under DIP Term Sheet and the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the KERP Charge, the Directors’ Charge, the Administration Charge and the DIP Lender’s Charge (collectively, the “**Charges**”), as among them, shall be as follows:

First – Administration Charge to the maximum amount of \$500,000.00;

Second – the KERP Charge, to the maximum amount of \$150,000.00 USD;

Third – the DIP Lender’s Charge to the maximum amount of the quantum of the obligations under the DIP Facility at the relevant time; and

Fourth – the Directors’ Charge to the maximum amount of \$1,000,000.00;

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the other beneficiaries of the Charges, or further Order of this Court.

45. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

46. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

48. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website a) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '●'.

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

SEALING OF CONFIDENTIAL EXHIBITS

50. **THIS COURT ORDERS** that Confidential Exhibits A, B1, B2, C, D, E and F to the Lawson Affidavit shall be and is hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

GENERAL

51. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

52. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

INTERNATIONAL RECOGNITION AND ENFORCEMENT

53. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Europe (including but not limited to the Republic of Poland and the Netherlands) or elsewhere 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, 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.

54. **THIS COURT ORDERS** that 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, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including but not limited to acting as the foreign representative of the Applicants to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15

of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1515, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto, and to take such other steps as may be authorized by the Court.

55. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

56. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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")

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL 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

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")

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

APPLICATION RECORD OF THE APPLICANTS

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