

COURT FILE NUMBER 643 of 2016
COURT QUEEN'S BENCH FOR SASKATCHEWAN
 IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE SASKATOON
APPLICANTS 101133330 SASKATCHEWAN LTD. and
 101149825 SASKATCHEWAN LTD.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

AFFIDAVIT OF JONATHAN MAIR

I, Jonathan Mair, of Toronto, Ontario, Vice-President, MAKE OATH AND SAY AS
FOLLOWS:

1. I am a Vice-President of Firm Capital Mortgage Fund Inc. ("FCMF"), such that I have personal knowledge of the facts and matters deposed to herein, except where stated to be on information and belief, and where so stated I believe the same to be true. I am also Chief Financial Officer of Firm Capital Corporation ("FCC"), which has had involvement in these matters.
2. In the period leading up to the application by 101133330 Saskatchewan Ltd., and 101149825 Saskatchewan Ltd. ("825") (collectively, the "Debtors") to extend the stay of proceedings affecting their creditors in the within CCAA proceedings, FCMF advanced the position that it would oppose an extension of the stay affecting it and Frank Pa, who has a second mortgage granted to it by 825 that is subsequent in priority to that of FCMF. Ultimately, on June 10, 2016, the Debtors, FCMF and Frank Pa agreed to certain forbearance terms set out in a letter from Ian Sutherland, solicitor for the Debtors, to David Gerecke, solicitor for FCMF and Frank Pa (the "June 10 Letter"). I am advised by David Gerecke that on June 13, 2016, in reliance on the June 10 Letter, he consented to the application of the Debtors extending the stay of proceedings.

3. At the time, the Monitor advised through counsel that it would support the terms of the June 10 Letter, which included lifting the 825 Stay as against FCMF and Frank Pa.
4. The forbearance terms have now been formalized into a Forbearance Agreement dated effective June 13, 2016, a true copy of which is attached to this affidavit and marked as Exhibit "A" (the "Forbearance Agreement"). Pursuant to the Forbearance Agreement, the Debtors have agreed to join FCMF and Frank Pa in an application to lift the stay of proceedings against them with respect to 825 (the "825 Stay").
5. The lifting of the 825 Stay would not permit FCMF and Frank Pa to immediately take action against 825. Rather, the 825 Stay would be replaced by the terms of the Forbearance Agreement. Pursuant to those terms, a forbearance period is established during which FCMF and Frank Pa are not permitted to take enforcement proceedings. The initial forbearance period expires on December 12, 2016 but the Debtors have options for automatic renewal periods, although there are conditions on the Debtors' right to the renewal periods. The renewal periods, which can extend to June 12, 2017, allow the Debtors substantial time to advance the development project and to sell or refinance the lands being developed.
6. The Forbearance Agreement enables FCMF to keep apprised of the progress on 825's development project, which is important to FCMF. It also sets up milestones to attempt to ensure that the development work is pursued diligently by 825.
7. I make this Affidavit in support of an application to lift the stay of proceedings as against FCMF and Frank Pa with respect to 825.

SWORN BEFORE ME at Toronto, in the Province of Ontario, this 10 day of August, 2016.

 A Commissioner of Oaths/Notary Public in and for the Province of Ontario.
 My Appointment Expires: L107100
 being a Solicitor

 Jonathan Mair

This Affidavit was delivered by:

MILLER THOMSON LLP
15-23 Street East
Saskatoon, SK S7K 0H6

whose address for service is same as above.

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