

**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”)

**MOTION RECORD OF THE APPLICANTS  
(Returnable January 17<sup>th</sup>, 2024)**

**Date:** January 11, 2024

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
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NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN  
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SP.Z OO and NAFA POLSKA SP. Z OO

(the "Applicants")

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**TAB A**

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

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POLSKA SP. Z OO

(the “**Applicants**”)

**NOTICE OF MOTION  
(Returnable January 17, 2024)**

The Applicants (“**NAFA**” or the “**Applicants**”) will make a motion for an Order seeking the relief set out herein to Justice Conway of the Ontario Superior Court of Justice (Commercial List), on January 17, 2024, at 10:00 a.m. or as soon after that time as the motion can be heard by Zoom video conference.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. Orders substantially in the forms attached at **Tab C and Tab D** hereto (the “**Orders**”):

- (a) abridging and validating the time of service of the Notice of Motion and Motion Record of the Applicants;



- (b) an amended and restated Claims Process Order (the “**Amended and Restated Claims Process Order**”);
- (c) accepting the filing of the Consolidated Plan of Compromise and Arrangement in respect of NAFA dated January 11, 2024 (the “**Plan**”);
- (d) authorizing NAFA to call, hold, and conduct a meeting of the Affected Creditors (the “**Meeting**”) to consider and vote on a resolution to approve the Plan;
- (e) approving the procedures to be followed with respect to the calling and conduct of the Meeting;
- (f) setting the date for the hearing of the Applicants’ motion seeking an Order sanctioning the Plan provided the Plan is approved by the required majority of Affected Creditors at the Meeting;
- (g) extending the stay of proceedings (the “**Stay Period**”) from January 19, 2024 to and including April 1, 2024 (the “**Proposed Stay Period**”);
- (h) approving the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in its Sixteenth Report to Court, to be filed (the “**Sixteenth Report**”); and
- (i) sealing the cash flow forecast of the Applicants to the Sixteenth Report in accordance with section 10(3) of the CCAA.

**THE GROUNDS FOR THE MOTION ARE:**

2. Capitalized terms not defined herein shall have the meanings ascribed to them in the

Amended and Restated Initial Order, the Plan, the Claims Process Order, and the Meeting Order. Unless otherwise stated, all currency is in United States dollars;

3. The Applicants require more time to continue their restructuring efforts and to vote on the Plan;

### **The Last Stay Extension and NAFA's Continued Operations**

4. NAFA has continued to operate its business with the goal of reducing expenses, maximizing collections and considering its strategic options;

5. NAFA's operations have not changed materially since the last stay extension granted on November 29, 2023. The main purpose for that stay extension was for NAFA to formulate a Plan and gain support for its Plan from key stakeholders;

6. During the last stay extension, NAFA has, with consultation from the Monitor, formulated a Plan that has the support of all secured creditors and the NAFA Board of Directors;

7. During the last stay extension, NAFA also advanced its insurance claim by holding a without prejudice and confidential meeting with Red Rock insurance and the Monitor that was the first stage of a two-stage dispute resolution process;

8. Throughout the period of the last stay extension, NAFA managed its cash flow and maintained sufficient liquidity;

9. There were no expenses in the last cash flow period that were materially higher than projected. NAFA operated within its cash resources without borrowing further funds;

10. NAFA also continues to operate at a reduced operational budget with no physical

office space and three full-time employees throughout the world;

### **Amended and Restated Claims Process Order**

11. On May 25, 2023, Justice McEwen issued a Claims Process Order in these CCAA proceedings (the “**Claims Process Order**”);

12. The Claims Process Order did not require the Monitor or NAFA to review the claims in any detail or send disallowances of claims until after NAFA had finalized the design of the Plan or upon a further order of the Court. This was done to minimize costs, if and until in consultation with the Monitor and the Agent, it was determined appropriate to proceed with a Plan;

13. As such, the Claims Process Order did not contain an adjudication and resolution process for disputed Proofs of Claim submitted to the Monitor (“**Claims Adjudication Process**”);

14. The Monitor has completed the claims process contemplated in the Claims Process Order;

15. NAFA, with the support of the Monitor, the Agent, and its other secured creditors have formulated a Plan;

16. It is now appropriate for the Monitor to review, and either accept, revise, or reject each Proof of Claim submitted, and seek approval of a Claims Adjudication Process;

17. The proposed Claims Adjudication Process is designed for a streamlined approach to review, revise, and reject Proofs of Claim in an effort to minimize costs to the Applicants, and provide any claimants with an opportunity to resolve or apply to Court to adjudicate any disallowed or varied claims;

18. The Meeting Order expressly contemplates that all Affected Claims will be deemed

approved for voting purposes only in the amount set out in such claims, with the exception of Duplicate Claims (as defined below), which pursuant to the Amended and Restated Claims Process Order will be disallowed at least 20 days prior to the proposed Meeting;

19. The review and determination of Affected Claims does not need to be completed before the Meeting can be held to consider and vote on the Plan. Rather, the Claims Process and the Plan contemplate that this process will be completed at least 20 days prior to the first distribution under the Plan;

20. Certain Claims were filed after the Claims Bar Date in the original Claim Process Order. Having reviewed these claims with the Monitor, and having considered the case law and the stage of the proceedings, the Applicants and the Monitor have drafted the Amended and Restated Claims Process Order to allow for any Claims filed up to the date of the order sought herein, to be deemed to have been filed by the Claims Bar Date. No further late claims will be permitted in the absence of an Order of the Court.

21. There are some claims filed, which appear to be obviously duplicative (a “**Duplicate Claim**”). The Monitor will send disallowances in respect of these Duplicate Claim at least 20 days prior to the proposed Meeting date. In the event a Duplicate Claim holder disputes the disallowance of its Duplicate Claim, they will be entitled to vote at the Meeting and the Monitor will keep a separate tally on how the Duplicate Claim holders voted, however, that vote shall not be counted for any purpose unless, until and only to the extent that such disputed Duplicate Claim is finally determined to be a proven claim;

## **The Plan**

22. The Applicants, with the support of the Monitor and its secured creditors, have developed the Plan to present to the Affected Creditors;

23. In developing the Plan, the Applicants have had extensive discussions and/or negotiation with the Monitor and a number of other stakeholders;

24. The Applicants, in consultation with the Monitor, have analyzed various economic and legal structures for a potential plan and discussed the development of a plan with the Agent, and its other secured creditors;

25. The Applicants have sought to achieve a fair and equitable balance in the Plan, while taking into consideration the interests of all stakeholders with an economic interest in these CCAA proceedings;

26. The Plan includes significant concessions from its secured creditors, including the waiving of interest, fees, and converting over \$7 million in secured debt to unsecured debt, which will increase the probability that all creditors will receive a distribution;

27. The Plan, should it be accepted by the Affected Creditors and approved by the Court, will complete the controlled, orderly, and timely wind down of the Applicants and effect a global resolution of the CCAA proceedings;

28. With the current Plan, it is forecasted that the unsecured creditors (after the conversion of the secured creditors debt as set out above to unsecured debt) will have recoveries in the range of 3.6% to 11.0%, which is based upon on a number of assumptions with the liquidation of NAFA's

remaining assets (including contingent assets), and are therefore, uncertain;

29. The Plan's principal features include the following:

- (a) *Purpose of the Plan:* The Plan will, among other things, permit the Applicants to realize on their remaining assets, provide for a compromise of all Affected Claim, effect releases of all Claims, provide for distributions to all holders of Affected Claims, convert secured claims to unsecured claims to allow greater recoveries for the general unsecured creditors, and facilitate the termination of the CCAA proceedings;
- (b) *Plan Consolidation:* The Plan provides for the compromise and settlement of the Affected Claims on a consolidated basis. The Applicants all operated under the NAFA brand with its head office in Toronto. Each applicant co-mingled funds, cross-guaranteed debts, and had consolidated financial statements. The majority of the Assets are held by NAFA and the majority of the claims have been filed against NAFA. The administrative task to separate the debts of each entity would be unduly expensive, lengthy, and would not yield accurate results, especially considering there are over 9,800 creditors. The benefits of consolidation outweigh the prejudice to any particular creditor, and it is fair and reasonable in the circumstances;
- (c) *Conversion of Secured Claims to Unsecured Claims:* The Creditors with Proven Secured Claims have agreed that, upon the Plan Implementation Date, their Claims will be converted to unsecured Claims. The only exception is the Unaffected Syndicated Secured Claim, which represents \$1,200,000 of the

Syndicated Lenders' Proven Secured Claim, which will maintain its secured status and will be paid in full prior to any funds being paid under the Plan to Affected Creditors;

- (d) *Waiver of Interest and Fees:* Any interest and fees with respect to any of the Secured Claims will stop accruing following the Filing Date;
- (e) *Single Class of Creditors:* As a result of the conversion of secured debt to unsecured debt, the Plan creates a single class of Affected Creditors –for voting and distribution purposes that would be entitled to vote as a single class of creditors;
- (f) *Unaffected Claims:* Certain Claims are to be unaffected by the Plan and will not be compromised, being Claims secured by the CCAA charges, CCAA Priority Payment Claims, the Unaffected Syndicated Secured Claim, and the Directors and Officers Claims that are not permitted to be compromised under section 5.1(2) of the CCAA, and Post-Filing Claims;
- (g) *Cash Reserves and Distributions:* On Implementation Date, NAFA will use its cash to establish the following cash pools and cash reserves: Creditor Distribution Pool, Unresolved Claims Reserve, and Administration Reserve. The CCAA Priority Payment Claims and the Unaffected Syndicated Secured Claims will be paid first in full, then distributions from the Creditor Distribution Pool to the Affected Creditors with Proven Claims on a *pari passu* basis, and subject to the other terms of the Plan; and,

- (h) *Releases*: The Plan will provide for releases of: (1) each of the Applicants' Representatives, including their respective Directors and Officers; (2) the Monitor and the Monitor's counsel; and, (3) each of the Agent, the Syndicated Lenders, and their counsel, and each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons;

### **The Meeting Order**

30. The proposed Meeting Order authorizes the Applicants to convene a meeting of the Affected Creditor Class, being a single class of unsecured creditors, to consider and vote on the Plan;

31. The proposed Meeting Order provides for the comprehensive notification of the Meeting to the Affected Creditors, and contemplates that the Monitor will:

- (a) Not later than January 22, 2024, send the Notice of Meeting, the Proxy and Proxy instructions, the Meeting Order, the Plan, and the Sixteenth Report (the "**Meeting Materials**") to Affected Creditors by email, or in some cases regular mail where an email address is unavailable by January 29, 2024;
- (b) Not later than January 22, 2024, publish the Meeting Materials on its website; and,
- (c) Solicit certain fur trade industry websites to post an information bulleting advising of the Meeting Order, Plan, and directing Affected Creditors to the Meeting Materials on the Website.



32. The proposed Meeting Order provides that the Meeting will be held at 10:00 a.m. on February 21, 2024, at the Monitor's head office located at Bay Adelaide East, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9, Canada; and, virtually by videoconference;

33. The proposed Meeting Order also provides for, among other things:

- (a) the requirement for approval of the Plan, including that the Plan must receive an affirmative vote by the Required Majority at the Meeting;
- (b) procedures that will govern the conduct of the Meeting, including that a representative of the Monitor will act as Chair of the Meeting and, subject to any further Order of this Court, will decide all matters relating to the conduct of the Meeting;
- (c) the voting procedure at the Meeting and the procedure and deadlines for an Affected Creditor to submit a Proxy;
- (d) the process by which Duplicative Claims will be voted and possibly disputed claims will be treated;
- (e) the process and requirements for assigning claims;
- (f) the ability of the Applicants to make modifications to the Plan; and,
- (g) that in the event the Plan is approved by the Required Majority, the Applicants will bring the Sanction Motion on March 7, 2024 (or such later date as is acceptable to the Applicants and the Monitor).

**Stay Extension**

34. The Monitor, and the Agent, are supportive of NAFA seeking an extension of the Stay Period to and including April 1, 2024;

35. An extension of the Stay Period is necessary to allow the Affected Creditors to consider and vote on the Plan and, if they approve the Plan, to permit the Applicants to bring the Sanction Motion, which is expected to be returnable on March 1, 2024, subject to Court availability;

36. The Applicants, with the Monitor's assistance, are developing a cash flow forecast for the Stay Period that is anticipated to demonstrate that the Applicants are forecast to have sufficient funds to maintain operations through the Stay Period;

37. NAFA has been acting in good faith and with due diligence and continues to act in this manner in its relationships with its stakeholders;

**Sealing Order**

38. The Cash Flow Forecast contains commercially sensitive information that is required to be kept confidential and sealed as they contain sensitive confidential business information, and has been done with other cash flow forecasts in these proceedings;

39. A sealing order of the Cash Flow Forecast is appropriate in the circumstances:

- (a) The sealing order is necessary to prevent this serious risk to NAFA's commercial interests and restructuring efforts;
- (b) there are no other reasonable alternative measures that will prevent the risk; and,

- (c) As a matter of proportionality, the benefits of the order outweigh its negative effects.

40. The salutary effects to seal the Cash Flow Forecast appended to the Sixteenth Report of the Monitor outweigh any deleterious effects to NAFA in the event that it is not sealed;

41. Section 10(3) of the CCAA;

### **Other Grounds**

42. The other grounds as set out in the Affidavit of Douglas Lawson affirmed January 11, 2024;

43. The provisions of the CCAA, including sections 10(3), 11, 23(1)(c) and (k) thereof, and the inherent and equitable jurisdiction of this Honourable Court;

44. Rules 2.03, 3.02, 16, and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended;

45. Section 106 of the *Courts of Justice Act*, R.S.O., c. C. 43, as amended;

46. Such further and other grounds as counsel may advise and this Court may permit;

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

47. The Affidavit of Douglas Lawson affirmed January 11, 2024;

48. The Sixteenth Report, to be filed; and,

49. Such further and other evidence as counsel may advise and this Honourable Court may permit.

**Date:** January 11, 2024

**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
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Counsel for the Applicants

**To:** The Service 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”)

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**NOTICE OF MOTION OF THE APPLICANTS**  
**(Re: Motion returnable January 17<sup>th</sup>, 2024)**

**BLANEY MCMURTRY LLP**  
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Counsel for the Applicants

**TAB B**

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

**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 DOUGLAS LAWSON**  
(Affirmed January 11, 2024)

I, **DOUGLAS 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., 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 do verily believe it to be true.
2. I use the term “**NAFA**” or the “**Company**” to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. On October 31, 2019, NAFA commenced proceedings under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of Justice McEwen (as amended and restated, the “**Initial Order**”). Background information about NAFA's business is set out in the affidavit I affirmed in support of the initial CCAA application (my

“**Initial Affidavit**”). Capitalized terms used herein and not defined are as defined in my Initial Affidavit, the Claims Process Order, the Plan or the Meeting Order.

4. I affirm this affidavit in support of a motion by NAFA, *inter alia*:

(a) approving an amended and restated Claims Process Order (the “**Amended and Restated Claims Process Order**”);

(b) approving a Meeting Order (the “**Meeting Order**”), among other things:

- i. accepting the filing of the Consolidated Plan of Compromise and Arrangement in respect of NAFA dated January 11, 2024 (the “**Plan**”);
- ii. authorizing NAFA to call, hold, and conduct a meeting of the Affected Creditors (the “**Meeting**”) to consider and vote on a resolution to approve the Plan;
- iii. approving the procedures to be followed with respect to the calling and conduct of the Meeting;
- iv. setting the date for the hearing of the Applicants’ motion seeking an Order sanctioning the Plan provided the Plan is approved by the required majority of Affected Creditors at the Meeting;
- v. extending the stay of proceedings (the “**Stay Period**”) from January 19, 2024 to and including April 1, 2024 (the “**Proposed Stay Period**”);
- vi. approving the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in its Sixteenth Report to Court, to be filed (the “**Sixteenth Report**”); and,
- vii. sealing the cash flow forecast of the Applicants to the Sixteenth Report



in accordance with section 10(3) of the CCAA.

### **Background and Update on the CCAA Proceedings**

5. These proceedings have been underway since the end of October 2019. The Initial Affidavit dated October 30, 2019, and the Pre-Filing Report of the Monitor, set out the circumstances leading to the filing for protection under the CCAA by the Applicants.

6. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019. The Stay Period in these CCAA proceedings have been extended numerous times. The last Order extending the Stay Period was granted on November 29, 2023, which extended the Stay Period to January 19, 2024.

7. Since the commencement of these proceedings in 2019, this Court has supervised the attempted restructuring of NAFA, including the sale of its inventory and real property holdings both here in Canada and around the world, along with the prosecution of litigation, resolution of claims and collection efforts in Finland, Lithuania, Denmark, Poland, Latvia and the United States.

8. As set out in the various affidavits and Monitor's reports filed in these proceedings over the intervening 4 years, the restructuring of NAFA has been greatly impacted and delayed by the worldwide slump in global mink prices, caused in large part by the Covid-19 pandemic and in particular its impact on global travel, the production of mink globally, and the markets in China.

9. However, as set out herein, having called for claims of its creditors, NAFA, in consultation with the Monitor and its secured creditors, have formulated a proposed Plan in order to expedite the completion of these proceedings and reduce ongoing professional costs with a

view to facilitating recoveries to unsecured creditor as further described herein.

10. In this Affidavit, I will provide the Court with:

- (a) an update from the last extension of the Stay Period in these CCAA proceedings;
- (b) the proposed claims adjudication process;
- (c) the development of the proposed Plan;
- (d) a description of the proposed Plan;
- (e) a description of the Meeting Order; and,
- (f) the rationale for the Proposed Stay Period to April 1, 2024.

#### **Update from the Last Stay Period and these CCAA Proceedings**

11. Since my last affidavit affirmed on November 24, 2023 (my “**Last Affidavit**”), in support of the stay extension from December 1, 2023 to January 19, 2024 (the “**Last Stay Period**”), NAFA, and the Monitor, focused on negotiating with key stakeholders to formulate the proposed Plan and gain support for it.

12. As set out below, I can report that NAFA, with consultation from the Monitor, has developed a Plan that has the support of all of the Applicants’ secured creditors and NAFA’s Board of Directors.

13. Also during the Last Stay Period, NAFA and the Monitor had a without prejudice meeting with Red Rock insurance to advance its insurance claims. The content of that meeting was without prejudice and is confidential, but I can advise that it was held as the first of a two stage dispute resolution process that has been agreed to between NAFA and the insurer.

14. The next stage will be a mediation that is to be held within the Proposed Stay Period.

15. NAFA's operations have not changed materially since my last Affidavit. Attached hereto and marked as **Exhibit "1"** is a copy of my Last Affidavit, without exhibits, for ease of reference.

### **The Proposed Amended and Restated Claims Process Order**

16. On May 25, 2023, Justice McEwen issued a claims process order in these CCAA proceedings (the "**Claims Process Order**"). Attached hereto and marked as **Exhibit "2"** is a copy of the Claims Process Order.

17. The Claims Process Order expressly did not require the Monitor or NAFA to review the claims in any detail or send disallowances of claims. The Claims Process Order was limited in this way to minimize costs of the claims process in the event that NAFA, in consultation with the Monitor and the Agent, did not determine it was appropriate to proceed with a Plan. This was further described in my affidavit affirmed April 21, 2023, filed in support of the motion seeking the Claims Process Order. Attached hereto and marked as **Exhibit "3"**, for ease of reference, is a copy of my April 21, 2023 affidavit, without exhibits.

18. As such, the Claims Process Order did not contain an adjudication and resolution of claims process for Proofs of Claim submitted to the Monitor, other than with respect to Affected Creditors Under \$10K.

19. I am advised by the Monitor that they have completed the call for claims process contemplated in the Claims Process Order. The Claims Bar Date as set out in the Claims Process Order was August 3, 2023. As such, NAFA and the Monitor are in a position to review and either accept, revise, or reject the Proofs of Claim submitted.

20. Moreover, as will be set out below, NAFA's secured creditors support the proposed Plan, and as such, NAFA, and the Monitor, are now in a position to implement a claims adjudication

process.

21. The proposed claims adjudication process in the proposed Amended and Restated Claims Process Order (“**Claims Adjudication Process**”) is designed as a streamlined approach to review and accept, revise or reject Proofs of Claim in an effort to minimize costs to the Applicants, and provide any claimants with an opportunity to resolve or apply to Court to adjudicate any revised or rejected claims.

22. The proposed Claims Adjudication Process is set out in detail in the proposed Amended and Restated Claims Process Order, and will be further described in the Sixteenth Report.

23. The proposed Meeting Order expressly contemplates that all Affected Claims will be deemed approved for voting purposes only in the amount set out in the applicable Proofs of Claim, with the exception of Duplicate Claims (as defined below), which pursuant to the Amended and Restated Claims Process Order will be disallowed at least 20 days prior to the proposed Meeting.

24. The review and determination of Affected Claims (other than Duplicate Claims) for distribution purposes does not need to be completed before the Meeting to consider and vote on the Plan can be held, and all such Affected Claims (other than Duplicate Claims) are entitled to vote. The proposed Claims Adjudication Process contemplates that this process will be completed at least 20 days prior to the first distribution under the Plan.

25. The Monitor has advised me that there are some claims filed, which in the Monitor’s view appear to be obviously filed more than once (the duplicative filed claims referred to as a “**Duplicate Claim**”). The Monitor will send disallowances in respect of these Duplicate Claims at least 20 days prior to the proposed Meeting date. In the event a Duplicate Claim holder disputes the disallowance of its Duplicate Claim, they will be entitled to vote their Unresolved Disputed

Claim at the Meeting and the Monitor will keep a separate tally on how the Duplicate Claim holders voted, however, that vote shall not be counted for any purpose unless, until and only to the extent that such disputed Duplicate Claim is Finally Determined to be a Proven Claim.

26. Certain creditors, including some materially large creditors, failed to file claims by the Claims Bar Date but have since filed claims. The last of these late claims was filed on November 16, 2023. The Monitor will address these late filed claims in its Report.

27. Given that the claims filed have not been reviewed and adjudicated and a Plan had not been filed or voted on by the Affected Creditors yet, the Applicants, in consultation with the Monitor, are of the view that it would appropriate to deem these late filed claims to have been filed on or before the Claims Bar Date and that no material prejudice will result. Accordingly, the Amended and Restated Claims Process Order seeks relief to that effect.

### **The Development of the Proposed Plan**

28. After the implementation of the call for claims process under the Claims Process Order, the Monitor was able to determine the universe of claims against NAFA.

29. NAFA, in consultation with the Monitor, thereafter used this information to determine whether a potential plan was possible.

30. NAFA, in consultation with the Monitor, conducted forecasts of the liquidation of its Remaining Assets. Although a number of the Remaining Assets are contingent assets, NAFA, in consultation with the Monitor, and based on these forecasts, was able to determine that a potential Plan, which included distributions to its unsecured creditors, was possible, if it was able to obtain concessions from its secured creditors, being the Syndicated Lenders, Farm Credit Canada (“FCC”), and the shareholders of NAFA whom advanced secured loans to NAFA as far back as

2009 (the “**Secured Shareholders**”, together with FCC and the Syndicated Lenders, the “**Secured Creditors**”).

31. Accordingly, NAFA, with the assistance of the Monitor, entered into extensive discussions and negotiations with its Secured Creditors.

32. As part of the proposed Plan, as will be described in further detail below, subject to the proposed Plan being approved by the Requisite Majority of Affected Creditors, sanctioned by the Court and implemented, the Syndicated Lenders as NAFA’s first ranking and largest secured creditors have agreed, on the implementation of the proposed Plan, to effectively convert \$2.4 million of their approximate \$3.6 million remaining secured debt into unsecured debt and share in distributions with all other creditors on a *pari passu* basis. The Agent and the Syndicated Lenders have also agreed to not collect, and on implementation of the proposed Plan, waive, all interest and fees that have accrued or will accrue in respect of such first ranking secured indebtedness from and after October 1, 2023 which, based upon the current amount owing to the Syndicated Lenders and NAFA’s remaining assets, would be material. This results in a significant benefit to the other subordinate secured creditors as well as NAFA’s unsecured creditors as it is uncertain if and when NAFA’s remaining assets will be realized upon and whether there would be sufficient proceeds to fully repay the outstanding secured indebtedness to the Syndicated Lenders (including accrued fees and interest). If the proposed Plan is not implemented, then all accrued fees and interest from and after October 1, 2023 will become immediately due and owing.

33. In addition, the Applicants have successfully negotiated with FCC and the Secured Shareholders, which have also agreed, on implementation of the proposed Plan, to convert their cumulative secured debt in the approximate amount of \$4,500,000 into unsecured debt. FCC and the Secured Shareholders have also agreed that provided the Plan is implemented, no fees and

interest shall accrue on their indebtedness from and after the Filing Date. As a result, together with the accommodations agreed to by the Syndicated Lenders, an aggregate total of approximately \$7 million in principal of secured debt (plus fees and interest), which would otherwise rank ahead of unsecured creditors, will effectively will be converted to unsecured debt, permitting distributions to unsecured creditors.

34. Therefore, if the proposed Plan is not approved, sanctioned and implemented then approximately \$8,200,000 in secured debt, plus interest and fees, would need to be paid to secured creditors, as applicable, before any funds would be available to be distributed to unsecured creditors. Conversely, if the proposed Plan is approved, sanctioned and implemented, the Applicants will need to recover \$7,000,000 (plus fees and interest) less before distributions can be made to unsecured creditors. Based on NAFA's financial modeling (such modeling developed in consultation with the Monitor) if the proposed Plan is not approved, sanctioned and implemented, it is highly unlikely at best that the junior secured creditors would recover on the entirety of their secured debt, let alone unsecured creditors ranking behind them. In addition, the proposed Plan will materially reduce ongoing fees and costs to the estate of the Applicants (which are significant) and facilitate an earlier termination of the CCAA Proceedings, which the Agent and the Syndicated Lenders are supportive of. As such, in NAFA's view, there is significant benefit and fairness for all creditors if the Plan is approved and sanctioned.

35. I understand that each of the Secured Creditors supports the proposed Plan and has indicated that it will vote in favour of the proposed Plan.

36. I further believe, based on NAFA and the Monitor's financial forecasting, that in the event that the Secured Creditors do not convert their secured debt to unsecured debt, as contemplated in the proposed Plan, that there would be essentially no recoveries for the unsecured

creditors.

37. Under the proposed Plan, it is forecasted that all creditors, including unsecured creditors (after the conversion of the secured debt as set out above to unsecured debt) will have recoveries in the range of 3.6% to 11.0%. I understand that these forecasted recoveries are predicated based upon on a number of assumptions of NAFA's realization of its remaining assets (including contingent assets), and are therefore, uncertain. More detail in this regard will be provided in the Sixteenth Report.

## **The Proposed Plan**

### **(a) Purpose of the Proposed Plan**

38. The purpose of the proposed Plan is to:

- (a) permit the Applicants to realize upon their remaining assets, including pursuing their remaining Litigation Claims (including contingent claims), on a more cost-effective basis;
- (b) provide for a compromise of all Affected Claims;
- (c) provide for a distribution to all holders of Affected Claims that are Proven Claims after the payment in full of the Unaffected Secured Syndicate Claim;
- (d) effect a release and discharge of all Claims and Released Claims;
- (e) with the agreement of the Syndicated Lenders, the Secured Shareholders and FCC, to deem all of their Secured Claims (with the exception of the Unaffected Secured Syndicate Claim) to be Unsecured Claims for voting and distribution purposes under the Plan so that Affected General Unsecured Creditors with Proven Claims will obtain a greater benefit from implementation of the Plan than



they would derive from a bankruptcy or liquidation of the Applicants if such Secured Claims were not deemed to be Unsecured Claims for the purposes of the Plan; and

- (f) facilitate the termination of the CCAA Proceedings following the Court granting an Order terminating the CCAA Proceedings and discharging the Monitor in accordance with the terms of the Plan, which termination and discharge will occur when, in the opinion of the Applicants and the Monitor, there are no more realizable assets or the costs of realizing upon any remaining assets will be equal to or greater than the amounts to be realized.

**(b) Plan Consolidation**

39. The proposed Plan provides for the compromise and settlement of the Affected Claims against all Applicants on a consolidated basis. As described at paragraphs 10 to 41 of my Initial Affidavit, despite being separate legal entities, the business activities of the Applicants were intertwined and together represented the “NAFA” business on a global scale. North American Fur Auctions Inc. acted as the centralized corporate division of NAFA with its head office in Toronto. As such, NAFA’s operations on the whole, even in Europe and the USA, all ran through the Toronto head office, and the assets of one NAFA entity were often treated as assets of another NAFA entity.

40. During the time the Applicants were operational, employees that worked for the different named Applicants, were all there to support the “NAFA” brand and “NAFA’s” global business operations. As described in my Initial Affidavit, each of the Applicants were set up to perform their own functions, but with the common goal of furthering the interest of “NAFA” as a whole enterprise. As such, the debts owing for each of the Applicants were often characterized by NAFA

and/or viewed as owing across all the Applicants by their creditors and parties dealing with the Applicants.

41. During the operations of the Applicants, there was often co-mingling of funds between the various Applicants. Indeed, various entities of the Applicants had consolidated financial statements. For example, NAFA Properties Inc. had a consolidated financial statements with NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, and 3306319 Nova Scotia Limited. Additionally, North American Fur Auctions Inc. had consolidated financial statements with North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief UA, NAFA Europe B.V., NAFA Polska Sp. Z oo, and Daikoku SP. Z OO.

42. I understand from the Monitor that of the over 9,800 creditors less than 5 have filed claims against an Applicant other than North American Fur Auctions Inc., which is understandable given the manner in which NAFA operated. Therefore, I believe that the administrative task to separate the debts of each entity would be unduly expensive, lengthy, and would not yield accurate results given the manner in which information was recorded in NAFA's books and records.

43. I do not believe that any creditor will be prejudiced by consolidating the various NAFA entities under the Plan. The majority of the Applicants' remaining assets are held by NAFA and the majority of claims have been filed against NAFA.

44. For the foregoing reasons, I believe and I understand the Monitor also agrees that the benefits of consolidation outweigh any possible prejudice to any particular creditors, and it is fair and reasonable in the circumstances.

**(b) Conversion of Secured Claims to Unsecured Claims**

45. The Creditors with Proven Secured Claims have agreed that, upon the Plan Implementation Date, their Claims will be converted to Unsecured Claims. The only exception is the Unaffected Secured Syndicate Claim, which represents approximately \$1,261,000 of the Syndicated Lenders' Proven Secured Claim. This portion of the Syndicated Lenders' Proven Claim will be an Unaffected Claim under the proposed Plan and will maintain its secured status and be paid in full before any other amounts are distributed under the proposed Plan.

**(c) Classification of Creditors**

46. The Plan creates a single class of Affected Creditors that will be entitled to vote as a single class of creditors. Affected Creditors will only receive cash distributions under the Plan in respect of their Proven Claims after the Unaffected Secured Syndicate Claim is paid in full and sufficient reserves are established by the Monitor in accordance with the proposed Plan.

47. The Proven Secured Claims of the Secured Shareholders, FCC and the Syndicated Lenders (with the exception of the Unaffected Secured Syndicate Claim) will also be voted in the same single class of Affected Creditors. The Proven Secured Claims (except the Unaffected Secured Syndicate Claim) will be converted from Secured Claims to Unsecured Claims will be treated the same as other Affected Creditors' Proven Claims for the purposes of distributions under the Plan. The Unaffected Secured Syndicate Claim is an Unaffected Claim, will remain a Secured Claim and shall be paid in full in accordance with the Plan. Accordingly, the Unaffected Secured Syndicate Claim will not be voted.

48. The Unaffected Secured Syndicate Claim and certain other claims are unaffected by the proposed Plan (defined in the Plan as “**Unaffected Claims**”) and will not be compromised or released. The Unaffected Claims are:

- (a) Claims secured by the CCAA Charges;
- (b) CCAA Priority Payment Claims;
- (c) the Unaffected Secured Syndicate Claim;
- (d) D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA; and
- (e) Post-Filing Claims.

**(d) Cash Distribution Pool and Reserves**

49. On the Plan Implementation Date, consistent with the consolidated approach adopted for the Plan, NAFA will use its cash to establish the following applicable cash distribution pool and cash reserves:

- (a) **Creditor Distribution Pool:** After the Unaffected Syndicated Secured Claim is repaid in full and the Administration Reserve is established and fully funded, the Applicants thereafter will pay quarterly all cash to the Monitor to be held in trust for the benefit of the Affected Creditors. The Monitor will make distributions from the funds in the Creditor Distribution Pool to the Affected Creditors with Proven Claims from time to time when determined reasonable by the Monitor, in consultation with the Applicants, on a *pari passu* basis.
- (b) **Administration Reserve:** Prior to establishing the Creditor Distribution Pool but after the Unaffected Secured Syndicate Claim has been repaid, the Monitor will,

from time to time, set aside funds sufficient to pay the Administration Reserve Costs, which will include expenses of the Applicants' counsel, the Monitor and its counsel and the fees and disbursements of the Agent and Syndicated Lenders' legal counsel and other advisors, in pursuing the Realizations Efforts and administering the Claims Process and the Plan.

- (c) **Unresolved Claims Reserve:** After establishing the Administration Reserve, the Monitor will set aside from Available Cash an amount sufficient to fund, (i) *pro rata* distributions should all Unresolved Claims be Finally Determined to be Proven Claims and, (ii) in the case of any unresolved CCAA Priority Payment Claims to pay such Claim fully if it is Finally Determined to be a Proven Claim.

**(e) Distributions under the Proposed Plan**

50. Payment of Unaffected Secured Syndicate Claim will be made from the proceeds of the Realization Efforts as soon as sufficient funds are available to repay such Claim.

51. Thereafter, and after setting up the Reserves referred to above (which Reserves may be adjusted from time to time as the Monitor may determine, in consultation with the Applicants), the Monitor will make distributions to the Affected Creditors with Proven Claims on a *pro rata* basis.

52. The Monitor, on behalf of the Applicants will not make any distribution to any Affected Creditor with a Proven Claim whose calculated *pro rata* share of the amount available for distribution would result in a distribution of less than \$25 from any distribution and such Affected Creditor shall not be entitled to receive a distribution, provided that the amount of the distribution that would otherwise be paid to such Affected Creditor will be recorded by the Monitor to the

credit of the Affected Creditor and the Monitor will hold back such amount from the amount otherwise being distributed.

53. If in a subsequent distribution, the sum of the outstanding unpaid distribution to such Affected Creditor from the previous distribution plus the amount such Affected Creditor is entitled to under the subsequent distribution or distributions is greater than \$25, then the Monitor, on behalf of the Applicants, shall make the distribution for the Affected Creditor of the combined amount.

54. The Monitor, in consultation with the Applicants, in making the last distribution under the Plan, will determine the *pro rata* distribution to the Affected Creditors and all amounts that would result in distributions under \$25 to an Affected Creditor (after taking into account any prior amounts held for future distributions to that Affected Creditor as set out in the Plan) will be redistributed on a pro rata basis to the Affected Creditors with pro rata distributions above \$25 on Final Distribution.

55. The Monitor will hold the Unresolved Claims Reserve in trust until the Unresolved Claims are Finally Determined in accordance with the Claims Process Order. To the extent that an Unresolved Claim becomes a Proven Claim, the Monitor, on behalf of the Applicants, will distribute to the holder thereof the amount which such Affected Creditor would have been entitled to receive in respect of its Proven Claim on the Distribution Date.

56. After all Unresolved Claims have been finally resolved in accordance with the Claims Process Order and any required distributions have been made with respect to Proven Claims, any remaining funds in the Unresolved Claims Reserve shall become part of the Creditor Distribution Pool.

57. To the extent that any distribution is not cashed or is returned as undeliverable, the Applicants and the Monitor will not be required to make further efforts to deliver the distribution to the Affected Creditor unless and until they are notified in writing by such Affected Creditor of their current address, at which time such Undeliverable Distribution will be mailed to such Affected Creditor at such address.

58. The obligations of the Applicants and Monitor to an Affected Creditor with an Undeliverable Distribution will expire ten (10) Business Days prior to the Final Distribution Date, after which date, any cheques in respect of any such Undeliverable Distributions will be cancelled and rendered non-negotiable by the Applicants or Monitor and any entitlement of an Affected Creditor with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary, and the amount of such Undeliverable Distributions will be transferred to the cash distribution pool for distribution to the other Affected Creditors as part of the Final Distribution.

**(f) Releases**

59. On the Plan Implementation Date, certain parties will be released, as follows (which includes each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the following Persons):

- (a) each of the Applicants;
- (b) the Monitor and the Monitor's counsel; and,
- (c) each of the Agent and the Syndicated Lenders.

60. Each of the above noted parties have contributed significantly to the CCAA proceedings

and are integral to the viability of the proposed Plan. I am of the view that the releases being granted under the Plan are reasonable in the circumstances.

### **The Proposed Meeting Order**

61. The proposed Meeting Order authorizes the Applicants to convene the meeting of a single class of Creditors comprised of the Affected Creditor Class to consider and vote on the proposed Plan. The Applicants propose a hybrid Meeting on February 21, 2024 at 10:00 a.m. (EST), whereby creditors can attend either virtually by videoconference or in person at the office of the Monitor located at Bay Adelaide East, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9, Canada.

#### **(a) Notification**

62. The proposed Meeting Order provides for comprehensive notification of the Meeting to the Affected Creditors. It is proposed that the Monitor will:

- (a) no later than January 22, 2024 the Monitor shall publish the Meeting Materials on the Website;
- (b) send to each Affected Creditor copies of the Meeting Materials by email to the email address appearing on the Affected Creditor's Proof of Claim filed pursuant to the Claims Process Order or in the Books and Records. In the event no email address was provided on the Affected Creditor's Proof of Claim and is not in the Books and Records, the Monitor shall send the Notice of Meeting to Affected Creditors by regular mail to the Affected Creditor at the last known address of the Affected Creditor in the Applicants' Books and Records no later than January 29, 2024;



- (c) solicit fur trade industry websites, which the Monitor, in consultation with the Applicants, considers appropriate, to post an information bulletin advising of the Meeting Order and Plan, and directing Affected Creditors to the Meeting Materials on the Website.

**(b) Conduct of the Creditors Meeting**

63. The proposed Meeting Order provides that a representative of the Monitor will act as Chair of the Meeting and, subject to any further order of this Court, shall decide all matters relating to the conduct of the Meeting. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting, and for a person to act as secretary at the Meeting.

64. The only Persons entitled to attend the Meeting are: (i) Affected Creditors and their legal counsel and financial advisors; (ii) the Applicants and their legal counsel and advisors; (iii) the Applicants' directors and officers and their legal counsel and advisors; (iv) the Monitor and its legal counsel; and, (v) those Persons, including the holders of Proxies, entitled to vote at the Meeting and their legal counsel and advisors. Any other Person may be admitted on invitation of the Chair.

**(c) Voting**

65. The voting procedures were designed to provide a fair and equitable opportunity for Affected Creditors to register their votes for or against the Plan. The Meeting Order and the Plan provide, amongst other things:

- (a) At the Meeting, the Affected Creditors Class shall vote on the Plan Resolution and any amendments or variations thereto as the Monitor or the Applicants may

consider appropriate.

- (b) The quorum required at the Meeting will be one Eligible Voting Creditor with a Voting Claim present at the Meeting in person or by Proxy, and entitled to vote at the Meeting.
- (c) An Affected Creditor will be permitted to attend the Meeting in person or may appoint another person to attend the Meeting as its proxyholder in accordance with the process provided in the Meeting Order. The Meeting Order contains provisions outlining the requirements for voting and sets out the procedure and deadlines for an Affected Creditor to submit a Proxy.
- (d) Each Affected Creditor that is an Eligible Voting Creditor will be entitled to vote as part of the unsecured creditors' class, being the sole class of creditors, in the amount equal to the aggregate USD value of such Affected Creditors' Voting Claim. Any Claim in a currency other than US currency must be converted to US currency in accordance with the process set out in the proposed Meeting Order.
- (e) Each Affected Creditor's Claim, other than a Duplicate Claim, will be deemed accepted for (only) voting purposes in the amount set out in the Proof of Claim.
- (f) The Applicants may, with the consent of the Monitor, adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicants deem advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Affected Creditors, in respect of the adjournment or

postponement. Notice of such adjournment or postponement may be given by such method as the Applicants determine to be appropriate in the circumstances.

**(d) Amendments to the Proposed Plan**

66. The proposed Meeting Order provides that the Applicants may, at any time prior to the Meeting, amend, restate, modify and/or supplement the Plan (each a “**Modification**”), with the written consent of the Monitor and the Agent, provided that: (1) prior to the Meeting, notice of the Modification shall be posted on the Website and provided to the Service List; and (2) during the Meeting, notice of the Modification shall be given to all Affected Creditors present (or deemed to be present) at such meeting in person or by Proxy, and promptly posted on the Website, provided to the Service List, and filed with the Court.

67. The proposed Meeting Order also provides that post-meeting Modifications can be effected by the Applicants, with the consent of the Monitor, either pursuant to an Order of the Court or where such a Modification is, in the opinion of the Applicants and the Monitor, of an administrative nature required to give effect to the implementation of the Plan and Sanction Order, or to cure any errors, omissions or ambiguities, and in either case is not materially prejudicial to the financial or economic interests of the Affected Creditors.

**(e) Approval and Court Sanction of the Proposed Plan**

68. To be approved, the Proposed Plan must receive the Required Majority on a vote at the Meeting. As soon as practicable following the Meeting, the Monitor shall report to this Court on, *inter alia*, the voting results with respect to the approval of the Resolution.

69. If the Proposed Plan is approved by the Required Majority at the Meeting, the Applicants will be seeking a Sanction Order on March 1, 2024 or such other date that the Court has time

available to hear the motion.

### **The Stay Extension**

70. The Applicants have been and continue to act in good faith and with due diligence.

71. The Proposed Stay Period is necessary to allow NAFA to continue with the business of NAFA as outlined in my Last Affidavit including the Realization Efforts and to provide time for the creditors to consider and vote on the Plan and, if they approve the Plan, to permit the Applicants to bring the motion seeking an Order sanctioning the Plan.

### **Cash Flow Variance and Cash Flow Going Forward**

72. Throughout the period of the Last Stay Period, NAFA managed its cash flow and maintained sufficient liquidity.

73. I am not aware of any expenses in the last cash flow period that were materially higher than projected. The Company operated within its cash resources without borrowing further funds.

74. The Applicants, with the Monitor's assistance, are developing a cash flow forecast for the Proposed Stay Period. The cash flow forecast will be included in the Sixteenth Report, and I anticipate that it will demonstrate that the Applicants are forecast to have sufficient funds to maintain operations through the Proposed Stay Period provided the proposed Plan is passed, sanctioned and implemented, which will trigger the agreement by the Agent and the Syndicated Lenders, under the proposed Plan, to waive accrued and accruing interest and fees from and after October 1, 2023.

**Sealing Order**

75. The Cash Flow Forecast contains commercially sensitive information that if disclosed will negatively impact NAFA's Realization Efforts and as a result NAFA is seeking a Sealing Order in respect of the Cash Flow Forecast which will be a confidential appendix to the Sixteenth Report. I understand that the Sixteenth Report will report on the basis for a Sealing Order to be issued over the Cash Flow Forecast.

76. I further understand that the reasons for a Sealing Order are the same as set out in my Last Affidavit, and in accordance with section 10(3) of the *CCAA*.

**Funds and Expenses during the Proposed Stay Period**

77. NAFA continues to have very little in the way of continued operating expenses going forward.

78. Beyond professional fees, NAFA's costs continue to be primarily attributable to the modest salaries for its three remaining employees and incidental expenses that arise from time to time (e.g., storage costs, IT maintenance, and minor office overhead).

79. NAFA's focus for the Proposed Stay Period will be to conduct the Claims Adjudication Process, to hold the Meeting to vote on the proposed Plan, to continue the liquidation of its Remaining Assets, and to return to Court for the Sanction Hearing following approval of the proposed Plan by the Required Majority.

80. I affirm this affidavit in support of NAFA’s motion for the relief requested above.

**AFFIRMED REMOTELY BEFORE ME BY** )  
Douglas Lawson at the City of Toronto, in )  
Province of Ontario, and I being of the City of )  
Ottawa, in the Province of Ontario, on this 11<sup>th</sup> )  
day of January 2024, in accordance with O.Reg. )  
431/20 Administering Oath or Declaration )  
Remotely. )

*Stephen Gaudreau*

*Douglas F. Lawson*  
Douglas F. Lawson (Jan 11, 2024 12:23 EST)

---

A Commissioner for Taking Affidavits  
**Stephen Gaudreau**

---

**Douglas Lawson**

This is Exhibit "1" referred to in the Affidavit of Douglas Lawson sworn remotely on this 11<sup>th</sup> day of January 2024.

A handwritten signature in black ink that reads "Stephen Gaudreau". The signature is written in a cursive style with a large initial 'S'.

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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

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

**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 DOUGLAS LAWSON**  
(Affirmed November 24, 2023)

I, **DOUGLAS LAWSON**, of the City of Toronto, in the Province of Ontario,  
**AFFIRMAND SAY:**

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc., 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 do verily believe it to be true.
2. I use the term “**NAFA**” or the “**Company**” to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. On October 31, 2019, NAFA commenced proceedings under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of Justice McEwen (as amended and restated, the “**Initial Order**”). Background information about NAFA’s



business is set out in the affidavit I affirmed in support of the initial CCAA application (“**Initial Affidavit**”). Capitalized terms used herein and not defined are as defined in my Initial Affidavit..

4. I affirm this affidavit in support of a motion by NAFA for an Order seeking, *inter alia*:

(a) an extension of the stay of proceedings from December 1, 2023 to and including January 19, 2024 (the “**Stay Period**”);

(b) the approval of the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in its Fifteenth Report to Court, to be filed (the “**Fifteenth Report**”); and

(c) sealing the cash flow forecast of the Applicants to the Fifteenth Report in accordance with section 10(3) of the CCAA.

## **Overview**

5. These proceedings have been underway since the end of October 2019. The Initial Affidavit dated October 30, 2019, and the Pre Filing Report of the Monitor, set out the circumstances leading to the filing for protection under the CCAA by the Applicants.

6. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019. The stay of proceedings in these CCAA proceedings have been extended numerous times. The last Order extending the Stay Period was granted on September 26, 2023, which extended the Stay Period to December 1, 2023.

7. Since the commencement of these proceedings in 2019, this Court has supervised the

attempted restructuring of NAFA, including the sale of its inventory and real property holdings both here in Canada and around the world, along with the prosecution of litigation, resolution of claims and collection efforts in Finland, Lithuania, Denmark, Poland, Latvia and the United States.

8. As set out in the various affidavits and Monitor's reports filed in these proceedings over the intervening 4 years, the restructuring of NAFA has been greatly impacted and delayed by the worldwide slump in global mink prices, caused in large part by the Covid-19 pandemic and in particular its impact on global travel, the production of mink globally, and the markets in China.

9. However, as set out herein, having called for claims of its creditors, during this last Stay Period NAFA has made material progress on formulating a Plan of Arrangement ("**Plan**"), which it intends to propose to its creditors, as further described herein.

10. In this Affidavit, I will provide the Court with an update from the last stay extension hearing and provide the rational for an extension of the Stay Period to January 19, 2023.

### **The Current Stay Extension**

11. The Applicants are acting in good faith and with due diligence. I continue to believe that the continued orderly liquidation of certain of NAFA's assets by NAFA, with the Monitor's oversight, including but not limited to its remaining consignment fur inventory, will likely allow for the repayment of, or the consensual settlement of as part of a Plan, the indebtedness owing to the Agent and thereafter there will be money available for unsecured creditors.

### **Operations since the September 26, 2023 Stay Extension Order**

12. Since my last affidavit affirmed on September 22, 2023 (my "**Last Affidavit**"), over the past two months, NAFA has largely remained dormant with a focus to minimize expenses,

maximize collections, consider its strategic options, and work on a viable Plan. In particular, NAFA, with the assistance of the Monitor, has, among other things:

- (a) continued to prosecute litigation against Kestutis, a significant borrower, that has not fully repaid NAFA for loans NAFA advanced to it in 2019 or earlier;
- (b) attended to the collection of proceeds from auction houses who have been tasked with selling furs that have been pledged to NAFA as security for loans it made;
- (c) advanced its insurance claims with NAFA's insurer; and
- (d) progressed without prejudice discussions with key stakeholders about a Plan and the timing of holding a meeting of creditors in respect of same.

### **Cash Flow Variance and Cash Flow Going Forward**

13. Throughout the period of the last stay extension, NAFA managed its cash flow and maintained sufficient liquidity.

14. I am not aware of any expenses in the last cash flow period that were materially higher than projected. The Company operated within its cash resources without borrowing further funds.

15. The Lenders were not paid fees and interest in November 2023 (relating to fees and interest earned in October) as the Lenders agreed to continue to accrue these amounts but defer payment in their sole discretion as without prejudice discussions regarding a potential Plan are ongoing.

16. The Applicants, with the Monitor's assistance, have developed a cash flow forecast (the "**Cash Flow Forecast**") to January 26, 2024 being two weeks after the proposed Stay

Period. An initial draft of the Cash Flow Forecast was provided to the Agent on November 23, 2023 for its review and comment.

17. I reviewed the Cash Flow Forecast before affirming this affidavit and it demonstrates that the Applicants are forecast to have sufficient funds to maintain operations through the proposed Stay Period provided the forecasted receipts are received and certain concessions on bank interest and fees deferral are received (or alternatively, if no payments are made towards the principal debt owed to the Agent). The Cash Flow Forecast is to be appended to the Fifteenth Report as Confidential Appendix “1”.

18. As negotiations in respect of the Plan remain ongoing (described herein), NAFA and the Agent have been in discussions about the Lenders foregoing the collection of further interest and fees during the proposed stay extension period, which continue to accrue in respect of the secured indebtedness owed to the Lenders and are otherwise payable monthly. As such, although the Cash Flow Forecast continues to include payments to the Agent of such usual interest and fees, it may be the case that the Agent defers the collection of these amounts during the cash flow period if the momentum towards a potential Plan and Meeting continues in a manner that is satisfactory to the Lenders. This would create a material positive variance.

### **Cash Events During the Last Stay Extension**

19. During the last stay period, NAFA received auction proceeds from the September KF and SAGA auctions that I reported on in my Last Affidavit. As reported in my Last Affidavit, the SAGA September auction was completed prior to that Affidavit, but funds had not yet been disbursed to NAFA. The KF auction was in the midst of completion as I was swearing my Last Affidavit.

20. In the last stay period, NAFA received combined auction proceeds from the SAGA and KF September auctions in the amount of approximately \$532,787, which was slightly lower than forecast. It is expected that NAFA will receive further funds from the KF auction as a result of Grobina furs being sold, which will put it in line with its last cash flow forecast. (As has been previously reported, Grobina has pledged fur to NAFA, but is currently under bankruptcy proceedings in Latvia, and consequently, auction proceeds are often delayed as they must pass through Grobina's administrator, and are reduced on account of Grobina administrator fees).

21. Given the cash constraints of the Applicant and the ongoing negotiations with the Agent with respect to the Plan, the Applicant has not disbursed any funds from these amounts to the Agent and the Cash Flow Forecast does not project it doing so during the projected Stay Period.

#### **Future Auctions and Sales During the Extension Period**

22. During the proposed Stay Period, no further auctions are anticipated, which is in keeping with usual seasonal trends in the fur industry (auctions are usually held in or around March, June and September). The next scheduled auction will be held by KF at the end of February 2024. SAGA's next auction will be in March 2024. SAGA intends to hold two other auctions in 2024 (May and September).

#### **Farms in Litigation - Status Update**

23. My April 2021 Affidavit provided a more complete description of the litigation NAFA has commenced against several debtor farmers.

24. In my Last Affidavit, I provided a brief overview and update of the two most active of those claims, being farms known as Kestutis and Grobina, located in Lithuania and Latvia, respectively.

25. As previously reported in my earlier affidavits, NAFA sought and received the approval of this court for a settlement with Kestutis on January 23, 2023. However, following the court order, the settlement was not consummated through no fault of NAFA.

26. In parallel, Lithuanian authorities, after an extensive and prolonged investigation, have criminally charged Kestutis for large-scale fraud and negligent accounting arising from its dealings with NAFA.

27. Also, NAFA returned to Court in Lithuania to continue pressing its litigation against the third party that received a material amount of the NAFA pledged mink from Kestutis, an entity known as “UAB Norvuksa”. The litigation also named Kestutis as a defendant for his actions in conjunction with these events. The transfer of these pledged minks was prima facie illegal under Lithuanian law.

28. The trial of this matter took place during the last Stay Period, and a decision is expected at the end of November 2023.

29. If this matter is decided in NAFA’s favour, I am advised by our Lithuanian counsel that the court could award judgment in excess of \$1,000,000 Euros against UAB Norvuksa.

### **Insurance Claims**

30. NAFA had trade credit insurance with Red Rock Insurance (“**Red Rock**”). The purpose of the insurance was for Red Rock to indemnify NAFA for farmer accounts that went into default, subject to farmer and country coverage limits.

31. NAFA has had numerous farmer accounts go into default.

32. NAFA’s employees, with oversight from the Monitor, prepared and filed 26 insurance claims pursuant to the policy. Red Rock has disputed coverage. NAFA has objected

to the coverage position taken by Red Rock.

33. NAFA, in consultation with the Monitor and the Agent, has agreed with Red Rock (and its underwriter Lloyd's of London) to enter into a pre-litigation mediation to attempt to resolve these claims.

34. The negotiations with Red Rock continue to progress, which includes voluminous document production and answering information requests from Red Rock. NAFA has responded to the majority of the numerous requests for information from Red Rock that have resulted in thousands of pages of documents.

35. As of the date of swearing this affidavit, I understand that the parties remain committed to engaging in a mediation during the next stay extension period and have agreed upon a tentative schedule that may see a mediation (or the first part of a two-step mediation) conducted before the expiry of the proposed Stay Extension.

36. NAFA remains of the view that there will ultimately be material recovery from these insurance claims.

### **Long Term Debts**

There have been no new materials developments during the last Stay Period to report on with respect to long-term debts owed to NAFA.

### **Plan of Arrangement and Meeting Order**

37. During the last Stay Period, NAFA, with oversight from the Monitor, has worked extensively to formulate the framework of a potential Plan.

38. NAFA has had numerous discussions with key stakeholders, including the Agent, FCC,

NAFA's Board of Directors, and certain of the shareholders of NAFA who claim to have made secured advances to NAFA. Currently, these parties are collectively owed \$9,300,000 in secured debt.

39. Given the large amount of remaining secured debt, the repayment of which would prima facie be required before any amounts can be paid to the unsecured creditors, NAFA has focused its efforts on reaching a resolution with its secured creditors to potentially accept some level of compromise or reclassification of their debts in order to formulate a Plan that would see some recovery to unsecured creditors.

40. Although progress has been made in those negotiations, there remains no consensus on a Plan among secured creditors at this time as certain of them require additional time to complete their analysis and negotiations around the acceptable parameters of a Plan.

41. The Lenders are the first position secured creditors in these proceedings, owed in excess of USD \$3.6M as at the date hereof. Interest and fees continue to accrue in respect of that first-ranking secured debt at a rate which is material given NAFA's remaining realizable assets. Additionally, NAFA has been paying the fees of the Agent's advisors during these proceedings, which also form part of such secured indebtedness.

42. Although discussions among NAFA and the Agent have been on a without prejudice basis, we can advise that significant progress has been made and the parties are (subject to certain conditions) close to agreeing to a proposal for a potential Plan which, if ultimately successful, would greatly enhance the prospect of or otherwise accelerate recoveries for other secured creditors that rank behind the Lenders, as well as unsecured creditors. However, such proposal is conditional on, among other things, arrangements and accommodations being reached with the



other secured creditors so that the benefit of any potential accommodations by the Lenders translate directly and equitably into benefits for other creditors (including both the other secured creditors and general unsecured creditors).

43. NAFA seeks an extension of the stay of proceedings to continue to advance a potential Plan. While NAFA remains hopeful that any such Plan will have the unanimous support of all secured creditors, it may proceed with a Plan which has the support of the requisite majority of (but not all) secured creditors.

44. Given NAFA's liquidity constraints, NAFA, the Monitor and Agent are of the view that in order for any potential Plan to be pursued, a Meeting Order needs to be granted by January 15, 2024. For this reason, NAFA is only seeking to extend the stay of proceedings until January 19, 2014 and seeking to schedule a hearing for a Meeting Order on or before January 15, 2024.

#### **Funds and Expenses during the Stay Period**

45. NAFA continues to have very little in the way of continued operating expenses going forward.

46. Beyond professional fees and interest, NAFA's costs continue to be primarily attributable to the modest salaries for its three remaining employees and incidental expenses that arise from time to time (e.g., storage costs, IT maintenance, and minor office overhead).

47. NAFA's focus for the Stay Period will be to finalize a Plan, and return to Court for approval to file its Plan, and a Meeting Order.

48. Nonetheless, NAFA will continue to pursue its foreign litigation, the insurance claims, and other long-term debts owing to the company during the proposed stay extension period. These

tasks, all of which may generate material amounts, require attention from NAFA's remaining employees who have important background knowledge and relationships with various parties that are material to realize on each of these buckets of revenue.

49. NAFA's Board of Directors also continues to provide direction to the Company and in particular have directed the Company and its counsel to consider a Plan to be put forward to its key stakeholders as soon as possible.

50. The Board of Directors held a meeting during the last Stay Period and approved the proposed resolution between the Agent and NAFA and approved moving forward with a Plan.

### **Sealing Order**

51. The Cash Flow Forecast contains confidential business information and assumptions about the Applicants which, if disclosed, could hamper or interfere with the restructuring of the Applicants or the maximization of value. Specifically, NAFA has ongoing litigation and settlement negotiations with various entities around the world.

52. NAFA would be prejudiced, and be at a disadvantage, in the event adverse parties in the litigation and settlement negotiations had access to the Cash Flow Forecast, and thereby, the short term financials of the Applicants. This is valuable confidential information in any litigation or settlement negotiation that would not normally be divulged to adverse parties in the circumstances. NAFA's litigation and settlement negotiations are valuable (contingent) assets in its restructuring, and anything to compromise those assets would undermine the restructuring process.

53. I further believe that there is no reasonable alternative measure to a sealing order over the Cash Flow Forecast. For example, I have reviewed the Cash Flow Forecast and there would

be no practical way to seal a portion thereof, and releasing other portions as each component of the Cash Flow Forecast works together.

54. I further believe that there would be little benefit to the public in releasing the Cash Flow Forecast, and the negative effects set out above would far outweigh any of those benefit.

55. Lastly, this Court has sealed NAFA's cash flow forecasts in each of the previous stay extension motions for similar reasons, and an Order to seal the within Cash Flow Forecast would be consistent with this Court's previous Orders in these proceedings. Counsel has also advised me that it is consistent with section 10(3) of the CCAA.

56. Accordingly, the Cash Flow Forecast is being filed as a confidential appendix to the Monitor's Fifteenth Report and a sealing Order is being sought as has been granted by the Court for previous cash flow forecasts.

57. I affirm this affidavit in support of NAFA's motion for an Order, *inter alia*:

- (a) granting a stay extension from December 1, 2023, to January 19, 2024;
- (b) approving the activities and conduct of Monitor and its counsel, Miller Thomson LLP, as set out in its Fifteenth Report to Court, to be filed; and
- (c) sealing the Cash Flow Forecast appended as a confidential appendix to the Fifteenth Report.

**AFFIRMED REMOTELY BEFORE ME BY** )  
 Douglas Lawson at the City of Toronto, in )  
 Province of Ontario, and I being of the City of )  
 Ottawa, in the Province of Ontario, on this 24th )  
 day of November 2023, in accordance with )  
 O.Reg. 431/20 Administering Oath or Declaration )  
 Remotely. )

*Stephen Gaudreau*

---

A Commissioner for Taking Affidavits  
**Stephen Gaudreau**

*Douglas Lawson*

Douglas Lawson (Nov 24, 2023 15:27 EST)

---

**Douglas Lawson**

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

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LAWSON**  
**(Motion Returnable November 29<sup>th</sup>, 2023)**

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Counsel for the Applicants

This is Exhibit "2" referred to in the Affidavit of Douglas Lawson sworn remotely on this 11<sup>th</sup> day of January 2024.

A handwritten signature in black ink that reads "Stephen Gaudreau". The signature is written in a cursive style with a large initial 'S'.

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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE MCEWEN

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)  
)

THURSDAY, THE 25<sup>TH</sup>  
DAY OF MAY, 2023

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 (collectively the "**Applicants**" or any one of them the "**Applicant**")

**CLAIMS PROCESS ORDER**

**THIS MOTION**, brought by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order establishing a claims process to identify claims of creditors of the Applicants, was heard this day by videoconference via Zoom in Toronto, Ontario.

**ON READING** the Applicant's Notice of Motion, the affidavit of Douglas Lawson affirmed on April 21, 2023 (the "**Lawson Affidavit**"), the Thirteenth Report of Deloitte Inc. (the "**Monitor**") dated May 24, 2023 (the "**Monitor's Report**"), and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for the Agent and those other parties listed on the Counsel Slip, no one else appearing although duly served with the Applicant's Motion Record as appears from the Affidavit of Service of Ariyana Botejue dated May 23, 2023,

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that unless otherwise stated, all monetary amounts referenced herein are expressed in U.S. dollars, the Applicants reporting currency. All Claims shall be filed in U.S. dollars. If a Claim is filed in another currency it shall be converted to U.S. dollars as set out in paragraph 21. The below terms shall have the following meanings ascribed thereto:

- (a) **“Business Day”** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario.
- (b) **“Books and Records”** means the books and records of the Applicants related to the operations of the business of the Applicants, including employee records, account ledgers, transaction records, payment records, and other similar information, either in physical or electronic form.
- (c) **“CCAA”** has the meaning ascribed to it in the preamble to this Claims Process Order.
- (d) **“Charges”** shall have the meaning ascribed to it in the Initial Order.
- (e) **“Claim”** means each of:
  - (i) any right or claim of any Person against the Applicants (or any one of them), in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any



breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise) the right or ability of any Person to advance a claim for contribution or indemnity (including any claim by a Director or Officer against the Applicants for contribution and/or indemnity arising from any D&O Claim) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Applicants become bankrupt on the Filing Date (each, a “**Pre-Filing Claim**”, and collectively, the “**Pre-Filing Claims**”);

- (ii) any indebtedness, liability or obligation of any kind with respect to the Applicants arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Process Order (each, a “**Restructuring Claim**”, and collectively, the “**Restructuring Claims**”); or
- (iii) any right or claim of any Person against any of the Directors or Officers of any of the Applicants, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature including any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors or Officers

of the Applicants with respect to any matter, action, cause or chose in action, however arising, for which any Director or Officer of the Applicants is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer of the Applicants or which is secured by way of the Directors' Charge (as defined in the Initial Order)(each, a "**D&O Claim**", and collectively, the "**D&O Claims**"); or

(iv) a D&O Indemnity Claim,

provided however, that "**Claim**" shall not include an Excluded Claim.

- (f) "**Claims Bar Date**" means 5:00 p.m. (prevailing Eastern Time) on August 3, 2023 for Pre-Filing Claims and D&O Claims.
- (g) "**Claims Process**" means the claims process set out in the Claims Process Order.
- (h) "**Claims Process Order**" means this Claims Process Order.
- (i) "**Court**" means the Ontario Superior Court of Justice (Commercial List).
- (j) "**Creditor**" means any Person with a Claim against the Applicants or any one of them.
- (k) "**Creditor over \$10k**" means any Person with a Claim against the Applicants or any one of them in an amount greater than \$10,000 other than an Employee Claim.
- (l) "**Creditor under \$10k**" means any Known Creditor of any of the Applicants who is owed an amount equal to or less than \$10,000 according to the Books and Records of the Applicants other than an Employee Claim.
- (m) "**Creditors under \$10k List**" has the meaning ascribed to that term in paragraph 9 of this Claims Process Order.
- (n) "**Creditors' Meeting**" means the meeting or meetings of Creditors scheduled pursuant to further Order of this Court for purposes of voting on a Plan, if and when filed with this Court.

- (o) “**Directors and Officers**” means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or officer or *de facto* director or officer of any of the Applicants.
- (p) “**D&O Claim**” has the meaning ascribed to that term in paragraph 2(e)(iii) of this Claims Process Order.
- (q) “**D&O Indemnity Claim**” means any existing or future right of any Director or Officer against one or more of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by one or more of the Applicants.
- (r) “**Employees**” means the current and former employees of the Applicants.
- (s) “**Employee Claim**” means solely the Claim of any Employee which arises from the termination of its employment with the Applicants, whether or not that Claim arose prior to or after the Filing Date. An Employee Claim is not a Restructuring Claim. An Employee may have Claims against the Applicants other than an Employee Claim.
- (t) “**Employee Claim Statement**” has the meaning given to it in paragraph 12.
- (u) “**Excluded Claim**” means the following claims against the Applicants (or any one of them) or any Directors and Officers, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, including any interest accrued thereon or costs incurred in respect thereof:
  - (i) any claim of the lenders or the Canadian Imperial Bank of Commerce in its capacity as agent for the lenders in connection with, under or in respect of the Fourth Amended and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated) and any Documents (as defined therein) from time to time; or

- (ii) any claim entitled to the benefit of an existing or future Court-ordered priority charge ordered by the Court, including the Charges.
- (v) “**Filing Date**” means October 31, 2019.
- (w) “**Initial Order**” means the Amended and Restated Initial Order dated October 31, 2019, (as may be further supplemented, amended or varied from time to time).
- (x) “**Instruction Letter**” means the guide to this Claims Process, in substantially the form attached as **Schedule “B”** hereto.
- (y) “**Known Creditors**” means:
  - (i) any Person, which, to the knowledge of the Applicants and the Monitor, was owed monies by the Applicants as of the Filing Date and which monies remain unpaid in whole or in part; and
  - (ii) any Person who, to the knowledge of the Applicants and the Monitor, commenced a legal or any other proceeding against the Applicants, which legal proceeding was commenced and served upon the Applicants prior to the Filing Date.
- (z) “**Notice to Creditors**” means the Notice to Creditors for publication in substantially the form attached as **Schedule “A”** hereto.
- (aa) “**Person**” is to be interpreted broadly and includes any individual, firm, general or limited partnership, joint venture, trust, corporation, limited or unlimited liability company, unincorporated organization, association, trust, collective bargaining agent, joint venture, federal or provincial government body, agency or ministry, regulatory body, officer or instrumentality thereof, or any juridical entity, wherever situate or domiciled, and whether or not having legal status, howsoever designated or constituted, and whether acting on their own or in a representative capacity.
- (bb) “**Plan**” means any plan of compromise or arrangement by the Applicants, if and when filed, as revised, amended, modified or supplemented from time to time in

accordance with its terms.

- (cc) “**Pre-Filing Claim**” has the meaning ascribed to that term in paragraph 2(e)(i) of this Claims Process Order.
- (dd) “**Proof of Claim**” means the proof of claim to be completed and filed with the Monitor by a Person setting forth a Claim and which shall include all supporting documentation in respect of such Claim, substantially in the form attached hereto as **Schedule “C”**.
- (ee) “**Proof of Claim Document Package**” means a document package that includes a copy of the Notice to Creditors, Instruction Letter and Proof of Claim, and such other materials as the Monitor may consider appropriate or desirable.
- (ff) “**Restructuring Claim**” has the meaning ascribed to that term in paragraph 2(e)(ii) of this Claims Process Order.
- (gg) “**Restructuring Claims Bar Date**” means, in respect of each Restructuring Claim and each Person having a Restructuring Claim, 5:00 p.m. (prevailing Eastern Time) on the later of: (i) August 3, 2023, and (ii) the date that is 30 days after the date on which the Monitor sends a Proof of Claim Document Package to the Creditor with respect to a Restructuring Claim that arose after the Filing Date.
- (hh) “**Trade Websites**” has the meaning ascribed to that term in paragraph 7 of this Claims Process Order.
- (ii) “**Website**” means the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

3. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day, unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

5. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

#### **MONITOR'S ROLE**

6. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to take all such other actions and fulfill such other roles as are authorized by this Claims Process Order or are incidental thereto, and that in taking such other actions and in fulfilling such other roles, the Monitor shall have the protections given to it in the Initial Order and this Claims Process Order, including the protections provided in paragraph 30 of this Claims Process Order.

#### **NOTICE TO CREDITORS**

7. **THIS COURT ORDERS** that the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, cause the Notice to Creditors to be published on certain industry websites including the International Fur Federation website (the "**Trade Websites**") and posted on the Website.

8. **THIS COURT ORDERS** that to the extent that any Creditor requests documents relating to the Claims Process prior to the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, the Monitor shall forthwith cause a Proof of Claim Document Package to be sent to such Creditor by email or direct the Creditor to the documents posted on the Website, and otherwise respond to any request relating to the Claims Process as may be appropriate in the circumstances.

#### **CLAIMS PROCESS FOR CREDITORS UNDER \$10K**

9. **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall post a listing of the Creditors under \$10k and their Claims on the Website, which listing will identify the name of such Creditors and the amounts owing to such Creditors according to the Books and Records of the Applicant (the "**Creditors under \$10k List**"). The Creditors under \$10k List will be assembled by the Monitor in consultation with the Applicants.

10. **THIS COURT ORDERS** that by no later than June 12, 2023, where the Applicants have an email address in their Books and Records for any Creditor under \$10k, the Monitor shall send an email to each such Creditor, at the email address as recorded in the Applicants' Books and Records, directing such Creditors under \$10k to the Website and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for a Creditor under \$10k, the Monitor shall mail the Instruction Letter by regular mail to that address.
11. **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall send by way of email, at the last known email address as recorded in the Applicants' Books and Records, to each Employee a statement setting out their Employee Claim according to the Books and Records of the Applicants (the "**Employee Claim Statement**") and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for an Employee, the Monitor shall mail the Instruction Letter and Employee Claim Statement by regular mail to that address.
12. **THIS COURT ORDERS** that the posting and publishing of the Notice to Creditors as set out in paragraph 7 of this Claims Process Order, the posting of the Creditors under \$10k List as set out in paragraph 9 of this Claim Process Order, and sending the emails or regular mail letters as described in paragraphs 10 and 11 of this Claims Process Order and will be sufficient notice to the Creditors under \$10k and Employees, of this Claims Process and of their Creditor under \$10k Claims or Claims, as applicable.
13. **THIS COURT ORDERS** that any Creditor under \$10K or Employee that agrees with amount of their Claim as set out on the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, shall not be required to take any further steps in respect of their Claim, including filing a Proof of Claim, and shall be deemed to have accepted their Claim as set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable, and each such Claim will be deemed to be a Proven Claim.
14. **THIS COURT ORDERS** that any Creditor under \$10k or Employee that disputes the amount of their Claim as set out in the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, and/or wishes to assert (i) a D&O Claim or (ii) a

Restructuring Claim, must submit a Proof of Claim with the Monitor in the manner set out in paragraph 18 hereof so that the Proof of Claim is received by the Monitor no later than the Claims Bar Date. Failure to file a Proof of Claim with the Monitor by the Claims Bar Date, will result either in such Creditor under \$10k Claim being allowed for the amount set forth in the Creditors under \$10k List or, if they are not listed in the Creditors under \$10k List, being forever barred and extinguished, in which case such Creditor under \$10k will be forever prohibited from making or enforcing a Claim against any Applicants or its Directors or Officers. For greater certainty, Employees shall not be required to file Restructuring Claims in respect of their Employee Claim.

#### **CREDITORS OVER \$10K NOTIFICATION**

15. **THIS COURT ORDERS** that, in addition, to the notification steps set out in paragraph 7 herein, with respect to Creditors over \$10k:

- (a) the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, post a copy of the Proof of Claim Document Package on the Website;
- (b) the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, on behalf of the Applicants, send to each of the Known Creditors (for which the Monitor has an email address) a copy of the Proof of Claim Document Package by email; and,
- (c) with respect to Restructuring Claims arising after the date of this Claims Process Order, the Monitor shall, no later than five (5) Business Days following the time that the Monitor becomes aware of the effective date of the termination, repudiation or disclaimer of a lease, contract or other agreement or obligation, send to the counterparty(ies) of such agreement or obligation a Proof of Claim Document Package by email.

#### **CLAIMS BAR DATES**

16. **THIS COURT ORDERS** that all Proofs of Claim with respect to: (a) Pre-Filing Claims, shall be filed with the Monitor on or before the Pre-Filing Claims Bar Date; (b) Restructuring



Claims, shall be filed with the Monitor on or before the Restructuring Claims Bar Date; and, (c) D&O Claims, shall be filed with the Monitor on or before the Claims Bar Date, except to the extent that the D&O Claim relates to a Restructuring Claim, in which case such D&O Claim shall be filed with the Monitor on or before the applicable Restructuring Claims Bar Date.

17. **THIS COURT ORDERS** that, subject to any Claims deemed to be Proven Claims pursuant to paragraph 13 of this Claims Process Order, any Creditor that does not file a Proof of Claim as provided for herein such that such Proof of Claim is received by the Monitor on or before the applicable Claims Bar Date or Restructuring Claims Bar Date: (a) shall be, and is hereby forever barred from making or enforcing such Claim against the Applicants or the Directors or Officers, or any of them; (b) shall not be entitled to vote at the applicable Creditors' Meeting in respect of the Plan or to receive any distribution thereunder; and (c) shall not be entitled to any further notice of, and shall not be entitled to participate as a Creditor in these proceeding.

#### **PROOFS OF CLAIM**

18. **THIS COURT ORDERS** that each Creditor over \$10k shall file a Proof of Claim against the Applicants and shall include any and all Claims it asserts against the Applicants in a single Proof of Claim. A Creditor under \$10k or an Employee shall only be required to file a Proof of Claim in accordance with paragraph 14 of this Claims Process Order if it disputes the amount of its Claim set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable.

19. **THIS COURT ORDERS** that if a Creditor over \$10k is asserting a Claim against any of the Applicants and against the Directors or Officers of any of the Applicants, all such Claims shall be included in the same Proof of Claim.

20. **THIS COURT ORDERS** that where a Claim against the Applicants is based on the Applicants' guarantee of the repayment of a debt of any other Person, the Proof of Claim in respect of such Claim shall clearly state that it is based on such a guarantee.

21. **THIS COURT ORDERS** that if any Claim arose in a currency other than U.S. dollars, then the Creditor making the Claim shall complete its Proof of Claim indicating the amount of

the Claim in such currency, rather than in U.S. dollars or any other currency. The Monitor shall subsequently convert any Claim filed in a foreign currency other than U.S. dollars to Canadian dollars at the noon Bank of Canada exchange rate on the Filing Date and then convert it to U.S. dollars at the noon Bank of Canada exchange rate on the Filing Date, all without prejudice to the ability of the Applicants to utilize a different exchange rate in any Plan.

22. **THIS COURT ORDERS** that the Monitor shall supervise the receipt and collection of the Proofs of Claim and, in conjunction with the Applicants (and any Director and/or Officer against whom a D&O Claim is asserted), shall, subject to further order of the Court, review each Proof of Claim submitted by the Claims Bar Date or the Restructuring Claims Bar Date, as applicable. The Monitor shall provide the Applicants' counsel with copies of all Proofs of Claim and any other documents delivered to the Monitor pursuant to the Claims Process.

#### **NOTICE SUFFICIENT**

23. **THIS COURT ORDERS** that each of the:

- (a) Notice to Creditors attached as Schedule "A";
- (b) Instruction Letter attached as Schedule "B"; and
- (c) Proof of Claim form attached as Schedule "C";

are hereby approved in substantially the forms attached. Despite the foregoing, the Monitor may, from time to time, and with the consent of the Applicants, make minor changes to such forms as the Monitor considers necessary or desirable.

24. **THIS COURT ORDERS** that Publication of the Notice to Creditors on the Website and the Trade Websites, posting of the Proof of Claim Document Package on the Website, the sending of the Proof of Claim Document Package to the Creditors over \$10k, in accordance with this Claims Process Order, and completion of the other requirements of this Claims Process Order shall constitute good and sufficient service and delivery of notice of a Creditor's Claim, this Claims Process Order, the Claims Process, the Claims Bar Date and the Restructuring Claims Bar Date on all Persons who may be entitled to receive notice, and no other notice or service need be given or made and no other document or material need be sent

to or served upon any Person in respect of this Claims Process Order or the Claims Process.

25. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicants and the applicable Director or Officer in respect of any D&O Claim, is hereby authorized to use its reasonable discretion as to the adequacy of compliance with respect to the manner and timing in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Process Order as to completion and execution of such forms. Notwithstanding any other provision of this Claims Process Order, any Claim filed with the Monitor after the applicable Claims Bar Date or Restructuring Claims Bar Date may, in the reasonable discretion of the Monitor or subject to further Order of the Court, be deemed to have been filed on or before the applicable Claims Bar Date or Restructuring Claims Bar Date, and, subject to further Order of this Court, may be reviewed by the Monitor.

#### **D&O Indemnity Claim**

26. **THIS COURT ORDERS** that to the extent any D&O Claim is filed in accordance with this Claims Process Order, a corresponding D&O Indemnity Claim shall be automatically and immediately deemed to have been filed in respect of such D&O Claim.

#### **NOTICE OF TRANSFEREES**

27. **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until (a) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Monitor, and (b) the Monitor shall have acknowledged in writing such transfer or assignment, and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim, and such Claim, shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Process Order prior to the written acknowledgement by the Monitor of such transfer or assignment.

28. **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the

whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Applicant and the Monitor shall in each such case not be bound to acknowledge or recognize any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with paragraph 27 of this Claims Process Order and the Monitor has acknowledged in writing such transfer or assignment, the Person last holding such Claim in whole as the Creditor in respect of such Claim may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Creditor, such transferee or assignee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim by or with respect to such Person in accordance with this Claims Process Order.

29. **THIS COURT ORDERS** that the transferee or assignee of any Claim (a) shall take the Claim subject to the rights and obligations of the transferor/assignor of the Claim, and subject to the rights of the Applicants against any such transferor or assignor, including any rights of set-off which the Applicants had against such transferor or assignor, and (b) cannot use any transferred or assigned Claim to reduce any amount owing by the transferee or assignee to the Applicants, whether by way of set off, application, merger, consolidation or otherwise.

#### **PROTECTIONS FOR MONITOR**

30. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Claims Process Order, the Monitor shall have all of the protections given to it by the CCAA and the Initial Order or as an officer of this Court, including the stay of proceedings in its favour, (b) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Process Order, (c) the Monitor shall be entitled to rely on the Books and Records of the Applicants and any information provided by the Applicants, all without independent investigation, and (d) the Monitor shall not be liable for any claims or damages resulting from

any errors or omissions in such books, records or information.

## **DIRECTIONS**

31. **THIS COURT ORDERS** that the Applicants or the Monitor may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to this Claims Process Order and the Claims Process set out herein, including the forms attached as Schedules hereto.

## **SERVICE AND NOTICE**

32. **THIS COURT ORDERS** that the Monitor or the Applicants, as the case may be, are at liberty to deliver the Proof of Claim Document Package, and any letters, notices or other documents to Creditors or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons at the address as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third Business Day after mailing.

33. **THIS COURT ORDERS** that any notice or other communication (including Proofs of Claim) to be given under this Claims Process Order by a Creditor to the Monitor shall be in writing in substantially the form, if any, provided for in this Claims Process Order and will be sufficiently given only if given by electronic or digital transmission, prepaid ordinary mail, courier, or personal delivery addressed to:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auctions Inc.

8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

34. **THIS COURT ORDERS** that any such notice or other communication by a Creditor to the Monitor shall be deemed received only upon actual receipt thereof, provided that any notice

or communication by a Creditor to the Monitor that is received by the Monitor on a non Business Day or after 5:00 p.m. (prevailing Eastern Time) shall be deemed to have been received on the next Business Day.

#### **MISCELLANEOUS**

35. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Process Order, the solicitation of Proofs of Claim, and the filing by a Person of any Proof of Claim, shall not, for that reason only, grant any Person any standing in the CCAA proceedings or rights under a Plan.

36. **THIS COURT ORDERS** that nothing in this Claims Process Order shall constitute or be deemed to constitute an allocation or assignment of a Claim or Excluded Claim into particular affected or unaffected classes for the purpose of a Plan and, for greater certainty, the treatment of Claims or Excluded Claims, or any other claims shall be dealt with in accordance with the terms and conditions of a Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any Plan or further Order of the Court.

37. **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be under any obligation to review, approve or disallow any Claim file hereunder other than to confirm to any Person who makes such a request that the Claim has been filed with the Monitor, subject to further order of the Court.

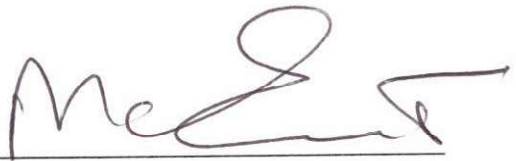
38. **THIS COURT ORDERS** that the process for reviewing, disallowing or allowing Claims and or adjudicating disputed Claims shall be the subject of a further order of the Court.

39. **THIS COURT ORDERS** that nothing in this Order shall prejudice the rights and remedies of any Directors or Officers under any existing Director and Officer insurance policy or prevent or bar any Person from seeking recourse against or payment from any Director's and/or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors and/or Officers, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or one or more of the Applicants; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove,

modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.

40. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Process 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 the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Claims Process Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Claims Process Order.

41. **THIS COURT ORDERS** that this Claims Process Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Claims Process Order, and is enforceable without any need for entry and filing.



A handwritten signature in black ink, appearing to be 'M. J. ...', is written over a horizontal line.

**SCHEDULE “A” – NOTICE TO CREDITORS**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC. (“NAFA”), 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 (collectively the “Applicants” or any one of them “Applicant”)**

**NOTICE OF THE CLAIMS PROCESS FOR THE APPLICANTS IN THE CCAA PROCEEDINGS**

**NOTICE OF CLAIMS BAR DATE FOR CLAIMS**

**NOTICE IS HEREBY GIVEN** that, pursuant to an Order of the Court made on May 25, 2023, (the “**Claims Process Order**”) a claims process has been commenced for the purpose of identifying and determining certain claims against the Applicants. Capitalized terms under this Notice that are not otherwise defined herein have the meaning ascribed to them in the Claims Process Order (a copy of which is available on the Monitor's Website).

**PLEASE TAKE NOTICE** that the claims process applies to Claims, as described in the Claims Process Order. The claims process has called for Claims which includes *Pre-Filing Claims*, *D&O Claims*, and *Restructuring Claims*. Any creditor, other than an Employee, who has not received a Proof of Claim Document Package and who believes that he or she has a Claim against the Applicants under the Claims Process Order in excess of \$10,000, or has a Claim under \$10,000, which was not listed in the Creditor under \$10k List (which list is displayed on the Monitor's Website), must contact the Monitor in order to obtain a Proof of Claim form or visit the Monitor's Website.

**THE CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON AUGUST 3, 2023.** This bar date applies to all Pre-Filing Claims and D&O Claims. Proofs of Claim must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Pre-Filing Claims Bar Date.

**IF YOU HAVE A CLAIM UNDER \$10,000** against the Applicants which is described in the correct amount or an amount you deem acceptable on the Creditors under \$10k List you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Creditors under \$10k List without any further action by you. Nothing further needs to be filed by you.



**IF YOU ARE AN EMPLOYEE** you will receive an Employee Claim Statement setting out the amount of your Claim. If the amount of your Claim is described in the correct amount or an amount you deem acceptable to you on the Employee Claim Statement you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Employee Claim Statement without any further action by you. Nothing further needs to be filed by you.

**THE RESTRUCTURING CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON THE DATE THAT IS THE LATER OF: (I) AUGUST 3, 2023, AND (II) THE DATE THAT IS 30 DAYS AFTER THE DATE ON WHICH THE MONITOR SENDS A PROOF OF CLAIM DOCUMENT PACKAGE TO THE CREDITOR WITH RESPECT TO SUCH RESTRUCTURING CLAIM.** Proofs of Claim in respect of Restructuring Claims must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Restructuring Claims Bar Date.

**HOLDERS OF CLAIMS (OTHER THAN CREDITORS UNDER \$10K WHOSE CLAIM IS CORRECTLY SET OUT IN THE CREDITORS UNDER \$10K LIST) WHO DO NOT FILE A PROOF OF CLAIM BY THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, SHALL BE FOREVER EXTINGUISHED AND BARRED FROM ASSERTING THEIR CLAIMS AGAINST THE APPLICANTS OR THE DIRECTORS AND OFFICERS OF THE APPLICANTS.**

**CREDITORS REQUIRING INFORMATION** or claims documentation may contact the Monitor. The Monitor's contact details for additional information relating to the Initial Order, the CCAA Proceedings, or the Claims Process is:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**SCHEDULE “B” - INSTRUCTION LETTER FOR CLAIMS PROCESS**

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

**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 (collectively the “**Applicants**” or any one of them the “**Applicant**”)

**INSTRUCTION LETTER FOR CLAIMS  
PROCESS**

**CLAIMS PROCESS**

By Order of the Ontario Superior Court of Justice (Commercial List) dated May 25, 2023 (the “**Claims Process Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), the Applicant and Deloitte Restructuring Inc., in its capacity as Court- appointed Monitor of the Applicant (in such capacity, the “**Monitor**”), have been authorized to conduct a claims process (the “**Claims Process**”). A copy of the Claims Process Order and other public information concerning these proceedings can be obtained from the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA> (the “**Website**”).

This letter provides general instructions for completing a Proof of Claim form. Defined terms not defined within this instruction letter shall have the meaning ascribed thereto in the Claims Process Order.

The Claims Process is intended to identify and determine the amount of certain Claims against the Applicants, and claims against the Directors or Officers of the Applicants.

Please review the Claims Process Order for the full terms of the Claims Process.

**FOR CREDITORS UNDER \$10K, EXCLUDING EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS’ ASSESSMENT OF YOUR CLAIM IN THE AMOUNT POSTED ON THE MONITOR’S WEBSITE, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM, ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS' ASSESSMENT OF YOUR CLAIM IN THE AMOUNT SET OUT ON THE EMPLOYEE CLAIM STATEMENT, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM AS SET OUT ON THE EMPLOYEE CLAIM STATEMENT, OR ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR CREDITORS OVER \$10K AND FOR CREDITORS UNDER \$10K OR EMPLOYEES THAT DISAGREE WITH AMOUNT OF THEIR CLAIM ON THE CREDITORS UNDER \$10K LIST OR THE EMPLOYEE CLAIM STATEMENT, AS APPLICABLE**

**FOR CREDITORS SUBMITTING A PROOF OF CLAIM**

All Creditors with Claims, other than Employees and those with Creditors under \$10k who agree

with their Claim as described in the Creditors under \$10k List, must file a Proof of Claim. All Proofs of Claims, notices and inquiries with respect to the Claims Process should be directed to the Monitor by electronic or digital transmission, prepaid registered mail, courier, or personal delivery, at the address below:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

All Proofs of Claim other than Restructuring Claims, must be received by the Monitor before 5:00 p.m. (Toronto Time) on August 3, 2023 (the “**Claims Bar Date**”), subject to the provisions of the Claims Process Order.

All Proofs of Claim for Restructuring Claims must be received by the Monitor on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Proof of Claim Document Package with respect to such Restructuring Claim (the “**Restructuring Claims Bar Date**”), subject to the provisions of the Claims Process Order. If you do not file a Proof of Claim in respect of any such Restructuring Claim by the Restructuring Claims Bar Date, any Restructuring Claim that you may have shall be forever extinguished and barred.

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

**ADDITIONAL FORMS**

Additional Proof of Claim forms can be obtained from the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA> or by contacting the Monitor.

DATED this [XX]<sup>th</sup> day of [XX], 2023

**SCHEDULE "C" - PROOF OF CLAIM FORM**

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

**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 (collectively the "Applicants" or any one of them the  
"Applicant")**

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST THE APPLICANTS  
OR CLAIMS AGAINST THE DIRECTORS AND OFFICERS**

**1. PARTICULARS OF CREDITOR**

Full Legal Name of Creditor:	
Full Mailing Address of Creditor:	
Telephone Number of Creditor:	
E-mail Address of Creditor:	
Attention (Contact Person):	

**2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU  
ACQUIRED THE CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by assignment?

Yes  No

(if yes, attach documents evidencing assignment)

a. Full Legal Name of original creditor(s):

### 3. PROOF OF CLAIM

#### THE UNDERSIGNED CERTIFIES AS FOLLOWS:

That I am a Creditor [or hold the position of \_\_\_\_\_ of the Creditor] and have knowledge of all the circumstances connected with the Claim described herein;

That I have knowledge of all the circumstances connected with the Claim described and set out below;

The Applicant was and is still indebted to the Creditor as follows:

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

	<b>Class of Claim Against the Applicant OR Directors or Officers</b>  (Pre-Filing Claims, Restructuring Claim, D&O Claim)	<b>Amount of Claim Against the Applicant</b>  (include the foreign currency if not US dollars)
1.		\$
2.		\$
<b>TOTAL AMOUNT OF CLAIMS</b>		\$

### 4. NATURE OF CLAIM

*(CHECK AND COMPLETE APPROPRIATE CATEGORY)*

Total Unsecured Claim of \$ \_\_\_\_\_

Total Secured Claim of \$ \_\_\_\_\_

In respect of this debt, I hold security over the assets of NAFA valued at \$

\_\_\_\_\_, the particulars of which security and value are attached to this Proof of Claim form.

*(If the Claim is secured, provide full particulars of the security, including the date on which the security was given the value for which you ascribe to the assets charged by your security,*

*the basis for such valuation and attach a copy of the security documents evidencing the security.)*

## 5. PARTICULARS OF CLAIM:

The particulars of the undersigned's total Claims (including Pre-Filing Claims, Restructuring Claims or any D&O Claims) are attached.

*Provide full particulars of the Claim(s) and supporting documentation you are asserting a Claim against, the amount, description of transaction(s) or agreement(s) giving rise to the Claim(s), name of any guarantor(s) which has guaranteed the Claim(s), and amount of Claim(s) allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. In the event that any part of your claim also includes a claim amount against the Directors and Officers, please particularize the exact amount claimed against the Directors and Officers and the accompanying legal analysis. If you fail to sufficiently explain the legal analysis in respect of any claim against the Directors and Officers, that portion of the claim will be revised or disallowed.*

### FILING OF CLAIM

For Pre-Filing Claims and D&O Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the Claims Bar Date (August 3, 2023).

For Restructuring Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Claims Package with respect to such Restructuring Claim.

In each case, completed forms must be delivered by email, prepaid registered mail, courier, or personal delivery to the Monitor at the following address:

#### **DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Witness Name: \_\_\_\_\_

Signature of Creditor: \_\_\_\_\_

Name of Creditor: \_\_\_\_\_

*If Creditor is an entity, print name and title of authorized signatory:*

Title: \_\_\_\_\_

Signature of authorized signatory: \_\_\_\_\_

Name of authorized signatory: \_\_\_\_\_



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

**ORDER**

(Re: Claims Process dated May 25, 2023)

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

**David T. Ullmann (LSO # 423571)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants

This is Exhibit "3" referred to in the Affidavit of Douglas Lawson sworn remotely on this 11<sup>th</sup> day of January 2024.

A handwritten signature in black ink that reads "Stephen Gaudreau". The signature is written in a cursive style with a large initial 'S' and a long, sweeping underline.

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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

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

**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 DOUGLAS LAWSON**  
(Affirmed April 21, 2023)

I, **DOUGLAS LAWSON**, of the City of Toronto, in the Province of Ontario,  
**AFFIRMAND SAY:**

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc., 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 do verily believe it to be true.
2. I use the term “NAFA” or the “**Company**” to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. On October 31, 2019, NAFA commenced proceedings under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of Justice McEwen (as amended and restated, the “**Initial Order**”). Background information about NAFA’s

business is set out in the affidavit I affirmed in support of the initial CCAA application (“**Initial Affidavit**”). Capitalized terms used herein and not defined are as defined in my Initial Affidavit.

4. I affirm this affidavit in support of a motion by NAFA for an Order seeking, *inter alia*:

(a) an extension of the stay of proceedings (the “**Stay Period**”) from April, 28, 2023 to and including September 29, 2023;

(b) to approve a procedure for the identification, quantification, and resolution of certain claims of creditors of the Applicants (the “**Claims Process**”);

(c) to approve of the activities and conduct of Deloitte Restructuring Inc. in its capacity as Monitor of the Applicants (the “**Monitor**”) and its counsel, Miller Thomson LLP, as set out in its Twelfth Report to the Court, to be filed (the “**Twelfth Report**”); and,

(d) to seal certain confidential exhibits and appendices appended to the Twelfth Report.

### **Background**

5. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019. These CCAA proceedings have been extended numerous times. The last Order extending the Stay Period was granted on January 23, 2023, which extended the Stay Period to April 28, 2023.

6. To date, no creditor has objected to any stay extension and there have been no

contested hearings or notices of objection filed in respect of the relief obtained by the Applicants.

7. The Applicants are acting in good faith and with due diligence. I believe that the continued orderly liquidation of certain of NAFA's assets by NAFA with the Monitor's oversight, including but not limited to its remaining consignment fur inventory, will likely allow for the repayment of the indebtedness owing to the Agent and thereafter there will be money available for other secured creditors and potentially unsecured creditors.

8. As such, the Applicants are also commencing the process to develop a plan of arrangement in these CCAA proceedings, and intend to implement a Claims Process.

#### **Operations since the January 23, 2023 Stay Extension Order**

9. In accordance with my affidavit affirmed on January 16, 2023 (my "**Last Affidavit**"), NAFA has continued to reduce expenses, maximize collections, and consider its strategic options. In particular, NAFA, with the assistance of the Monitor, has, among other things:

- (a) paid down the outstanding debt owed to the Syndicate;
- (b) continued to prosecute litigation against various significant borrowers that have not fully repaid NAFA for loans NAFA advanced to them in 2019 or earlier;
- (c) collected certain long-term debts and pursued the settlement and collection of others;
- (d) attended to the collection of proceeds from auction houses who have been tasked with selling furs that have been pledged to NAFA as security for loans it made;
- (e) advanced its insurance claims with NAFA's insurer;
- (f) designed the Claims Process; and

- (g) initiated without prejudice discussions with key stakeholders about a plan of arrangement.

### **Cash Flow Variance and Cash Flow Going Forward**

10. Throughout the period of the last stay extension, NAFA has managed its cash flow and maintained sufficient liquidity.

11. I am not aware of any expenses in the most recent cash flow period that were materially higher than projected. The Company operated within its cash resources and without borrowing further funds. Indeed, the Company realized materially higher than projected auction proceeds from the latest March 2023 sales.

12. Since actual receipts and disbursements were last reported by the Monitor to the Court, the Company will have, by the time this motion is heard, paid approximately \$496,990 of the debt owing to the Agent. This amount was more than twice than what was projected in my Last Affidavit. The reason for the higher repayment to the Agent is primarily the result of stronger than expected auction results noted above (and further described below).

13. The Applicants, with the Monitor's assistance, have developed a cash flow forecast (the "**Cash Flow Forecast**") to October 6, 2023, being the week after the proposed Stay Period expires. An initial draft of the Cash Flow Forecast was provided to the Agent on April 21, 2023, for its review and comment.

14. I have reviewed the Cash Flow Forecast prior to affirming this affidavit. The Cash Flow Forecast demonstrates that the Applicants expect to have sufficient funds to maintain operations through the proposed Stay Period provided the forecasted receipts are received and the Applicants are able to manage their cash flows materially in accordance with the

proposed disbursements. The Cash Flow Forecast is to be appended to the Twelfth Report as Confidential Appendix “1”.

### **The Reserve Account**

15. As reported in my Last Affidavit, NAFA, with the consent of the Agent, had a cash reserve in the amount of \$200,000, with some of those funds being used to pay interest payments to the Agent and for other general corporate purposes. These funds have been replenished and the cash reserve has been removed with funds directed to go to the Agent to pay down its debt (which payment is included in the \$496,990 payment noted above).

### **Auction Receipts and Future Auctions**

16. KF and Saga held auctions in February and March 2023, respectively. Generally, auctions held in February and March are one of the larger fur auctions held throughout the year. This was the case with these auctions as well.

17. Based on my review of a statement circulated by the CEO of Saga, Markus Gotthardt, the March auction was one of the best March auctions in recent history. Mr. Gotthardt reported in a news release on Saga’s website as follows:

*The number of pelts brokered in this auction was the highest ever at this time of the year. After the removal of pandemic restrictions, the Chinese were actively participating in the auction and bought significantly more pelts than usually in March. This indicates the market is recovering and the demand for certified fur pelts still exists after the tough years of covid-19 pandemic. The results strengthen the confidence in the whole value chain of the fur trade and give hope that the prices will return to a profitable level.*

18. Indeed, based on my review of auction data, the prices and percentage of pelts sold, on the whole, were stronger than the previous September auction reported on in my Last Affidavit.

19. Consistent with these reports, NAFA achieved much better than anticipated auction results.

20. Specifically, NAFA received \$1,231,812.21 in net auction proceeds from the Saga auction in March 2023.

21. NAFA also received \$172,872.07 in net auction proceeds from the KF auction in February 2023.

22. Overall, during the period since the last stay extension, NAFA received \$1,404,684.28 in auction and private treaty sale proceeds.

23. NAFA's cash flow forecast filed with the Court for the last stay extension anticipated proceeds of \$589,000 from auction receipts during the last stay period thereby creating an actual positive variance of \$815,684.28.

#### **Future Auctions and Sales During the Extension Period**

24. During the proposed Stay Period, KF intends to hold a smaller auction near the end of April 2023. Any proceeds from the April auction would be disbursed shortly after the commencement of the proposed extended Stay Period.

25. There will also be auctions held at each of KF and Saga in June 2023. Historically, June auctions tend to be similar auctions in both the amount of pelts on offer and sales volume in comparison to the March auctions. In any event, NAFA is hopeful that a large number of its pelts will be on offer for sale at the June auction, similar to the amounts on sale at the March auction.

26. There may also be private treaty sales conducted by Saga and KF during the Stay Period. However, the volume of private treaty sales is not typically material when compared to volumes sold at auction.

27. The forecast auction proceeds are set out in the confidential Cash Flow Forecast. These auctions will be NAFA's major cash events during the proposed stay extension period. Although,



as previously reported, NAFA does not have any control on the number of pelts an auction house puts up for sale, in NAFA's view, the auction receipts forecasted in the Cash Flow Forecast were made on the more conservative side.

28. The Cash Flow Forecast contains confidential business information and assumptions about the Applicants which, if disclosed, could hamper or interfere with the restructuring of the Applicants or the maximization of value. Accordingly, the Cash Flow Forecast is being filed as a confidential appendix to the Monitor's Twelfth Report and a sealing Order is being sought as has been granted by the Court for previous cash flow forecasts.

### **Farms in Litigation - Status Update**

29. My April 2021 Affidavit provided a more complete description of the litigation NAFA has commenced against several debtor farmers. I will provide a brief overview and update of the two most active of those claims, being farms known as Kestutis and Grobina, located in Lithuania and Latvia, respectively.

30. Kestutis was financed by NAFA to provide in excess of 360,000 pelts to NAFA in 2019. Grobina was financed by NAFA to provide in excess of 160,000 pelts to NAFA in 2019. Neither delivered any pelts to NAFA in 2019.

### ***Grobina***

31. Grobina is subject to its own insolvency administration proceedings in Latvia. That insolvency process began immediately prior to NAFA's own in October 2019. An administrator currently oversees Grobina's assets. NAFA's Latvian counsel has been in regular contact with Grobina's administrator.

32. As reported in my Last Affidavit, NAFA has had to engage in material litigation

proceedings in Latvia to attempt to recover amounts due to NAFA. The matter is still not resolved at this time.

33. As reported in my previous affidavits, NAFA was finally successful in getting the Latvian insolvency administrator to deliver the Grobina pelts to KF, to be sold at auction with proceeds to be paid to NAFA.

34. NAFA continues to realize those proceeds at KF's auctions, with the last auction generating net proceeds to NAFA of \$172,872.07 (as reported above) of which \$96,851.58 were from the sale of Grobina pelts.

35. In addition, NAFA is holding 50,047 Grobina pelts in storage in Latvia, which NAFA seized from the entity known as "CR7". As described in my previous affidavits in this matter, immediately before the insolvency of Grobina in 2019, Grobina allegedly "sold" a material number of the Grobina pelts that were subject to NAFA's security, to CR7 and without NAFA's permission. This has led to litigation with CR7. One of the interim outcomes of that litigation was that NAFA was able to seize the aforementioned pelts in 2021.

36. On September 26, 2022, the Latvian courts found in favour of NAFA in its litigation against CR7. The Court declared that the contract of purchase and sale of 75,000 mink concluded between Grobina and CR7 on September 29, 2019 was invalid from the moment of its conclusion; it ordered CR7 to return 75,000 mink pelts to Grobina; and, it ordered costs in the amount of €20,684.80 against CR7 and Grobina to be paid to NAFA.

37. CR7 appealed the decision in October 2022. On March 27, 2023, the Latvian Court of Appeal rendered its decision setting aside NAFA's successful lower court decision.

NAFA disagrees with the appellate court's decision and is appealing it to the highest appellate level in Latvia being the Cassation procedure. NAFA does not have visibility at this time as to when that appeal will be decided, but it expects that it will take several months or more.

38. In the event NAFA's appeal is successful, then the Cassation court will remit the case to the Latvian Court of Appeal for a second hearing before a new panel of judges. If NAFA is successful at the Latvian Court of Appeal, then it will be able to sell the seized mink to offset, in part, the harm NAFA asserts was done to it by CR7. Until that time, the pelts remain in storage.

39. At an average price of \$15, the 50,000 Grobina seized pelts would produce \$750,000 of gross proceeds. If sold, a portion of the proceeds will likely need to be paid to Grobina's administrator on account of its costs but, based on past amounts withheld, NAFA does not expect this amount to be material in the context of overall sale proceeds.

### ***Kestutis***

40. NAFA commenced litigation in Lithuania against Kestutis as detailed in my previous affidavits in these proceedings.

41. On or about November 16, 2020, the Klaipėda District Court for the Republic of Lithuania issued judgment in favour of NAFA against Kestutis in the amount of €11,949,845 plus €28,752 in costs ("**Kestutis Judgment**").

42. NAFA's enforcement efforts against Kestutis were outlined in my Last Affidavit. In summary, these efforts have resulted in the collection of some funds against the Kestutis Judgment, but there is still over €11 million owing.

43. On November 16, 2021, NAFA engaged in a court supervised mediation of the Kestutis dispute in Lithuania.

44. In my Last Affidavit, I reported that NAFA, with the assistance of the Monitor, was on the verge of finalizing a settlement agreement with Kestutis. We sought and received the approval of this court for that settlement on January 23, 2023. However, following the court order, the settlement was not consummated through no fault of NAFA. I am not able to divulge the reasons the settlement was not consummated as it could prejudice NAFA's ongoing litigation with Kestutis and other third parties. At this time, NAFA has not abandoned all settlement discussions with Kestutis and the other third parties, so it does not want to prejudice those negotiations by disclosing details of the circumstances surrounding the settlement at this time.

45. NAFA continues to attempt to enforce the Kestutis Judgment and obtain recoveries from other third parties.

### **Insurance Claims**

46. My August 2020 Affidavit sets out a more detailed background regarding the insurance claims currently being advanced by NAFA.

47. NAFA's employees, with oversight from the Monitor, prepared and filed 26 insurance claims pursuant to the policy.

48. NAFA, in consultation with the Monitor and the Agent, has agreed with NAFA's credit policy insurer, Red Rock Insurance (and its underwriter Lloyd's of London) to enter into a pre-litigation mediation to attempt to resolve these claims.

49. The negotiations with Red Rock Insurance continue to progress, which includes

voluminous document production and answering information requests from Red Rock. As of the date of swearing this affidavit, I understand that the parties remain committed to engaging in a mediation during the next stay extension period. NAFA remains of the view that there will ultimately be material recovery from these insurance claims.

### **Long Term Debts**

50. NAFA continues to have some material debts owing to it from various farms in different jurisdictions. The largest of these is the Gasiorek farm in Poland (“**Gasiorek**”).

51. As previously reported in my Last Affidavit, Gasiorek owed NAFA in excess of €10,500,000 after the 2019 mink breeding year, notwithstanding delivering their mink to Saga, at NAFA’s direction, in accordance with their contract. Then, in September 2021, Gasiorek agreed to provide NAFA with 200,000 fresh pelts in January 2022. These were then directed and delivered to Saga for sale in NAFA’s name to partially repay the farm’s indebtedness.

52. NAFA has since entered into another settlement agreement with Gasiorek. Pursuant to the settlement agreement, Gasiorek agreed to provide NAFA with at least an additional 50,000 fresh pelts for auction at Saga in November 2022. In fact, Gasiorek provided approximately 68,000 pelts.

53. A significant amount of Gasiorek pelts were sold at the Saga March auction with all net proceeds remitted to NAFA. As such the debt owed by Gasiorek was reduced, but the amount owing is still in excess of €8 million.

54. There remains a material amount of Gasiorek pelts pledged to NAFA available for sale in the next auction.

55. NAFA holds security in Poland from Gasiorek, including over certain real property,

which has been reviewed by local counsel and is capable of being enforced. NAFA has agreed to forbear from enforcing that security for so long as Gasiorek remains in compliance with the terms of the debt settlement agreement the parties entered into in 2021.

56. Beyond Gasiorek, NAFA is owed other amounts from other farmers in various jurisdictions. NAFA continues to receive smaller proceeds of sales from Saga auctions for some of these farmers, and is continually attempting to negotiate resolutions with others.

### **Remaining Real Estate**

57. NAFA owns two properties (comprising one farm) in Nova Scotia known as NAFA Farms. This farm has been under care of maintenance of a farmer who historically has supplied mink to NAFA. The properties are pledged to Farm Credit Canada (“FCC”), who maintains a first mortgage on the properties. In consultation with the Monitor, FCC and the Agent, NAFA has taken steps to sell these properties and it is expected that the sale will close during the period of the next stay extension. The net proceeds will be paid to FCC, with a portion paid to NAFA to compensate for the professional fees expended in managing these properties since the commencement of these CCAA proceedings.

58. In addition, NAFA holds security over a farm in Poland owned by a farmer known as Piatak. Piatak has a long outstanding debt to NAFA which pre-dates these CCAA proceedings. NAFA holds a mortgage over that farm.

59. NAFA, in cooperation with Piatak, has found a buyer for his farm and a form of agreement has been provided to NAFA and the Monitor for review. As of the date of this affidavit, the farm has not been sold. NAFA will continue to explore the possible sale of this farm to the interested party.

60. Further, NAFA holds a farm in Latvia known as the Tartaks farm which was delivered to NAFA as a result of a settlement of a long term debt which pre-dates these CCAA proceedings. Unfortunately, that farm is located very close to the Belarussian border and the war in Ukraine. Nonetheless, there has been interest from at least one party in purchasing that farm. NAFA will continue to explore the possible sale of this farm to the interested party.

### **Repayment of the Agent and Other Creditors**

61. The Applicants continue to believe there are sufficient remaining assets and opportunities for NAFA that if realized in a timely manner, may result in funds being available to provide some recovery to creditors after repayment of the Agent.

62. NAFA still has in excess of 190,000 pelts at the auction houses awaiting sale. If those pelts all sell for an average of \$20, which is a reasonable minimum average value in my view, the proceeds from those pelts (if sold all at once at this average price) would, be sufficient to almost entirely repay the Agent's remaining debt in full today. However, as previously reported, the pelts are not expected to be sold all at once, but rather they will continue to be sold in the various auctions held throughout 2023 (and possibly into 2024).

63. In addition, I continue to expect material recovery from the litigation, the insurance claims and the long term debts, as described above. However, as I have consistently reported in the past, the timing of the receipts from those assets has proven to be uncertain and NAFA continues to incur professional fees and other costs as it seeks to realize upon them.

### **Funds and Expenses during the Extension Period**

64. NAFA continues to have very little in the way of continued operating expenses going

forward.

65. NAFA's costs continue to be primarily attributable to professional fees, modest salaries for its three remaining employees, interest payments to the Agent, and incidental expenses that arise from time to time (e.g., storage costs, IT maintenance, and minor office overhead).

66. NAFA will continue to pursue its foreign litigation, the insurance claims, and other long-term debts owing to the Company during the proposed stay extension period. These tasks, all of which may generate material amounts, require attention from NAFA's remaining employees who have important background knowledge and relationships with various parties that are material to realize on each of these buckets of revenue.

67. NAFA's Board of Directors also continues to provide direction to the Company and in particular have directed the Company and its counsel to consider a plan of arrangement to be put forward to its key stakeholders as soon as possible.

### **Claim Process**

68. NAFA has the following creditors with registered financing statements registered in Ontario under the PPSA in the following order of registration priority:

- (a) CIBC acting as agent – who is owed approximately \$4,100,000 net of the sale proceeds from February and March;
- (b) NAFA's shareholders totaling approximately \$3,000,000, broken down as follows: (1) Canada Mink Breeders Association (owed CDN\$1.5 million); (2) Wild Fur Shippers Council (owed CDN\$1 million); (3) American Mink Council (owed \$800,000); and, (4) Canada Fox Breeders Association (owed CDN\$390,000); and



(c) Farm Credit Canada - I am awaiting a payout statement from FCC but I anticipate they will be will be owed approximately \$1,000,000 after the closing of the NAFA Farms sale.

69. As set out above, assuming all of the security is valid and enforceable in the amounts set out above, the total remaining secured debts, before professional fees and further accrued interest, is approximately \$8,100,000.

70. As noted above, NAFA anticipates that the recovery from the mink skins on hand at Saga could net approximately \$3,800,000, assuming prices and trends continue from those seen in March. Recovery beyond that amount depends on settling litigation, settling the insurance claims, enforcing judgments, and/or the delivery of further skins from Gasiorek.

71. The Monitor has requested a review of the security held by the shareholders and the advances made thereunder in order to confirm the validity and provide an opinion in respect of same.

72. The Company is also reviewing the remaining security held by FCC and, assuming it is valid, its relative priority to the other creditors.

73. I have also been advised by some of the NAFA board members that certain stakeholders are reviewing the costs of this process and the fees charged by various parties etc. No challenge has been formally made by anyone to date about fees and charges.

74. Without commenting on the validity of any of these issues or potential issues, it appears to me that the above issues have been dormant for some time because the potential repayment of the Agent's debt remained uncertain. As that uncertainty starts to diminish, these issues become potentially more important.

75. NAFA has commenced without prejudice discussions with each of its secured creditors. The purpose of these discussions is to see whether or not any accommodations can be agreed to with any or all of them as to how their remaining debts would be treated in a potential plan of arrangement and compromise or how funds might be made available to unsecured creditors. These discussions are without prejudice, confidential, and still preliminary.

76. As part of these discussions, including discussions with the Monitor and management about potential structuring of a plan of arrangement and compromise, the question of the extent of the universe of claims has been raised.

77. According to NAFA's books and records, the known unsecured creditors are owed approximately \$29 million collectively. There are in excess of 1,600 creditors according to NAFA's books and records.

78. NAFA's restructuring has been underway for over three years. During that time, the unsecured creditor group has been inactive, leading to speculation that many of the creditors may have mitigated their losses, written off the NAFA debts or otherwise abandoned their claims.

79. It is also the case that many businesses in the fur industry, both in Canada and internationally, that are or may be creditors of NAFA, have ceased to operate due to the extreme challenges faced by the industry over the past few years, as I have discussed in my previous affidavits. The most obvious example of this is the wind down of KF, which was the largest fur auction house in the world prior to the pandemic and is now liquidating all of its assets.

80. As such, NAFA intends to commence a claims process to allow it to run a claims process to identify claimants against the Company, and or its directors and officers, and consider that information in the formation of a Plan and for the purpose of discussions with its secured creditors.

NAFA and the Monitor are working on the terms of a claims process order, the related forms and processes, and expect the Monitor to present that to the court in a supplemental report.

81. NAFA is mindful of the costs that a claims process could incur. In particular, NAFA has a large number of creditors who are owed small amounts compared to the cost of reviewing any such claim. According to its records, NAFA has in excess of 1,300 of creditors who are owed less than \$10,000.

82. NAFA intends to conduct a hybrid claims process conducted by the Monitor as follows: (i) what I understand is known as a “reverse claims process” to deal with smaller claims i.e. less than \$10,000; and, (ii) an “ordinary claims process” to deal with larger claims.

83. In the reverse claims process, the claims of creditors will be accepted by the Monitor and NAFA in the amounts set out in the books and records, for any claim equal to or less than \$10,000. Creditors with these claims will be notified by the Monitor by way of email at the last known email address for each of those creditors. NAFA will also advertise in certain fur publications, which will be further detailed before the Court and which will have been selected by NAFA in consultation with the Monitor, advising them that their claims will be listed on the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/nafa>.

84. Any creditor notified in the reverse claims process of the amount of its claim would have the ability to file a notice of objection to their claim if they believe the amount set out in the notice or the Monitor’s website is incorrect. Only after receiving such a notice would the Monitor notify NAFA and ask that it assess the claimant’s revised claim amount.

85. A claims bar date would be set requiring creditors who object to the amount identified as owing to them in the reverse claims process to file a notice of that objection with the Monitor.

Creditors who do not respond by the claims bar date will be barred from challenging their claim thereafter and the value of such claim would be fixed at the amount in NAFA's books and records. The Monitor and NAFA are continuing to discuss the appropriate date to be set as the Claims Bar Date.

86. Any known creditor who has a claim against the Company in excess of \$10,000 would receive a claims package from the Monitor by email at the last known email address in NAFA's records. The claims package would require that those parties prove their claims in the usual way whereby they submit an amount including all supporting documents to prove their claim. Any party with a potential claim against the directors or officers would also be able to file that claim through this process. The claims process would also be advertised as per the above and claims materials will be provided on the Monitor's website.

87. Generally, email was our ordinary method of communication with the creditors when NAFA was operational. We used email to notify creditors of auction results and to communicate with them about products and services. Notice by ordinary mail was always a secondary method of communication.

88. The list of the larger creditors totals approximately 200 entities. The entities with larger claims routinely communicated with NAFA by email.

89. It is also the case that Saga and KF, Fur Harvesters in North Bay, and the American Mink Exchange are conducting auctions in the next several months. Once the claims process is approved, NAFA intends to ask these entities to assist us in the advertising of our claims process.

90. NAFA continues to have access to its email records. I believe they are as accurate as they were in 2019, and have been updated where creditors have made direct contact with NAFA since

then.

91. Although I am not an expert in running a claims process, I do not believe sending out a notice by mail in these circumstances is likely to more accurately reach creditors than email. It also will be materially less expensive to communicate with creditors via email. Further, there are a number of fur-related online forums and industry organizations whose help could also be requested in communicating our claims process. Their reach across the industry should be quite comprehensive.

92. I understand from my counsel that it is common to advertise for claims in major national newspapers like the Globe and Mail or the Wall Street Journal. I do not think the cost of advertising in those publications will be worthwhile in this case. The fur industry is an industry made up of a relatively small number of parties, who will be made aware of this process through industry channels and communications.

93. NAFA has discussed this approach with the Monitor and I am advised that they are supportive of this approach as a cost appropriate and efficient means to notify creditors of the claims process.

94. The claims process would be conducted by the Monitor. I understand that the Monitor will conduct an initial review of the claims received to identify the claimant, compare it to the records of NAFA, and as necessary consult with the Company.

95. We do not intend to review in detail or contest any claims until we have received the support of our secured creditors to put forward a plan of arrangement or compromise, or until there is a further order of the Court.

96. I am advised by the Monitor that it believes the cost of conducting such a claims process,

up to the point of calling for and collecting claims, but not reviewing them, including addressing calls and emails from creditors, would be approximately \$65,000 to \$85,000.

**Extension**

97. The current Stay Period under the Stay Extension Order will expire on April 28, 2023.

98. NAFA requests an extension of the Stay Period to and including September 29, 2023 to continue its restructuring efforts.

99. I am satisfied that NAFA will have sufficient funds to operate during the extension of the Stay Period provided the Cash Flow Forecast is followed.

100. The Monitor has advised me that it is supportive of NAFA seeking an extension of the Stay Period to and including September 29, 2023.

101. Since the Stay Extension Order, NAFA has continued to act in good faith and with due diligence in these proceedings, and continues to act in this manner in its relationships with its creditors, employees, lenders, trappers and farmers.

102. I affirm this affidavit in support of NAFA's motion for an Order, *inter alia*, to:

(a) extend the Stay Period to and including September 29, 2023;

(b) to approve and authorize NAFA to enter into a claim process;

(c) approve the Twelfth Report and the actions, and conduct of the Monitor set out therein; and,

(d) to seal certain confidential exhibits and appendices.

**AFFIRMED REMOTELY BEFORE ME BY** )  
 Douglas Lawson at the City of Toronto, in )  
 Province of Ontario, and I being of the City of )  
 Ottawa, in the Province of Ontario, on this 21<sup>st</sup> day )  
 of April 2023, in accordance with O.Reg. 431/20 )  
 Administering Oath or Declaration Remotely. )

*Stephen Gaudreau*

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A Commissioner for Taking Affidavits  
**Stephen Gaudreau**

*Douglas F. Lawson*

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**Douglas Lawson**

This is Exhibit "4" referred to in the Affidavit of Douglas Lawson sworn remotely on this 11<sup>th</sup> day of January 2024.

A handwritten signature in black ink that reads "Stephen Gaudreau". The signature is written in a cursive style with a large initial 'S'.

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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**



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**:

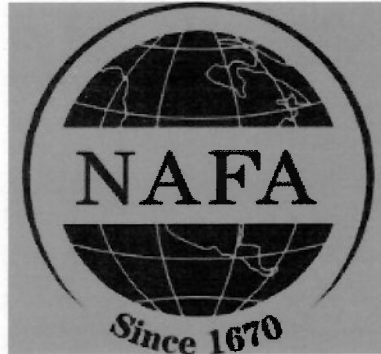
1. I am the President and Chief Executive Officer of North American Fur Auctions Inc. (the "**Company**" or "**NAFA**") and as such have knowledge as to the matters which I hereinafter depose. To the extent I am recounting information provided to me by others, I have stated the source of that information 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:



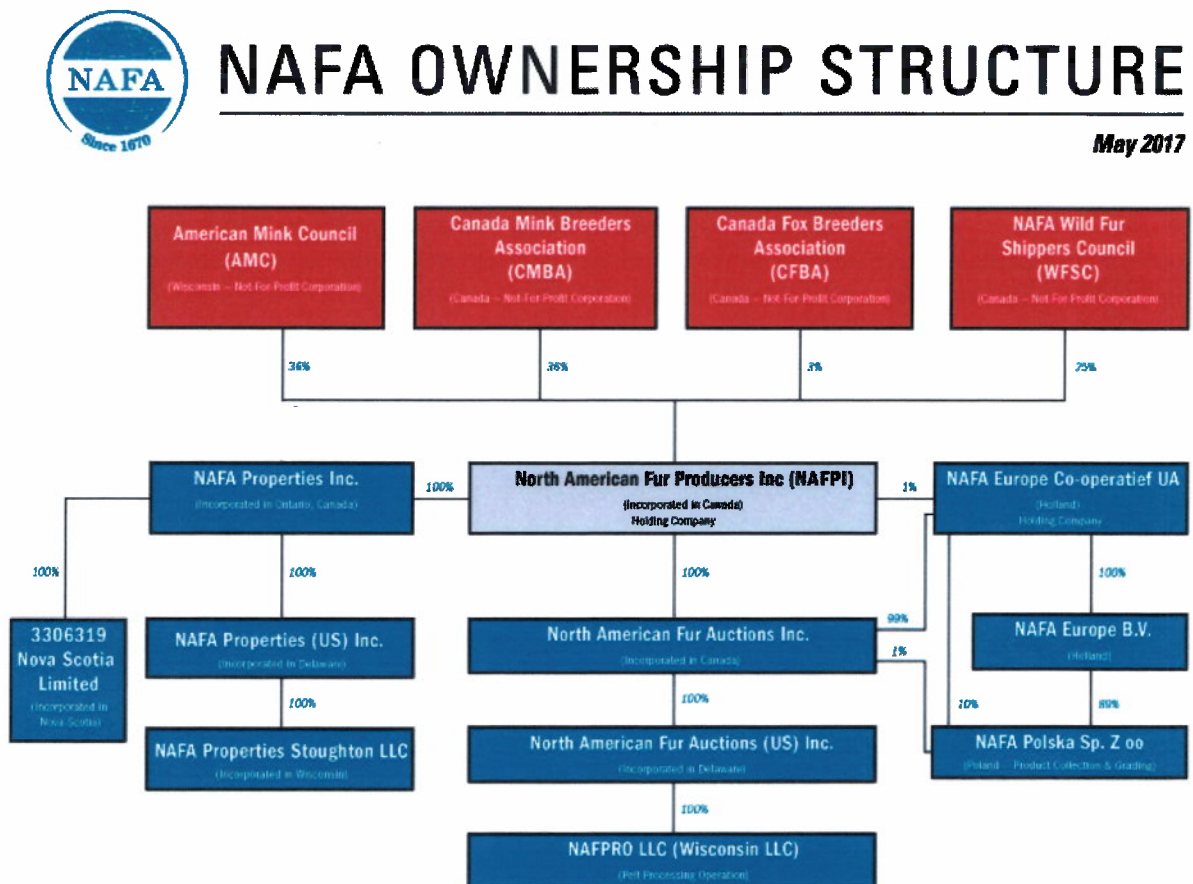
7. NAFA is in the business of farming, financing, preparing, grading and auctioning fur products, such as raw fur Pelts ("**Pelts**"), for use in the garment industry. It is one of essentially three such companies in the world that operate in this industry with similar size and scale. The other two are 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 CITES<sup>1</sup> 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

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<sup>1</sup> 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.<sup>2</sup>
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);

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<sup>2</sup> "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**”.<sup>3</sup>
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.

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<sup>3</sup> 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 30<sup>th</sup> 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 23<sup>rd</sup> and remained there until October 27<sup>th</sup> 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

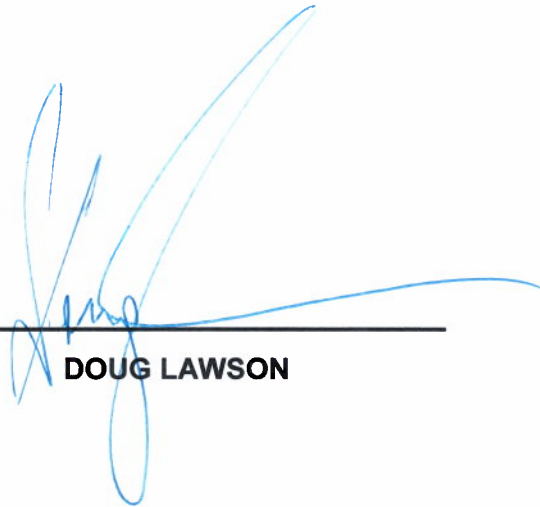
officers in the amount of \$1,000,000 (**Directors' Charge**) and provides a stay of all claims pending a plan or the end of the CCAA process. It is contemplated that the Directors' Charge will rank behind the other court ordered charges being sought.

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 30<sup>th</sup> day of October 2019 )  
)  
)

  
\_\_\_\_\_  
A commissioner, etc.

  
\_\_\_\_\_  
**DOUG LAWSON**



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

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LAWSON**  
**(Motion Returnable January 17<sup>th</sup>, 2024)**

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Counsel for the Applicants

**TAB C**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM ) WEDNESDAY, THE 17<sup>TH</sup>  
 )  
JUSTICE CONWAY ) DAY OF JANUARY, 2024.

**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**”)

**ORDER**  
**(Re: Meeting Order, Stay Extension, and Sealing Order)**

**THIS MOTION**, made by the Applicants for an Order to, among other things, (i) accept the filing of the Plan; (ii) authorize the classification of creditors for the purposes of voting and distribution purposes under the Plan; (iii) authorize the Applicants to call, hold and conduct a meeting of Affected Creditors to vote on a resolution to approve the Plan (the “**Meeting**”); (iv) authorize and direct the mailing, posting and distribution of the Meeting Materials; (v) approve the procedures to be followed with respect to the Meeting; (vi) extend the stay period in these CCAA proceedings; (vii) approve the conduct and actions of the Monitor; and, (viii) seal a confidential appendix, was heard this day by video conference.

**ON READING** the Motion Record of the Applicants, the sixteenth report of the

Monitor dated January [●], 2024 (the “**Sixteenth Report**”), and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as it may be amended or amended and restated from time to time (in such capacity, the “**Agent**”), counsel for Farm Credit Canada (“**FCC**”), and counsel for certain of the Secured Shareholders of NAFA, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue sworn January 11, 2024, filed;

## **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **DEFINITIONS**

2. **THIS COURT ORDERS** all capitalized terms not otherwise defined in this Meeting Order shall have the meanings ascribed to them in the plan of compromise and arrangement of the Applicants attached hereto as **Schedule “A”** (the “**Plan**”), and, in addition to the terms otherwise defined herein or in the Plan, the following terms in this Meeting Order shall have the following meanings:
  - a. “**Books and Records**” means the books and records of the Applicants related to the operations of the business of the Applicants, including employee records, account ledgers, transaction records, payment records, and other similar

information, either in physical or electronic form.

- b. **“Duplicate Claim”** means a Claim identified by the Monitor as *prima facie* duplicative of another Claim filed by a Creditor in respect of which the Monitor has sent a Notice of Revision or Disallowance disallowing the Claim for voting and distribution purposes.
- c. **“Meeting Date”** means February 21, 2024, provided that the Applicants may, with the consent of the Monitor, extend or adjourn the date on which the Meeting will be held in accordance with this Meeting Order.
- d. **“Meeting Materials”** means:
  - (i) an “Affected Creditor Class Proxy” and “Instructions for Completion of Proxy”, substantially in the form attached as **Schedules “B”** and **“C”**, respectively;
  - (ii) a “Notice of Meeting to Affected Creditors”, which shall be substantially in the form attached hereto as **Schedule “D”**;
  - (iii) a copy of this Meeting Order;
  - (iv) the Plan;
  - (v) the Sixteenth Report; and,
  - (vi) any other materials the Applicants wish to include.

- e. **“Plan Resolution”** means the resolution to approve the Plan and the transactions contemplated thereby and which will be voted on by the Affected Creditors Class at the Meeting.
  - f. **“Proxy” or “Proxies”** means a proxy (or proxies) and instructions to Affected Creditors explaining how to complete same, substantially in the form at **Schedules B and C** hereto.
  - g. **“Sanction Hearing Date”** means March 1, 2024 or such other date that the Court schedules the motion to sanction the Plan (or any adjournment thereof).
  - h. **“Service List”** means the list of counsel and other interested parties who have requested service of materials filed with the Court in this proceeding, as maintained by the Monitor.
  - i. **“Unresolved Duplicate Claim”** means an Unresolved Claim in respect of a Duplicate Claim.
  - j. **“Website”** means the website maintained by the Monitor located at:  
<https://www.insolvencies.deloitte.ca/en-ca/Pages/NorthAmericanFurAuctionInc.aspx>.
3. **THIS COURT ORDERS** that all references to time herein shall mean local time in Toronto, Ontario, Canada.
4. **THIS COURT ORDERS** that all references to “dollars” or “\$” herein are references to US dollars.

**THE MONITOR AND APPLICANTS**

5. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under (i) the CCAA, (ii) the Initial Order, (iii) the Claims Process Order, and (iv) any further and other Order of this Court, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order.
  
6. **THIS COURT ORDERS** that in carrying out the terms of this Meeting Order, the Monitor shall: (i) have all the protections given to it by the CCAA, the Initial Order, including the stay of proceedings in its favour, and the inherent jurisdiction of the Court; (ii) incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for any gross negligence or willful misconduct on its part; (iii) be entitled to rely on the Books and Records of the Applicants and any information provided by the Applicants and the Affected Creditors without independent investigation; and, (iv) not be liable for any claims or damages resulting from any errors or omissions in such Books and Records or information.
  
7. **THIS COURT ORDERS** that the Monitor and the Applicants are hereby authorized to retain such agents as they deem to be advisable to assist them in connection with calling and conducting the Meeting, including with respect to the distribution of the Meeting Materials, the identification of the applicable Affected Creditors, and the solicitation of Proxies from Persons entitled to vote at the Meeting.

**THE CCAA PLAN**

8. **THIS COURT ORDERS** that the Plan is hereby accepted for filing and the Applicants

are hereby authorized and directed to call the Meeting for the purposes of having the Affected Creditors vote on the Plan in the manner set out herein.

9. **THIS COURT ORDERS** that the Applicants may, at any time prior to the Meeting, amend, restate, modify and/or supplement the Plan (each a “**Modification**”), with the written consent of the Monitor and the Agent, provided that:

- a. if such Modification is made prior to the Meeting, notice of the Modification shall be posted on the Website and provided to the Service List; and,
- b. if such Modification is made during the Meeting, notice of the Modification shall be given to all Affected Creditors present (or deemed to be present) at such Meeting in person or by Proxy, and promptly posted on the Website, provided to the Service List, and filed with the Court.

10. **THIS COURT ORDERS** that after the Meeting (and both prior to and after obtaining the Sanction Order), the Applicants may at any time, with the consent of the Monitor, effect a Modification pursuant to an Order of the Court or, where such a Modification is, in the opinion of the Applicants and the Monitor, of an administrative nature required to give effect to the implementation of the Plan and Sanction Order, or to cure any errors, omissions or ambiguities, and in either case is not materially prejudicial to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post any such Modification on the Website, with notice provided to the Service List.

#### **NOTICE OF MEETING AND DELIVERY OF MATERIALS TO AFFECTED CREDITORS**

11. **THIS COURT ORDERS** that the Applicants are hereby authorized to convene, hold and



conduct the Meeting at 10:00 a.m. (Toronto time) on the Meeting Date, which Meeting shall be held concurrently in person at the office of the Monitor located at Bay Adelaide East, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9, Canada, and virtually by way of videoconference, for the purpose of considering and, if deemed advisable, passing the Plan Resolution unless the Chair of the Meeting (the “**Chair**”), in accordance with paragraphs 25 and 30 hereof, decides to adjourn, postpone or otherwise reschedule the Meeting.

12. **THIS COURT ORDERS** that the form of Notice of Meeting to Affected Creditors, in substantially the form attached as Schedule “D”, and the form of Proxy, substantially in the form attached at Schedules “B” and “C”, are hereby approved.
13. **THIS COURT ORDERS** that by no later than January 22, 2024 the Monitor shall publish the Meeting Materials on the Website.
14. **THIS COURT ORDERS** that the Applicants, with the consent of the Monitor (and with respect to the Plan, the consent of the Agent), are hereby authorized to:
  - a. at any time prior to or at the Meeting, amend, restate, modify or supplement any of the Meeting Materials, subject to the terms of the Plan, provided that:
    - i. the Monitor, the Applicants or the Chair shall communicate the details of any such amendments, restatements or modifications to the Affected Creditors present at the Meeting prior to any vote being taken at the Meeting;
    - ii. the Monitor shall forthwith provide notice to the Service List of

such amendments, restatements or modifications; and,

- iii. the Monitor shall forthwith post an electronic copy of any such amendments, restatements or modifications on the Website.

15. **THIS COURT ORDERS THAT** by no later than January 22, 2024, the Monitor shall send to each Affected Creditor copies of the Meeting Materials by email to the email address appearing on the Affected Creditor's Proof of Claim filed pursuant to the Claims Process Order or in the Books and Records if there is none. In the event no email address was provided on the Affected Creditor's Proof of Claim and is not in the Books and Records, the Monitor shall send the Notice of Meeting to Affected Creditors by regular mail to the Affected Creditor at the last known address appearing on the Affected Creditor's Proof of Claim, or if there is none, in the Books and Records by no later than January 29, 2024.
16. **THIS COURT ORDERS** that the Monitor shall, as soon as practicable following the issuance of this Meeting Order, (a) post on its Website a notice directing Affected Creditors to a URL with the Meeting Materials, and (b) shall solicit fur trade industry websites the Monitor, in consultation with the Applicants considers appropriate, an information bulleting advising of the Meeting Order and Plan, and directing Affected Creditors to the Meeting Materials on the Website.
17. **THIS COURT ORDERS** that the noticing and publication and transmission and delivery of the Meeting Materials in accordance with paragraphs 13, 15 and 16 hereof, shall constitute good and sufficient service of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or of these proceedings, or who may wish to be present

in person (or virtually) or represented by proxy at the Meeting, or who may wish to appear in these proceedings, and no other form of notice or service needs to be made on such Persons, and no other document or material needs to be served on such Persons in respect of these proceedings, the Plan, and the Meeting.

18. **THIS COURT ORDERS** that the accidental failure to transmit or deliver the Meeting Materials by the Monitor in accordance with this Meeting Order or the non-receipt of such materials by any Person entitled to delivery of such materials shall not invalidate the passing of the Plan Resolution or any other proceedings taken at the Meeting.

#### **VOTING BY CREDITORS**

19. **THIS COURT ORDERS** that for the purposes of considering and voting on the Plan Resolution, there shall be one class of creditors consisting of the Affected Creditors with Voting Claims (the “**Affected Creditors Class**”).

**CONDUCT OF MEETING AND DELIVERY OF PROXIES**

20. **THIS COURT ORDERS** that only the Eligible Voting Creditors, or their duly appointed proxyholders, are entitled to vote at the Meeting.
21. **THIS COURT ORDERS** that, subject to paragraph 35, the amount of an Eligible Voting Claim which may be voted by an Eligible Voting Creditor shall be the amount of that Eligible Voting Claim set out in the Proof of Claim.
22. **THIS COURT ORDERS** that at the Meeting, for each Unresolved Duplicate Claim, the Monitor shall record the voting intentions with respect to the amount of such Unresolved Duplicate Claim. The votes cast in respect of any Unresolved Duplicate Claim shall not be counted for any purpose unless, until and only to the extent that such Unresolved Duplicate Claim is Finally Determined to be a Proven Claim.
23. **THIS COURT ORDERS** that for purposes relating to voting on the Plan, Affected Claims denominated in currencies other than USD in any Proof of Claim filed with the Monitor, shall be converted by the Monitor to USD in accordance with the Claims Process Order.
24. **THIS COURT ORDERS** that a representative of the Monitor, as designated by the Monitor, shall preside as the Chair, and, subject to this Meeting Order or any further order of this Court, shall decide all matters relating to the conduct of the Meeting.
25. **THIS COURT ORDERS** that the Applicants may, with the consent of the Monitor, adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicants deem advisable, without the necessity of first convening the Meeting or first obtaining any vote

of the Affected Creditors, in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the Applicants determine to be appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to such Meeting, the Meeting Date, and Sanction Hearing Date in this Order shall be deemed to be the Meeting and the Sanction Hearing Date, if applicable, as adjourned or postponed, as the context allows.

26. **THIS COURT ORDERS** that the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting and any Person to act as secretary at the Meeting.
27. **THIS COURT ORDERS** that the only Persons entitled to attend the Meeting are: (i) Eligible Voting Creditors (or their respective duly-appointed proxyholders) and their legal and financial advisors; (ii) the Applicants and their legal and financial advisors; (iii) the Directors and their legal and financial advisors; (iv) the Monitor and their representatives and legal and financial advisors; and, (v) the Chair, scrutineers, and secretary. Any other Person may be admitted on invitation of the Applicants or Monitor.
28. **THIS COURT ORDERS** that in order to be voted at the Meeting, Proxies must be: (a) received by the Monitor prior to February 16, 2024, either by: (1) email to nafa@deloitte.ca; or, (2) delivery to the Monitor's Office located at Bay Adelaide East, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9, Canada (Attention: Todd Ambachtsheer). Alternatively, it can be deposited with the Chair before the beginning of the Meeting (or any such adjournment, postponement or other rescheduling thereof).

29. **THIS COURT ORDERS** that in the absence of instruction to vote in favour of or against the Plan Resolution, any Proxies received by the Monitor in accordance with paragraph 28 hereof shall be deemed to include instructions to vote in favour of the Plan Resolution.
30. **THIS COURT ORDERS** that the quorum required at the Meeting shall be one Voting Creditor present in person or by Proxy and entitled to vote at the Meeting. If the requisite quorum is not present at the Meeting, then the Meeting shall be adjourned by the Chair to such date, time and place as may be decided by the Chair in his or her sole discretion. The Chair shall decide on the manner of giving notice to the Affected Creditors of the rescheduled Meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Website.

#### **VOTING PROCEDURE**

31. **THIS COURT ORDERS** that at the Meeting, the Affected Creditors Class shall vote on the Plan Resolution, and the approval of the Plan Resolution will be decided by the Required Majority on a ballot vote, and any other matter submitted for a vote at the Meeting shall be decided by a simple majority of votes cast on a vote by a show of hands.
32. **THIS COURT ORDERS** that the only Persons entitled to vote at the Meeting shall be Eligible Voting Creditors and their Proxy holders.
33. **THIS COURT ORDERS** that the Monitor shall keep records and tabulations of all votes cast at the Meeting.
34. **THIS COURT ORDERS** that for the purposes of counting and tabulating the votes, subject to any other provision in this Order, each Affected Creditor shall have one vote

and the weight attributed to such vote (for the purposes of determining the Required Majority of the Affected Creditors Class) shall be equal to the aggregate USD value of such Affected Creditor's Voting Claims (if necessary, converted into USD in accordance with paragraph 23 of the Claims Process Order).

35. **THIS COURT ORDERS** that Eligible Voting Claims shall not include fractional numbers and shall be rounded down to the nearest whole dollar amount without compensation.
36. **THIS COURT ORDERS** that no Affected Creditor shall be entitled to bifurcate or subdivide an Affected Claim for purposes of voting or distribution.

#### **TRANSFERS AND ASSIGNMENTS**

37. **THIS COURT ORDERS** that, for purposes of voting at the Meeting, if an Eligible Voting Creditor transfers or assigns all of its Eligible Voting Claim as a whole, and the transferee or assignee delivers evidence satisfactory to the Monitor of such transfer or assignment as a whole of such Eligible Voting Claim, together with a written request to the Monitor to recognize such transfer or assignment, no later than 5:00 pm on the date that is seven (7) Business Days prior to the date of the Meeting, or such later time that the Monitor may agree to, that such transferee or assignee's name be included on the list of Eligible Voting Creditors, either in person or by proxy, the transferors or assignors' Eligible Voting Claim at the Meeting in lieu of the transferor or assignor.
38. **THIS COURT ORDERS** that if, prior to the Meeting Date, the holder of an Eligible Voting Claim or any subsequent holder of the whole of an Eligible Voting Claim who has been acknowledged by the Monitor as the Creditor in respect of such Eligible Voting Claim

pursuant to paragraph 37, transfers or assigns the whole of such Eligible Voting Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Eligible Voting Claim or Eligible Voting Claims and such Claim shall continue to constitute and be dealt with as a single Voting Claim notwithstanding such transfer or assignment, and the Monitor and the Applicants shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided such Creditor may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and in such event, such Creditor and such specified Person, and any transferee or assignee of the Claim as a whole in accordance with this paragraph 38 shall be bound by any notices given or steps taken in respect of such Claim with such Person in accordance with this Order.

39. **THIS COURT ORDERS** that prior to the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor satisfactory evidence of such transfer or assignment. The Monitor shall not be obligated to deal with such transferee or assignee unless and until the Monitor and the Applicants have received satisfactory evidence of transfer and assignment prior to 5:00 p.m. on that day that is at least seven (7) Business Days prior to the Meeting Date. Upon transfer or assignment of a Claim in accordance herewith, each applicable assignee or transferee shall, for all purposes constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim



40. **THIS COURT ORDERS** that after the date of the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor satisfactory evidence of such transfer or assignment. The Monitor shall not be obligated to deal with such transferee or assignee unless and until the Monitor and the Applicants have received satisfactory evidence of transfer and assignment prior to 5:00 p.m. on that day that is at least seven (7) Business Days prior to the Plan Implementation Date. Upon transfer or assignment of a Claim in accordance herewith, each applicable assignee or transferee shall, for all purposes constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim.
41. **THIS COURT ORDERS** that the transferee or assignee of a Proven Claim shall not be entitled to set-off, apply, merge, consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Applicants.

#### **SANCTION ORDER APPLICATION**

42. **THIS COURT ORDERS** that as soon as practicable following the Meeting, the Monitor shall report to this Court on: (i) the voting results with respect to the approval of the Plan Resolution; and (ii) any other matter the Monitor considers relevant with respect to the Meeting or the Applicants' application for the Sanction Order.
43. **THIS COURT ORDERS** that if the Plan is approved by the Required Majority at the Meeting, the Applicants may apply to the Court at a time to be determined on the Sanction Hearing Date for the Sanction Order (the **Sanction Hearing**).

44. **THIS COURT ORDERS** that service of this Meeting Order by the Monitor or the Applicants to the parties on the Service List shall constitute good and sufficient service of notice of the Sanction Hearing on all Persons entitled to receive such service and no other form of notice or service need be made and no other materials need be served in respect of the Sanction Hearing, except that, subject to paragraph 45 any party shall also serve the Service List with any additional materials that it intends to use in support of the Sanction Hearing by the later of: (i) 5:00 p.m. (Eastern Time) on February 23, 2024; and, (ii) seven (7) calendar days before the Sanction Hearing Date.
45. **THIS COURT ORDERS** that any Person who wishes to oppose the Sanction Hearing shall serve on the Applicants, the Monitor and the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the Sanction Hearing by the later of: (i) 5:00 p.m. (Eastern Time) on February 27, 2024; and, (ii) three (3) calendar days before the Sanction Hearing Date.

#### **EXTENSION OF STAY PERIOD**

46. **THIS COURT ORDERS** that the Stay Period is hereby extended from January 19, 2024 to and including April 1, 2024.

#### **APPROVAL OF MONITOR REPORTS AND ACTIONS**

47. **THIS COURT ORDERS** that the Sixteenth Report and the actions, decisions and conduct of the Monitor, and its counsel Miller Thomson LLP, as set out in the Sixteenth Report be and are hereby authorized and approved.

#### **SEALING OF CONFIDENTIAL APPENDIX “1”**

48. **THIS COURT ORDERS** that Confidential Appendix “1” to the Sixteenth Report

shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

## **GENERAL PROVISIONS**

49. **THIS COURT ORDERS** that notwithstanding anything contained in this Meeting Order, the Applicants may decide not to call, hold and conduct the Meeting, provided that:
- a. if the decision is made at the Meeting, the Monitor, the Applicants or the Chair shall communicate such decision to Affected Creditors present at the Meeting prior to any vote being taken at the Meeting;
  - b. if the decision is made prior to the Meeting being held or at the Meeting, the Applicants shall provide notice to the Service List of any such decision; and
  - c. in either case of a. and b. above, the Monitor shall post an electronic copy of any such decision on the Website prior to the Sanction Hearing.
50. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Monitor and the Applicants and their 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 Monitor, as an officer of this Court, and the Applicants as may be necessary or desirable to give effect to this Order or to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order.

51. **THIS COURT ORDERS** that subject to further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.
52. **THIS COURT ORDERS** that the Applicants and the Monitor may apply to this Court from time to time for directions from this Court with respect to this Meeting Order and the Plan, including with respect to the Meeting and Schedules to this Meeting Order, or for such further order(s) as either of them may consider necessary or desirable to amend, supplement or replace this Meeting Order or the Plan, including any Schedule hereto.

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*Signature of Judge*

**SCHEDULE "A"**

THE PLAN (ATTACHED)

**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**”)

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**PLAN OF COMPROMISE AND ARRANGEMENT**  
**pursuant to the *Companies' Creditors Arrangement Act***

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January 11, 2024

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## PLAN OF COMPROMISE AND ARRANGEMENT

### WHEREAS

- A. On October 31, 2019 (the “**Filing Date**”), the Applicants commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) bearing Court File No. CV-19-00630241-00CL pursuant to the initial order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) (as amended and restated pursuant to an amended and restated initial order issued by the Court on November 8, 2019 and as may be further amended, restated or supplemented from time to time, the “**Initial Order**”).
- B. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”).
- C. As at the date hereof, the majority of the assets of the Applicants have been sold and the Applicants continue to be indebted to the Syndicated Lenders, FCC and the Secured Shareholders (each as defined below).
- D. The Applicants wish to pursue a plan of compromise and arrangement which would result in distributions to their unsecured creditors and each of the Syndicated Lenders, FCC and Secured Shareholders have agreed to have all, or in the case of the Syndicated Lenders the majority, of their remaining secured claims treated as unsecured for the purposes of the Plan.
- E. Pursuant to the Initial Order, the Applicants have the authority to file with the Court, a plan of compromise and arrangement in accordance with the CCAA.

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In the Plan and the Recitals therein, all capitalized terms used therein shall have the following meanings:

“**Administration Charge**” has the meaning given to it in the Initial Order, as such amount may be reduced from time to time by further Court Order.

“**Administration Reserve**” means a Cash reserve from the Available Cash, in amount to be adjusted from time to time as agreed to by the Monitor, Applicants and, until the Unaffected Secured Syndicate Claim is repaid in full, the Agent.

“**Administration Reserve Costs**” means costs incurred and in respect of: (i) the Monitors’ fees and disbursements (including of its legal counsel and other consultants and advisors) in connection with the performance of its duties under the Plan and in the CCAA Proceedings; (ii) payments under the Plan (including pursuant to the Section 5.2 and 5.3); (iii) Post-Filing Claims; (iv) fees and disbursements of Applicants’ legal counsel and other advisors; (v) fees and disbursements of the Agent and Syndicated Lenders’ legal counsel and other advisors; (vi) Unaffected Claims which are Proven Claims, to the extent not already paid; and (vii) any other reasonable amounts in respect of any determinable contingency the Monitor may determine in consultation with the Applicants and,

until the Unaffected Syndicate Debt is repaid in full, the Agent.

“**Affected Claims**” means all Claims other than Unaffected Claims, and “**Affected Claim**” means anyone of them.

“**Affected Creditors**” means all Creditors that are not Unaffected Creditors, and “**Affected Creditor**” means anyone of them.

“**Affected Creditors Under \$10K**” means all Creditors that have a Proven Claim of \$10,000 or less.

“**Affected General Unsecured Creditor**” means an Affected Unsecured Creditor, other than the Secured Creditors in respect of their deemed Affected Unsecured Claim under the Plan.

“**Affected Secured Syndicate Claim**” means the amount of \$2.4 million which is to be deemed under the Plan for voting and distribution purposes under the Plan to be an Affected Unsecured Claim.

“**Affected Unsecured Claim**” means an Unsecured Claim that is an Affected Claim.

“**Affected Unsecured Creditor**” means a Creditor holding an Affected Unsecured Claim, including, for greater certainty, the Affected Creditors Under \$10K.

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“**Agent**” means the Canadian Imperial Bank of Commerce, in its capacity as agent for the Syndicated Lenders under the Syndicated Loan Agreement.

“**AMC**” means the American Mink Council.

“**Amended and Restated Claims Process Order**” means the Order of the Court to be obtained in the CCAA Proceedings concurrently with the Meeting Order, amending and restating the Claims Process Order to, *inter alia*, (i) deem the Secured Claims of the Syndicated Lenders to be Proven Claims in the amounts set out on Schedule “A”, (ii) provide that the Secured Claims of the Syndicated Lenders (other than the Unaffected Secured Syndicate Claim) are not “Excluded Claims” under the Plan, (iii) deem the Secured Claims of FCC and the Shareholders to be Proven Claims, in the amounts set out on Schedule “A”, (iv) provide for a process for the Monitor to revise or disallow Claims, for Affected Creditor to dispute such determination and for the resolution of any Disputed Claims, in form and substance acceptable to the Applicants, the Agent and FCC.

“**Applicable Law**” means:

- (i) any applicable domestic or foreign law, (including any principles of civil law, common law or equity) including any statute, legislation or treaty; and
- (ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, ordinance, award or decree of a Governmental Authority.

“**Applicants**” means 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, and “**Applicant**” means any one of them.

“**Available Cash**” means all Cash of the Applicants as at the Plan Implementation Date, including but not limited to the Applicants’ Cash on hand, and all Cash that is received by any of the Applicants following the Plan Implementation Date, whether from the sale, disposition or monetization of any remaining assets, receipt of any Tax Refund or any other Cash received by the Applicants from time to time, less amounts owing to the Syndicated Lenders on account of the Unaffected Secured Syndicate Claim to be required in accordance with Section 5.2 any amounts held by the Monitor in the Reserves in accordance with this Plan.

“**BIA**” means the *Bankruptcy and Insolvency Act* (Canada).

“**Business Day**” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario, Canada.

“**Cash**” means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents.

“**CCAA**” has the meaning given to it in Recital A hereto.

“**CCAA Charges**” means all court-ordered charges created by the Initial Order or subsequent orders in the CCAA Proceedings.

“**CCAA Priority Payment Claims**” means Claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

“**CCAA Proceedings**” has the meaning given to it in Recital A hereto.

“**CFBA**” means the Canada Fox Breeders Association.

“**Claim**” means:

- (i) a Pre-Filing Claim;
- (ii) a Restructuring Claim;
- (iii) a D&O Claim;

- (iv) a D&O Indemnity Claim;
- (v) a CCAA Priority Payment Claim; and
- (vi) a Secured Claim.

provided, however, (A) that “Claim” shall not include any investigation, action, suit, order or proceeding in respect of the Applicants by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA, (B) “Claim” shall not include an Excluded Claim, and (C) a Claim includes any claim arising through subrogation or assignment against any Applicant or Director.

“**Claims Bar Date**” has the meaning given to it in the Claims Process Order.

“**Claims Process Order**” means the Claims Process Order dated May 25, 2023, as amended and restated pursuant to the Amended and Restated Claims Process Order, as it may be further amended, restated or supplemented from time to time.

“**CMBA**” means the Canada Mink Breeders Association.

“**Court**” has the meaning given to it in Recital A hereto.

“**Creditor**” means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Process Order, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

“**Creditor Distribution Pool**” has the meaning given to it in Section 5.4.

“**Director**” means any Person who is a former or present director or officer of any of the Applicants, or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of any of the Applicants or who currently manages or supervises the management of the business and affairs of any of the Applicants or did so in the past.

“**D&O Claim**” means any right or claim of any Person against one or more of the Directors howsoever arising on or before the Claims Bar Date, for which any of the Directors are by statute or otherwise by law liable to pay in their capacity as Directors or which are secured by the D&O Charge.

“**D&O Charge**” means the “**Directors Charge**” as defined in the Initial Order.

“**D&O Indemnity Claim**” means any existing or future right of any Director against one or more of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director for which such Director is entitled to be indemnified by one or more of the Applicants.

“**Distribution Date**” means the Business Day or Business Days upon which distributions are made by the Monitor to the Affected Creditors in accordance with the provisions of the Plan.

“**Effective Time**” means 12:00 a.m. (Toronto time) on the Plan Implementation Date.

“**Eligible Voting Claims**” means a Voting Claim or an Unresolved Voting Claim.

“**Eligible Voting Creditors**” means Affected Creditors holding Eligible Voting Claims.

“**Encumbrance**” means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust, constructive trust or deemed trust (whether contractual, statutory, or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that the Applicants own or control or to which the Applicants are entitled or that secures payment or performance of an obligation, or similar charge of any kind.

“**Excluded Claim**” means, subject to further Order of the Court:

- (i) any Post-Filing Claim;
- (ii) any claim secured by any CCAA Charge, including, without limitation, the fees and disbursements of advisors to the Syndicated Lenders, including legal counsel and the financial advisors to the Syndicated Lenders (which are secured by the Administration Charge); and
- (iii) any claim with respect to fees and disbursements incurred by counsel for any Applicant, Director or the Monitor and any financial advisor retained by any of the foregoing.

“**FCC**” means Farm Credit Canada.

“**Filing Date**” has the meaning given to it in Recital A hereto.

“**Final Determination**” and “**Finally Determined**” as pertains to a Claim, matter or issue, means either: (a) in respect of a Claim, such Claim has been finally determined as provided for in the Claims Process Order for voting and/or distribution purposes, as applicable; (b) there has been a Final Order in respect of the matter or issue; or (c) there has been an agreed settlement of the issue or matter by the relevant parties, which settlement has been approved by a Final Order, to the extent required to be approved by the Court or as determined by the Monitor, in consultation with the Applicants, to be subject to Court approval.

“**Final Distribution**” means the final distribution made under the Plan by the Monitor, on behalf of the Applicants.

“**Final Distribution Date**” means the date on which the Final Distribution is made by the Monitor, on behalf of the Applicants, which date shall be (a) at least six (6) months after the prior most recent Distribution Date if there are multiple Distribution Dates or (b) at least six (6) months after the Effective Time if only one Distribution Date.

“**Final Order**” means an Order of the Court, which has not been reversed, modified or vacated, and is not subject to any stay or appeal, and for which any and all applicable appeal periods have expired.

“**Governmental Authority**” means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

“**Initial Order**” has the meaning given to it in Recital A hereto.

“**Intercompany Claims**” means the Claims of any Applicant in respect of, or relating to, any of the other Applicants.

“**Litigation Claims**” means any and all claims, causes of action, demands, lawsuits, arbitrations, inquiries, audits, proceedings, litigation of any nature, that the Applicants have or may hereinafter have, whether contingent or otherwise, including, without limitation, the litigation and insurance claims outlined in the Affidavit of Doug Lawson affirmed on April 21, 2023 in the CCAA Proceedings.

“**Meeting**” means the meeting of the Eligible Voting Creditors with Voting Claims to consider and vote on the Plan pursuant to the Meeting Order.

“**Meeting Order**” means an order of the Court in the CCAA Proceedings directing the calling and holding of one Meeting of Affected Creditors with Proven Claims to consider and vote on the Plan.

“**Monitor**” has the meaning given to it in Recital B hereto.

“**Order**” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“**Person**” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

“**Plan**” means this Plan of Compromise and Arrangement pursuant to the CCAA concerning, affecting and involving the Applicants, including all Schedules hereto.

“**Plan Implementation Conditions**” has the meaning given to it in Section 10.1.

“**Plan Implementation Date**” means the Business Day on which the Plan becomes effective, which, for greater certainty, shall be the Business Day designated by the Applicants in consultation with the Monitor pursuant to Section 10.2 and as reflected in the Plan Implementation Certificate contemplated in Section 10.3

“**Plan Implementation Certificate**” has the meaning given to it in Section 10.3.

**“Post-Filing Claim”** means any right or claim of any Person that may be asserted or made in whole or in part against the Applicants (or any one of them) in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date (other than Restructuring Claims and D&O Claims and D&O Indemnity Claims), and any interest thereon, including any obligation of the Applicants toward creditors who have supplied or may supply services, utilities, goods or materials, or who have advanced or may advance funds to the Applicants on or after the Filing Date, but only to the extent of their claims in respect of the supply or advance of such services, utilities, goods, materials or funds on or after the Filing Date.

**“Pre-Filing Claim”** means any right or claim of any Person against the Applicants (or any one of them), in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise) the right or ability of any Person to advance a claim for contribution or indemnity (other than D&O Indemnity Claims) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Applicants become bankrupt on the Filing Date.

**“Proof of Claim”** means a proof of claim filed in accordance with the Claims Process Order.

**“Proven Claim”** means a Claim (or the portion thereof) that has been Finally Determined for voting and distribution purposes under the Plan.

**“Proven Secured Claim”** means a Proven Claim of a Secured Creditor in respect of that portion of their claim which is claimed by the Creditor and found, pursuant to the Claims Process Order, to be a valid and enforceable Secured Claim against an Applicant.

**“Realization Efforts”** has the meaning given to it in Section 5.1.

**“Released Claims”** has the meaning given to it in Section 8.1.

**“Released Parties”** has the meaning given to it in Section 8.1.

**“Representatives”** means, in relation to a Person, such Person’s current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

**“Required Majority”** means a majority in the number of Affected Creditors representing at least two-thirds of the value of the aggregate amount of all Voting Claims held by the Eligible Voting Creditors that are present and voting, either in person or by proxy, at the Meeting in accordance with section 6(1) of the CCAA.



“**Reserves**” means the Administration Reserve and the Unresolved Claims Reserve.

“**Restructuring Claim**” means any indebtedness, liability or obligation of any kind with respect to the Applicants arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of the Claims Process Order.

“**Sanction Order**” means an Order of the Court in the CCAA Proceedings sanctioning and approving the Plan pursuant to section 6(1) of the CCAA and the releases contemplated by the Plan, which shall include such terms as may be necessary or appropriate to give effect to the Plan.

“**Secured Claims**” means Claims or any portions thereof that are: (i) secured by security validly charging or encumbering property or assets of the Applicants (including statutory and possessory liens that create security interests); and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction prior to the Claims Bar Date.

“**Secured Creditors**” means the Agent and the Syndicated Lenders (only with respect to their Unaffected Secured Syndicate Claim), FCC and the Secured Shareholders.

“**Secured Shareholder Claims**” means the Proven Secured Claims of the Secured Shareholders in the amounts set out in Schedule “A” hereto.

“**Secured Shareholders**” means AMC, CMBA, WFSC and CFBA.

“**Syndicated Lenders**” means the lenders party to the Syndicated Loan Agreement.

“**Syndicated Loan Agreement**” means the Fourth and Restated Credit Agreement dated as of September 27, 2019, as may be amended, restated or supplemented from time to time, among Canadian Imperial Bank of Commerce, as agent for the Syndicated Lenders, North American Fur Auctions Inc., as borrower, and the Syndicated Lenders.

“**Unaffected Claim**” means the following claims:

- (i) Excluded Claims;
- (ii) CCAA Priority Payment Claims;
- (iii) D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA; and
- (iv) the Unaffected Secured Syndicate Claim.

“**Unaffected Creditor**” means a Creditor with an Unaffected Claim.

“**Unaffected Secured Syndicate Claim**” means the Secured Claim of the Agent and Syndicated Lenders equal to \$1,260,772.68 as at January 9, 2023, being the portion of indebtedness owed to the Agent and Syndicated Lenders as at the date of the Plan that is in excess of \$2.4 million.

“**Undeliverable Distribution**” has the meaning set out in Section 7.6.

“**Unresolved Affected Unsecured Claim**” means an Affected Unsecured Claim that is an Unresolved Claim.

“**Unresolved Claim**” means an Affected Claim (or the portion thereof) that at the relevant time, in whole or in part: (i) has not been Finally Determined to be a Proven Claim in accordance with the Claims Process Order and this Plan; and (ii) is validly disputed in accordance with the Claims Process.

“**Unresolved Claims Reserve**” has the meaning given to it in Section 5.1.

“**Unresolved Voting Claim**” means the amount of the Unresolved Affected Unsecured Claim for voting purposes of an Affected Unsecured Creditor as determined in accordance with the terms of the Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA.

“**Voting Claim**” means the amount of the Affected Claim of an Affected Creditor as Finally Determined for voting purposes in the manner set out in the Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA. For greater certainty, the Secured Creditors shall be entitled to vote their Proven Claims (with the exception of the Unaffected Secured Syndicate Claim, which shall not be voted) in the single class of Affected Creditors in accordance with Section 3.3(1) hereof.

“**Unsecured Claim**” means a Claim that is not secured by any Encumbrance, and shall include for the purposes of the Plan only, the Proven Claims of the Secured Shareholders, FCC and the Syndicated Lenders (with the exception of the Unaffected Secured Syndicate Claim) which shall be deemed pursuant to the Plan to be Unsecured Claims for voting and distribution purposes under the Plan in accordance with Section 4.1.

“**WFSA**” means the Wild Fur Shippers Council.

## **1.2 Certain Rules of Interpretation**

For the purposes of the Plan:

- (i) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;
- (ii) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (iii) unless otherwise specified, all references to currency are in U.S. dollars;

- (iv) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (v) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (vi) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (vii) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;
- (viii) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (ix) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature or Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and,
- (x) references to a specified “article” or “section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed to refer generally to the Plan and not to any particular article, section or other portion of the Plan and includes any documents supplemental hereto;

### **1.3 Successors and Assigns**

The Plan will be binding upon and enure to the benefit of the heirs, administrators, executors, Representatives, successors and permitted assigns of any Person named or referred to in or subject to the Plan.

#### **1.4 Governing Law and Jurisdiction**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

#### **1.5 Schedules**

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

Schedule “A” – Secured Claims

### **ARTICLE 2** **PURPOSE AND EFFECT OF THE PLAN**

#### **2.1 Purpose**

The purpose of the Plan is to:

- (a) permit the Applicants to realize upon their remaining assets, including pursuing remaining Litigation Claims (including contingent claims), on a more cost-effective basis;
- (b) provide for a compromise of all Affected Claims;
- (c) provide for a distribution to all holders of Affected Claims that are Proven Claims after the payment in full of the Unaffected Secured Syndicate Claim in accordance with the terms set out herein;
- (d) effect a release and discharge of all Claims and Released Claims;
- (e) with the agreement of the Syndicated Lenders, the Secured Shareholders and FCC, to deem all of their Secured Claims (with the exception of the Unaffected Secured Syndicate Claim) to be Unsecured Claims for voting and distribution purposes under the Plan so that Affected General Unsecured Creditors with Proven Claims will obtain a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants if such Secured Claims were not deemed to be Unsecured Claims for the purposes of the Plan; and
- (f) facilitate the termination of the CCAA Proceedings following the Court granting an Order terminating the CCAA Proceedings and discharging the Monitor in accordance with the terms of the Plan, which termination and discharge will occur when, in the opinion of the Applicants and the Monitor, there are no more realizable assets or the costs of realizing upon any remaining assets will be equal to or greater than the amounts to be realized.

## **2.2 Persons Affected and Released Claims**

The Plan provides for the compromise of the Affected Claims and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time on the Plan Implementation Date in accordance with its terms and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Released Parties and all other Persons directly or indirectly named or referred to therein, receiving the benefit of, or subject to, the Plan, and each of their respective heirs, executors, administrators, Representatives, successors, and assigns in accordance with the terms of the Plan.

## **2.3 Persons Not Affected**

The Plan does not affect Unaffected Claims. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Unaffected Claims, but, for greater certainty, shall be entitled to vote on and receive distributions under the Plan in respect of any Affected Claims which are Proven Claims. Nothing in the Plan shall (a) affect any of the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recoupments against such Unaffected Claims or (b) constitute a waiver of any right of either the Monitor or the Applicants to dispute the validity or quantum of any Unaffected Claim.

### **ARTICLE 3**

#### **CLASSIFICATION AND CLASSES OF AFFECTED CREDITORS AND RELATED MATTERS**

### **3.1 Claims Procedure**

The procedure for determining the validity and quantum of the Affected Claims for voting and/or distribution purposes under the Plan will be governed by the Claims Process Order, the Meeting Order, the provisions of the CCAA, the Plan, and any further Order of the Court. For greater certainty, the Claims Process Order will remain in full force and effect from and after the Plan Implementation Date. The validity and quantum of the Affected Claims will be established, for voting purposes, by the Claims Process Order, subject to the following:

- (a) The Affected Secured Syndicate Claim shall be allowed for voting and distribution purposes in the amounts set out in **Schedule "A"**;
- (b) The FCC Claim shall be allowed for voting and distribution purposes in the amount set out in **Schedule "A"**; and
- (c) The Secured Shareholders Claims shall be allowed for voting and distribution purposes in the amounts set out in **Schedule "A"**.

### **3.2 Classification of Creditors**

In accordance with the Meeting Order, all Affected Creditors (including all Affected General Unsecured Creditors, FCC, the Syndicated Lenders (other than in respect of the Unaffected Secured Syndicate Claim) and the Secured Shareholders) shall be placed into a single class with respect to their Affected Claims which are Proven Claims.

### **3.3 Voting**

- (1) Except as otherwise provided in the Meeting Order, and subject to the provisions of the Plan, Affected Creditors (including the Affected General Unsecured Creditors, FCC, the Syndicated Lenders (other than in respect of the Unaffected Secured Syndicate Claim) and the Secured Shareholders) shall be entitled to vote their Eligible Voting Claims at the Meeting in respect of the Plan.
- (2) In accordance with the CCAA, the Secured Shareholders, as related parties, will only be permitted to vote their Eligible Voting Claims, if any, against, but not for, the Plan.

### **3.4 Unaffected Claims**

Unaffected Claims, including for greater certainty, the Unaffected Secured Syndicate Claim, shall not be compromised under the Plan. No holder of an Unaffected Claim shall be: (a) entitled to vote on or approve the Plan or attend at the Meeting in respect of such Unaffected Claim; or (b) entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim.

### **3.5 Creditors' Meeting**

- (1) The Meeting will be held in accordance with the Plan, Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meeting are those specified in the Meeting Order and any further Order of the Court. In order to be approved, the Plan must receive the affirmative vote of the Required Majority from of Affected Creditors voting Eligible Voting Claims.
- (2) The only Persons entitled to notice of, to attend or to speak at the Meeting are the Eligible Voting Creditors (or their respective duly-appointed proxyholders), Representatives of the Monitor, the Applicants, all such parties' financial and legal advisors, the chair, and secretary and scrutineers thereof. Any other Person may be admitted to the Meetings only by invitation of the Applicants or the Monitor or as permitted under the Meeting Order or any further Court Order.
- (3) If the Plan is approved by the Required Majority of the single class of Affected Creditors, then the Plan shall be deemed to have been agreed to, accepted and approved by all Affected Creditors and, if sanctioned by the Court, shall be binding upon all Affected Creditors immediately upon the delivery of the Plan Implementation Certificate in accordance with Section 10.3.

**ARTICLE 4**  
**TREATMENT OF CLAIMS**

**4.1 Treatment of Proven Secured Claims**

- (1) The Proven Secured Claims of the Secured Shareholders, FCC and the Syndicated Lenders (other than the Unaffected Secured Syndicate Claim) shall be (i) deemed for the purposes of the Plan to be Affected Unsecured Claims for voting and distribution purposes, and (ii) entitled to distribution as an Affected Unsecured Claim which is a Proven Claim in accordance with Section 7.1.
- (2) The Unaffected Secured Syndicate Claim shall be entitled to payment in full from the proceeds of the Realization Efforts in accordance with Section 5.2 hereof.
- (3) From and after the Plan Implementation Date, each Secured Creditor is deemed hereunder to have agreed that no further interest or fees shall have accrued or be deemed to be earned in respect of its Secured Claim (including, for greater certainty, in respect of the Unaffected Secured Syndicate Claim, and each deemed Affected Unsecured Claim of such Secured Creditors (i) from and after October 1, 2023, in respect of the Secured Claims of the Syndicated Lenders, and (ii) from and after the Filing Date in respect of the Secured Claims of the Secured Shareholders and FCC. For greater certainty, nothing herein shall impact any fees or interest accrued on the Proven Secured Claims of the Syndicated Lenders for the period prior to October 1, 2023 and paid by the Applicants in November of 2023.
- (4) Notwithstanding anything else contained in the Plan, including this Section 4.1, the Agent and Syndicated Lenders may continue to retain advisors, including counsel and financial advisor, and to continue to have the fees and disbursements of such counsel and financial advisor paid by the Applicants and secured by the Administration Charge until such time as the Unaffected Secured Syndicate Claim has been paid in full.

**4.2 Treatment of Affected Unsecured Claims**

At the Effective Time and in accordance with the sequence of steps set out in Article 6 hereof, in exchange for their Affected Claims, each Affected Creditor will receive the distributions as set out in the Plan.

**4.3 Treatment of Intercompany Claims**

Notwithstanding anything to the contrary in the Plan, on the Effective Date, each of the Applicants shall (a) be deemed to have subordinated the entirety of any Intercompany Claim in favour of the Proven Claims of all Affected Creditors, and (b) not be entitled to any distributions under the Plan in

respect of any Intercompany Claim.

#### **4.4 Unresolved Claims**

- (1) No holder of an Unresolved Claim shall be entitled to receive any payment or distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally determined pursuant to the Claims Process Order or any other Order and becomes a Proven Claim. Pursuant to the Meeting Order, the Monitor will tabulate votes of Creditors with Unresolved Voting Claims separately and will assess the impact of the Unresolved Voting Claims becoming Voting Claims on the vote conducted at the Meeting.
- (2) To the extent that any Unresolved Claim has become a Proven Claim, the holder of such Unresolved Claim shall be entitled to receive a distribution in respect of such Proven Claim in accordance with Section 7.1.

#### **4.5 Interest, fees and expenses**

In addition to and not in contradiction of Section 4.1(3), Interest shall not accrue or be paid on Claims after the Filing Date, and no holder of a Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of a Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released; provided, however, that the Syndicated Lenders Claim shall be entitled to payment of (a) interest and the Agent's annual agency fee, due and payable monthly after the Filing Date up to and including October 31, 2023 and (b) the fees and expenses of the Agent and Syndicated Lenders advisors, including legal counsel and financial advisor, pursuant to Section 4.1 until the Final Distribution and termination of the CCAA Proceedings have occurred.

#### **4.6 Extinguishment of Claims**

At the Effective Time, in accordance with the terms of the Plan, including Article 5 hereof, and Sanction Order, the treatment of Affected Claims (including Unresolved Claims) and Released Claims, in each case as set forth herein, will be final and binding on the Applicants, Affected Creditors and any Person holding a Released Claim. All Affected Claims and all Released Claims will be fully, finally, irrevocably and forever released, discharged, extinguished, cancelled and barred and the Released Parties will thereupon have no further obligation or liability whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that (a) nothing herein releases the Applicants from the obligation to make payments and distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (b) such discharge and release shall be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the Claims Process Order.

#### **4.7 Guarantees and Similar Covenants**

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised and/or released under the Plan, including, for greater certainty, the Released Claims (such compromised Claim being the "**Principal Claim**"), or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan (including, for greater certainty, the Released Claims) will (a) be



entitled to any greater rights as against any Released Party than the Person whose Claim (including, for greater certainty, the Released Claims) is compromised and/or released under the Plan; (b) be entitled to vote on the Plan to the extent that the Person holding the Principal Claim votes on the Plan; or (c) be entitled to receive any distribution under the Plan to the extent that the Person holding the Principal Claim is receiving a distribution.

#### **4.8 Set-Off**

The law of set-off applies to all Claims in accordance with Applicable Law. Without limiting the generality of the foregoing, the Applicants will be and are hereby entitled to set-off from any payments or distributions to be made to a Creditor hereunder any amount due and owing to the Applicants from such Creditor. The Applicants acknowledge and confirm that they have no right of set-off against any of the Secured Creditors in respect of their Secured Claims, deemed Affected Unsecured Claims or the Unaffected Secured Syndicate Claim.

### **ARTICLE 5** **REALIZATION EFFORTS, PAYMENTS AND DISTRIBUTIONS**

#### **5.1 Realization Efforts**

Following the Effective Time, the Applicants shall continue with the liquidation of their assets and to pursue the Litigation Claims, in each case, in good faith and subject to the supervision and direction of the Monitor (the “**Realization Efforts**”).

#### **5.2 Payment of Unaffected Secured Syndicate Claim**

All proceeds derived from the Realization Efforts, net of reasonable fees and disbursements of counsel to the Applicants, the Monitor, counsel to the Monitor and the advisors of the Syndicated Lenders shall be applied firstly towards payment of the Unaffected Secured Syndicate Claim in full before any distribution to Affected Unsecured Creditors under the Plan. Such payments on account of the Unaffected Secured Syndicate Claim shall be made by the Applicants at such time and from time to time that the Monitor, in consultation with the Agent, is of the view that there are otherwise sufficient funds to satisfy the CCAA Priority Payment Claims. Notwithstanding any other provision of the Plan, no proceeds from Realization Efforts or otherwise shall be contributed to the Creditor Distribution Pool until the Unaffected Secured Syndicate Claim is paid in full.

#### **5.3 Payment of CCAA Priority Payment Claims**

The Applicants shall pay the CCAA Priority Payment Claims, if any, in full within six months after the date of the Sanction Order.

#### **5.4 Creditor Distribution Pool**

- (1) From and after the date upon which (i) the Unaffected Secured Syndicate Claim is repaid in full, (ii) the Administration Reserve is established and fully funded in accordance with Section 6.1, the Applicants shall, on a quarterly basis, pay all Available Cash then in their possession to the Monitor to be held in trust for the benefit of the Affected Creditors with Proven Claims (the “**Creditor Distribution Pool**”).

- (2) The Monitor, on behalf of the Applicants will, subject to Section 7.1 and in accordance with Article 7 hereof, make a distribution from the funds in the Creditor Distribution Pool to the Affected Creditors with Proven Claims from time to time when determined reasonable by the Monitor, in consultation with the Applicants, which distribution amount will be paid to them in accordance with the distribution provisions of Article ARTICLE 7 hereof.
- (3) On the Effective Time, all Affected Claims and Released Claims will be fully, finally, irrevocably and forever released, discharged, extinguished, cancelled and barred in accordance with the Plan, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with Section 4.6 hereof. For greater certainty, the releases set out in the Plan shall be effective upon the Effective Time regardless of whether any amounts are ultimately distributed to the Affected Creditors with Proven Claims under the Plan.

### **5.5 Corporate Approvals**

The execution, delivery, implementation, and consummation of all matters contemplated under the Plan involving corporate action of the Applicants, shall be authorized and approved under the Plan, as such Plan is authorized and approved by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by any Person.

### **5.6 Cessation of Realization Efforts and Termination of CCAA Proceedings**

The Monitor shall determine, in consultation with the Applicants and, until the Unaffected Secured Syndicate Claim is repaid in full, the Agent, when it is no longer reasonable to expect any further realizations or collections from the assets of the Applicants. At that time the Monitor shall apply to the Court, on notice to the service list in the CCAA Proceedings, for an order seeking a termination of the CCAA Proceedings and its discharge as Monitor.

## **ARTICLE 6**

### **UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE**

#### **6.1 Reserves and Distribution Cash Pool**

- (1) After the repayment in full of the Unaffected Secured Syndicate Claim pursuant to Section 5.2, the Monitor shall establish from Available Cash and maintain each of the Reserves required under the Plan and the Distribution Cash Pool for the Applicants, in trust, for the beneficiaries thereof under the Plan, and will oversee distributions from the Unresolved Claims Reserve and the Administration Reserve in accordance with the provisions of this Article 6.
- (2) The Monitor shall allocate each of such Reserves and the Distribution Cash Pool in accordance with the Plan, in each case on an accounting basis only. No separate bank account or accounts will be established for any of the Reserves, or in connection with the Distribution Cash Pool.

## **6.2 Administration Reserve**

- (1) An Administration Reserve shall be established by the Monitor, on behalf of the Applicants, after the Unaffected Secured Syndicate Claim has been repaid in full pursuant to Section 5.2, from Available Cash in an aggregate amount sufficient to fund the Administration Reserve Costs and the Monitor shall have the ability to replenish the amount of the Administration Reserve from Available Cash in order to ensure that it is at all times sufficient to fund the Administration Reserve Costs.
- (2) The Monitor shall hold and maintain the Administration Reserve for the purposes of paying the Administration Reserve Costs, from time to time, in accordance with the Plan and shall distribute the remaining balance in the Administration Reserve, if any, after the Final Distribution in accordance with Section 6.2(4) of the Plan.
- (3) The beneficiaries to the Administration Charge shall be entitled to payment from the Administration Reserve of their fees and expenses in connection with the implementation of the Plan, including administering the resolution of Unresolved Claims in accordance with the Claims Process Order and performing any other work required after the Effective Time to pursue Realization Efforts (including prosecution of the Litigation Claims), addressing questions of Creditors and otherwise administering the balance of the CCAA Proceedings.
- (4) Any amount remaining in the Administration Reserve immediately prior to termination of the CCAA Proceedings and discharge of the Monitor shall be donated to one or more registered charitable organizations chosen by the Applicants, in consultation with the Monitor.

## **6.3 Unresolved Claims Reserve**

An Unresolved Claims Reserve shall be established by the Monitor, on behalf of the Applicants, after the Unaffected Secured Syndicate Claim has been repaid in full pursuant to Section 5.2, from Available Cash in an aggregate amount sufficient to fund, without duplication (i) distributions should all Unresolved Claims be Finally Determined to be Proven Affected Unsecured Claims; and (ii) payments on account of unresolved CCAA Priority Payment Claims should all such unresolved CCAA Priority Payment Claims be Finally Determined to be valid CCAA Priority Claims; and the Monitor shall hold and maintain the Unresolved Claim Reserve for the purposes of paying all such aforesaid claims once such claims are Finally Determined to be Proven Claims in accordance with the Claims Process Order or other Order of the Court.

# **ARTICLE 7**

## **PROVISIONS REGARDING DISTRIBUTIONS & PAYMENTS**

### **7.1 Distributions Generally**

All distributions to Affected Creditors with Proven Claims and other payments to be effected pursuant to the Plan will be made pursuant to this Article 7. For greater certainty, all payments and distributions pursuant to this Article 7 will be subject to satisfaction or waiver of the conditions specified in Article 7 hereof.

## **7.2 Payment to Affected Creditors with Proven Claims**

The Monitor, for and on behalf of each of the Applicants, shall make a U.S. denominated cash distribution to the Affected Creditors with Proven Claims from the Creditor Distribution Pool, after payment in full of the Unaffected Secured Syndicate Claim and the establishment of the Unresolved Claims Reserve and the Administration Reserve, by cheque sent by pre-paid ordinary mail: (i) in the case of an Affected Creditor, to address recorded in the Affected Creditors Proof Claim or such other address that has been provided to the Applicants in writing in accordance with Section 11.7 hereof at least 10 days' prior to the Distribution Date, and (ii) in the case of an Affected Creditor that has received its Proven Claim by transfer, to the address set out in such transferee's notice of transfer or assignment sent to the Monitor and the Applicants.

## **7.3 Payments of Unaffected Claims**

In accordance with and at the time specified in the Plan hereof (which for greater certainty is prior to payment of any distributions to Affected Creditors), the Applicants will make the following payments as soon as sufficient funds are available, to discharge of the following:

- (a) payment to the Agent on behalf of the Syndicated Lenders an amount sufficient to repay in full the Unaffected Secured Syndicate Claim in accordance with Section 5.2;
- (b) payment of an amount sufficient to fund the Administration Reserve in accordance with Section 6.2; and
- (c) payment of the CCAA Priority Payment Claims, if any, in full in accordance with Section 5.3.

## **7.4 De Minimis Proven Claim Amount for Distribution**

- (1) Notwithstanding anything contained in the Plan, the Monitor, on behalf of the Applicants, shall not be required to make any distribution hereunder to any Affected Creditor with a Proven Claim whose calculated pro rata share of the amount available for distribution would result in a distribution of less than \$25 from any distribution and such Affected Creditor shall not be entitled to receive a distribution, provided that the amount of the distribution that would otherwise be paid to such Affected Creditor will be recorded by the Monitor to the credit of the Affected Creditor and the Monitor will hold back such amount from the amount otherwise being distributed. If in a subsequent distribution, the sum of the outstanding unpaid distribution to such Affected Creditor from the previous distribution plus the amount such Affected Creditor is entitled to under the subsequent distribution or distributions is greater than \$25, then the Monitor, on behalf of the Applicants, shall make the distribution for the Affected Creditor of the combined amount.
- (2) By way of example, if an Affected Creditor is entitled to \$18 based on its pro rata share of the funds available for distribution, then no distribution would be made to that Affected Creditor and the Monitor will continue to hold the \$18. If, on a subsequent distribution the amount payable on that distribution to the same Affected Creditor would be \$10, such that the total amount after accounting for their pro rata share of the first distribution totals \$28, then a distribution in the amount of \$28 will be made with the subsequent distribution.

- (3) When the Monitor, in consultation with the Applicants, has determined that it is making the Final Distribution under the Plan, it will determine the *pro rata* distribution to the Affected Creditors and all amounts that would result in distributions under \$25 to an Affected Creditor (after taking into account any prior amounts held for future distributions to that Affected Creditor as set out above) shall be remitted to the Creditor Distribution Pool and redistributed on a *pro rata* basis to the Affected Creditors with *pro rata* distributions above \$25 as part of the next Distribution.

### **7.5 Distributions in Respect of Unresolved Claims**

- (1) The Monitor shall hold the Unresolved Claims Reserve in trust (as may be reduced from time to time as Unresolved Claims are Finally Determined as disallowed in whole or in part) for the Applicants.
- (2) If any portion of an Unresolved Claim becomes Finally Determined to be disallowed in whole or in part, the amount related to any such portion of such Unresolved Claim shall be released from the Unresolved Claim Reserve into the applicable Creditor Distribution Pool for distribution to Affected Creditors with Proven Claims in accordance with Section 7.2.
- (3) After all Unresolved Claims have been Finally Determined in accordance with the Claims Process Order and any required distributions have been made with respect to Proven Claims, any remaining funds in the Unresolved Claims Reserve shall become part of the Creditor Distribution Pool. To the extent that an Unresolved Claim becomes a Proven Claim, the Monitor, on behalf of the Applicants, will distribute to the holder thereof, from the Unresolved Claims Reserve, the amount which such Creditor would have been entitled to receive in respect of its Proven Claim on the Distribution Date had such Unresolved Claim been a Proven Claim on the Distribution Date, subject to Section 7.4.

### **7.6 Treatment of Undeliverable Distributions**

If any distribution to an Affected Creditor under this Article 7 is not cashed or is returned as undeliverable (an “**Undeliverable Distribution**”), then neither the Applicants nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Applicants and Monitor are notified in writing by such Affected Creditor of their current address, at which time such Undeliverable Distribution shall be mailed to such Affected Creditor at such address and in which case, no interest will accrue or be payable in respect of an Undeliverable Distribution. The obligations of the Applicants and Monitor to an Affected Creditor with an Undeliverable Distribution will expire ten (10) Business Days prior to the Final Distribution Date, after which date, any cheques in respect of any such Undeliverable Distributions may be cancelled and rendered non-negotiable by the Applicants or Monitor and any entitlement of an Affected Creditor with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary. For greater clarity, nothing herein will require the Applicants or the Monitor to attempt to locate any Affected Creditor or other Person with respect to an Undeliverable Distribution. On the relevant date above, the amount of any Undeliverable Distributions shall be remitted to the Creditor Distribution Pool and redistributed on a *pro rata* basis to the Affected Creditors in accordance with this Plan.

## **7.7 Withholding Rights**

The Monitor, the Applicants and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold from any such payment to any Person, such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person, together with the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Applicants will deduct from any distribution to an Affected Creditor hereunder any amounts as indicated by Employment and Social Development Canada in a Notice of Debt, and remit such amounts to Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on its Proof of Claim or subsequently provided in writing to the Applicants at least 10 Business Days prior to a Distribution Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Applicants and the Monitor of information satisfactory to them (in its sole discretion) at least 10 Business Days prior to the Distribution Date that such Creditor is not a non-resident. No gross-up or additional amount will be paid on any payment hereunder to the extent the Applicants or any other Person deducts or withholds amounts pursuant to this Section 7.7. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

## **7.8 Cancellation of Certificates and Notes, etc.**

At the Effective Time, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished and be null and void.

## **7.9 Calculations**

All amounts to be paid by the Monitor will be calculated with the assistance of the Applicants. All calculations made will be conclusive, final and binding upon the Affected Creditors, the Applicants, the Monitor and all other Persons, absent manifest error.

## **7.10 Currency Matters**

All Affected Claims that are made in a currency other than U.S. dollars shall be converted to U.S. dollars in accordance with the Claims Process Order for both voting and distribution purposes. Distributions to Affected Creditors with Proven Claims will be paid in U.S. dollars and any such Claims that are denominated in a currency other than the lawful money of United States of America will be converted in accordance with the Claims Process Order.

### **7.11 Assignment of Proven Claims Subsequent to the Meeting**

After the date of the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor a Notice of Transfer or Assignment. The Monitor shall not be obligated to make distributions to any transferee or assignee of a Proven Claim or otherwise deal with such transferee or assignee unless and until the Monitor and the Applicants have received a Notice of Transfer or Assignment prior to 5:00 p.m. on that day that is at least seven (7) calendar days prior to the Plan Implementation Date. Upon transfer or assignment of a Claim in accordance herewith, each applicable transferee shall, for all purposes constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim. For greater certainty, the Monitor and the Applicants shall not recognize partial transfers or assignments of Claims. A transferee shall not be entitled to set-off, apply, merge, consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Applicants.

### **7.12 Binding Effect of the Plan**

- (1) The Plan (including, without limitation, the releases and injunctions contained herein) shall be binding as of the Effective Time on all Persons irrespective of the jurisdiction in which the Persons reside or in which their Claims arose, and shall constitute:
  - (a) a full, final and absolute settlement of all rights of any Affected Creditors; and
  - (b) a full, final and absolute release, extinguishment and discharge of all Affected Claims and Released Claims.

As at the Effective Time:

- (a) each Affected Creditor and each Person holding a Released Claim will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (b) each Affected Creditor and each Person holding a Released Claim (to the extent that contractual releases have not been executed and delivered by such Person) will be deemed to have:
  - (i) executed and delivered to the Applicants and to the other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
  - (ii) waived any default by or rescinded any demand for payment against the Applicants that has occurred on or prior to the Effective Time pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively; and

- (iii) agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively, as at the moment before the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

### **7.13 Notice of Final Distribution**

At least fourteen (14) Business Days prior to the Final Distribution Date, the Monitor will (i) provide notice of the Final Distribution Date to the service list in the CCAA proceedings, and (ii) post the Final Distribution Date on its Website.

## **ARTICLE 8** **RELEASES**

### **8.1 Plan Releases**

At the Effective Time, (i) the Applicants' Representatives, including their Directors and Officers; (ii) the Monitor and the Monitor's counsel; and (iii) each of the Agent, the Syndicated Lenders, and their counsel, and each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons (each of the Persons named in (i), (ii) or (iii) of this Section 8.1, in their capacity as such, being herein referred to individually as a "**Released Party**" and all referred to collectively as "**Released Parties**") shall be fully, finally and forever released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity, or rights of subrogation, which any Person may be entitled to assert, whether or not reduced to judgment, liquidated or unliquidated, fixed, contingent, known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, by guarantee, surety or otherwise, and whether or not executory or anticipatory in nature, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date, or following the Plan Implementation Date up to the termination of the CCAA Proceedings that relate to matters relating to implementing the Plan, or that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, any D&O Claims and any indemnification obligations with respect thereto, the business and affairs of the Applicants whenever or however conducted, the administration and/or management of the Applicants, the Plan or the CCAA Proceedings, or any document, instrument, matter or transaction involving any of the Applicants taking place prior to the Plan Implementation Date or thereafter, in connection with the Plan (referred to collectively as the "**Released Claims**"), and all Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, extinguished, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by Applicable Law; provided that the following shall not constitute Released Claims and nothing herein will waive, discharge, release, cancel or bar:

- (a) any Unaffected Claim;



- (b) the Applicants of or from any of their obligations under the Plan, under any Order, or under any document delivered by the Applicants on the Plan Implementation Date pursuant to the Plan; or
- (c) Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct.

## **8.2 Injunctions**

From and after the Effective Time as set out in Section 4.1 hereof all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, application, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

## **8.3 Knowledge of Claims**

Each Person to which Section 8.1 hereof applies shall be deemed to have granted the releases set forth in Section 8.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

## **ARTICLE 9** **COURT SANCTION**

### **9.1 Application for Sanction Order**

If the Plan is approved by the Required Majority of Affected Creditors, the Applicants shall apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

## 9.2 **Sanction Order**

The Sanction Order will, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of the Affected Creditors in accordance with the CCAA; (ii) the activities of the Applicants and the Monitor have been in compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceedings in all respects; (iii) neither the Applicants nor the Monitor have done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated in connection therewith are fair and reasonable, and are sanctioned and approved by the Court pursuant to section 6 of the CCAA and shall be binding and effective as set out herein;
- (b) declare that the Plan, subject to the terms and conditions herein, including the Plan Implementation Conditions described in Section 9.1 and all associated steps, compromises, transactions, arrangements and releases effected thereby are sanctioned and approved, and at the Effective Time as set out in Section 4.1 hereof will be binding and effective upon and with respect to the Applicants, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order;
- (c) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, compromise, discharge and release the Applicants from any and all Affected Claims in accordance with the Plan, and declare that the ability of any Person to proceed against the Applicants in respect of or relating to any Affected Claims, whether directly, derivatively or otherwise will be forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims (to the extent they become Proven Claims);
- (d) as of the Effective Time discharge and release the Released Parties from any and all Released Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties, or any of them, in respect of or relating to any Released Claim will be forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to such Released Claims be permanently stayed;
- (e) as of the Effective Time as set out in Section 4.1 hereof, bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing of any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Released Claims and any matter which is released pursuant to Article 8 hereof;
- (f) declare that any Affected Claim that is not a Proven Claim or Unresolved Claim is forever barred and extinguished;

- (g) declare that any Claim for which a Proof of Claim has not been filed by the applicable Claims Bar Date in accordance with the Claims Process Order is forever barred and extinguished and order the release of all such Claims;
- (h) authorize the Applicants and the Monitor to perform their respective obligations and functions under the Plan and to perform all such other acts and execute such documents as may be required in connection with the foregoing;
- (i) declare that each of the CCAA Charges will be terminated, discharged, expunged and released, with the exception of the Administration Charge which shall continue until the termination of the CCAA Proceedings;
- (j) declare that, notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Applicants and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Applicants, the transactions and releases contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants or their assets and will not be void or voidable by creditors of the Applicants, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- (k) declare that, subject to the performance by the Applicants of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Applicants, or any of them, are a party and that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and the related provisions of the CCAA will be and remain in full force and effect, unamended as of the Effective Time as set out in Section 4.1 hereof, and no Person who is a party to any such contractual arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
  - (i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);
  - (ii) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA; or
  - (iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; and

- (l) declare that the stay of proceedings under the Initial Order continues until the earlier of (i) one month after the Final Distribution Date, and (ii) September 30, 2026;
- (m) approve all conduct of the Monitor in relation to the Applicants and bar all claims against it arising from or relating to the services provided to the Applicants up to and including the date of the Sanction Order; and
- (n) declare that the Applicants and the Monitor may apply to the Court for advice and directions in respect of any matters arising from or in relation to the Plan or the implementation thereof.

**ARTICLE 10**  
**PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION**

**10.1 Conditions Precedent to Plan Implementation**

- (1) The Plan is subject to the satisfaction of the following conditions (the “**Plan Implementation Conditions**”):
  - (a) the Amended and Restated Claims Process Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
  - (b) the Meeting Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
  - (c) the Plan shall have been approved by the Required Majority of the Affected Creditors of the Applicants;
  - (d) the Sanction Order shall have been issued by the Court, consistent with the terms of Section 9.1 and shall be a Final Order; and
  - (e) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants and the Monitor, are necessary to implement the provisions of the Plan or the Sanction Order.

**10.2 Plan Implementation Date**

Upon satisfaction of the Plan Implementation Conditions, the Applicants will proceed to implement the Plan. In consultation with the Monitor, the Applicants will designate the Plan Implementation Date and will implement the Plan on that date in accordance with the terms and conditions hereof.

**10.3 Monitor’s Certificate – Plan Implementation**

As soon as practicable after of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings and post on the Monitor’s Website a certificate confirming that the Plan Implementation Date has occurred (the “**Plan Implementation Certificate**”) and will file such certificate with the Court as soon as practicable after it has been delivered.

**ARTICLE 11**  
**GENERAL**

**11.1 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

**11.2 Modification of the Plan**

- (1) The Applicants reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of Claims subject to the Claims Process Order), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Monitor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meeting, consented to by the Agent and communicated to the Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meeting, approved by the Court and following notice to the Affected Creditors.
- (2) Notwithstanding this Section 11.2, after the Meeting, the Applicants may amend, restate, modify and/or supplement the Plan with the consent of the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court, (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Affected Creditors, (iii) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the legal, financial or economic interests of Affected Creditors, in each case as determined by the Monitor, and (iv) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist.
- (3) Notwithstanding this Section 11.2, any amendment, restatement, modification or supplement to the Plan may be made by the Applicants at any time and from time to time, provided that it is made with the consent of the Monitor and: (i) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan; or (ii) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the legal, financial or economic interests of the Affected Creditors.
- (4) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section 11.2, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

**11.3 Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or

supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

#### **11.4 Severability of Plan Provisions**

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants and with the consent of the Monitor and the Agent, will have the power to either:

- (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan; or
- (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **11.5 Protections of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, and any other Order made in the CCAA Proceedings. The Monitor will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Applicants to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of the Monitor. The Monitor will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

#### **11.6 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### **11.7 Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary

mail or e-mail addressed to the respective parties as follows:

If to the Applicants:

**BLANEY MCMURTRY LLP**

2 Queen Street East  
Suite 1500  
Toronto, Ontario, M5C 3G5

Attention: David Ullmann  
e-mail: [dullmann@blaney.com](mailto:dullmann@blaney.com); [sgaudreau@blaney.com](mailto:sgaudreau@blaney.com)

If to an Affected Creditor:

To the mailing address, or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Applicants or the Monitor.

If to the Monitor:

**DELOITTE RESTRUCTURING INC.,  
MONITOR OF NAFA FUR AUCTIONS INC.,  
ET AL**

8 Adelaide Street West, Suite 200  
Toronto, Ontario, M5H 0A9

Attention: Todd Ambachtsheer and Jordan Sleeth  
e-mail: [tambachtsheer@deloitte.ca](mailto:tambachtsheer@deloitte.ca); [jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)

With copies to (which will not constitute notice):

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario, M5H 3S1

Attention: Kyla Mahar and Gina Rhodes  
e-mail: [kmahar@millertomson.com](mailto:kmahar@millertomson.com); [grhodes@millertomson.com](mailto:grhodes@millertomson.com)

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Applicants or the Monitor, by posting notice of such address change on the Monitor's website ([www.ey.com/ca/agmedica](http://www.ey.com/ca/agmedica)). Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

**11.8 Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan or any other events or transactions contemplated herein, notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

**11.9 Language**

The Plan, as well as any notices, Schedules or other documents related thereto has been and will be prepared in the English language only.

**11.10 Acts to Occur on Next Business Day**

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

**11.11 Non-Consummation of the Plan**

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person; (b) prejudice the rights of the Applicants or any other Person in any further proceeding involving the Applicants; or (c) constitute an admission of any sort by the Applicants or any Person.

**DATED** as of the 11<sup>th</sup> day of January, 2024.



**SCHEDULE "A"****SECURED CREDITOR CLAIMS AS AT THE DATE OF THE PLAN****PROVEN CLAIMS OF SECURED SHAREHOLDERS**

<b><u>Secured Shareholder</u></b>	<b><u>Amount of Proven Claim</u></b>
AMC:	USD\$630,626
CMBA:	USD\$1,182,423
WFSC:	USD\$788,282
CFBA:	USD\$307,430

**PROVEN CLAIMS OF SYNDICATED LENDERS**

<b>Affected Secured Syndicate Claim</b>	
<b><u>Syndicated Lender</u></b>	<b><u>Amount of Proven Claim</u></b>
Canadian Imperial Bank of Commerce	USD \$1,368,000.00
HSBC Bank Canada	USD \$792,000.00
Export Development Canada	USD \$40,000.00
<b>Total</b>	<b>USD \$2,400,000.00</b>

<b>Unaffected Secured Syndicate Claim</b>	
Amount of Proven Claim	USD \$1,260,772.68

**PROVEN CLAIM OF FCC**

<b><u>Amount of Proven Claim</u></b>
USD \$1,631,586

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

**PLAN OF COMPROMISE AND ARRANGEMENT  
pursuant to the *Companies' Creditors Arrangement Act*  
affecting and involving 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  
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**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants

**SCHEDULE “B”**

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

**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**”)

**AFFECTED CREDITOR CLASS PROXY**

Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Meeting Order made in these proceedings January 17, 2024.

In accordance with the Meeting Order, the Applicants have been authorized to convene a Meeting of their Affected Creditors to consider and vote whether to accept the plan of compromise and arrangement dated January 11, 2024 made under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) among the Applicants and their Affected Creditors (as may be amended from time to time, the “**Plan**”).

**Before completing this proxy, please read carefully the “Instructions for Completion of Proxy” included herewith.**

In accordance with the terms of the Meeting Order and the Plan, this proxy may only be filed by Affected Creditors.

If any person is to attend the Meeting (or any adjournment thereof) on behalf of an Affected Creditor and vote on the Plan, or if the Affected Creditor wishes to appoint the representative designated by the Monitor to act as the Affected Creditor's proxy, this proxy form must be completed and signed by the Affected Creditor and either: (i) received by the Monitor, Deloitte Restructuring Inc., by no later than 5:00 p.m. (Toronto time) on February 16, 2024 in

accordance with the Meeting Order; or (ii) deposited with the Chair of the Meeting prior to the start of the Meeting.

THE UNDERSIGNED AFFECTED CREDITOR hereby revokes all proxies previously given and nominates, \_\_\_\_\_ constitutes, \_\_\_\_\_ and \_\_\_\_\_ appoints

\_\_\_\_\_, or, if nobody is specified, nominates **Jorden Sleeth** of Deloitte Restructuring Inc., in its capacity as Monitor of the Applicants, or such person as he may designate as nominee of the Affected Creditor, with power of substitution, to attend on behalf of and act for the undersigned Affected Creditor at the Meeting to be held in order to consider and, if thought advisable, vote in respect of the resolution to approve the Plan and at any and all adjournments of the Meeting, and to vote the Affected Creditor's Voting Claim as follows:

A. \_\_\_\_\_ (mark only one):

[ ] \_\_\_\_\_ VOTE FOR approval of the Plan; or

[ ] \_\_\_\_\_ VOTE AGAINST approval of the Plan; and

B. \_\_\_\_\_ if neither of the options noted above is selected, to vote at the nominee's discretion and otherwise act for and on behalf of the Affected Creditor in respect of any amendments or variations to the Plan or in respect of any other matters that may come before the Meeting, or any adjournment thereof.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**Signature:** \_\_\_\_\_ **Name:** \_\_\_\_\_

(if Affected Creditor is an individual)

(print name of Affected Creditor as it appears on the Proof of Claim form)

**Signature:** \_\_\_\_\_

(if Affected Creditor is a corporation

this section must be completed by a duly authorized officer or attorney of the corporation)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(print name and title of signatory)

**Phone Number of Affected Creditor:** \_\_\_\_\_

**Email address of Affected Creditor:** \_\_\_\_\_

**SCHEDULE “C”****INSTRUCTIONS FOR COMPLETION OF PROXY**

1. This proxy should be read conjunction with the Plan and the Meeting Order, copies of which are included in the Meeting Materials delivered to you and are available on the Monitor's Website at: <https://www.insolvencies.deloitte.ca/en-ca/Pages/NorthAmericanFurAuctionInc.aspx>.
2. Each Affected Creditor who has a right to vote at the Meeting has the right to appoint a person (who does not need to be an Affected Creditor) to attend, act and vote for and on their behalf at the Meeting, or any adjournments thereof, and such right may be exercised by inserting in the space provided therefor the name of the person to be appointed.
3. If no name has been inserted in the space provided, **Jorden Sleeth** of Deloitte Restructuring Inc., in its capacity as Monitor, or such other representative of the Monitor as they may designate, shall be deemed to be appointed as proxy holder for the Affected Creditor, with the power of substitution.
4. If an officer of Deloitte Restructuring Inc., in its capacity as Monitor, is appointed or is deemed to be appointed as proxy holder, or if the Affected Creditor nominated a proxy holder, and in either scenario the Affected Creditor fails to indicate a vote for or against the approval of the Plan on this proxy, this proxy will be voted **FOR** approval of the Plan.
5. If the proxy is not dated in the space provided therefor, it shall be deemed to bear the date on which it is received by the Monitor.
6. This proxy must be signed by the Affected Creditor or by his or her attorney duly authorized in writing or, where the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.
7. Valid proxies bearing or deemed to be bearing a later date shall revoke this proxy. In the event that more than one valid proxy for the same Affected Creditor and bearing or deemed to be bearing the same date is received with conflicting instructions, such proxies will be treated as disputed proxies and shall not be counted for the purposes of the vote.
8. This proxy must be received by the Monitor by delivery, email or facsimile by no later than 5:00 pm (Toronto Time) on **February 16, 2024**, at the following address:

Deloitte Restructuring Inc.  
Court Appointed Monitor of North American Fur Auctions Inc.  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Attention: **Todd Ambachtsheer**  
Email: **nafa@deloitte.ca**

This proxy may also be deposited with the Chair of the Meeting prior to commencement of the Meeting and no proxy will be accepted by the Chair of the Meeting after commencement of the Meeting.

**SCHEDULE “D”**

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

**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 MEETING TO AFFECTED CREDITORS**

**NOTICE IS HEREBY GIVEN** that the Applicants have filed with the Superior Court of Justice, Toronto Commercial List (the “**Court**”) a plan of compromise and arrangement dated January 11, 2024 (as may be amended from time to time, the “**Plan**”) pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan and the Meeting Order dated January 17, 2024.

All documents relating to the Plan including the Plan, Meeting Order, Sixteenth Report and proxy and instruction letter can all be found on the Monitor’s Website at <https://www.insolvencies.deloitte.ca/en-ca/Pages/NorthAmericanFurAuctionInc.aspx>.

The Plan contemplates the compromise of rights and claims of certain of the Applicants’ creditors (as defined in the Plan, the “**Affected Creditors**”). There is one class of Affected Creditors under the Plan, being the Affected Creditors Class. The Plan also provides for comprehensive releases for a number of parties.

**NOTICE IS ALSO HEREBY GIVEN** that a meeting of the Affected Creditors (the “**Meeting**”) will be held at the office of Deloitte Restructuring Inc. located at 8 Adelaide Street West, Suite 200, Toronto, ON M5H 0A9, on **February 21, 2024** beginning at 10:00 a.m. (Toronto time), and virtually by videoconference at the following URL: \*\*\* for the purpose of considering and, if thought advisable by the Affected Creditors, voting in favour of a resolution (the “**Resolution**”) to approve the Plan and to transact such other business as may properly come before the Meeting or any adjournment thereof.

Affected Creditors may vote in person or by proxy at the Meeting. Any Affected Creditor who is entitled and wishes to vote at the Meeting but is unable to attend the Meeting is required to date, sign and return a proxy by mail, courier, e-mail or fax. In order to be valid and voted at the Meeting, a proxy must be either (i) received by the Monitor by **5:00 p.m. (Toronto Time) on February 16, 2024;** or (ii) deposited with the chair of the Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of the Meeting.

**NOTICE IS ALSO HEREBY GIVEN** that, if the Plan is passed by the Required Majority, then the application for the Sanction Order will be brought by the Applicants on **March 1, 2024** or such later date as may be determined (the “**Sanction Order Application**”).

The Monitor's address for the purpose of filing forms of proxy and for obtaining any additional information or materials related to the Meeting is:

Deloitte Restructuring Inc.  
Court Appointed Monitor of North American Fur Auctions Inc.  
Bay Adelaide East, 8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Attention: **Todd Ambachtsheer**  
Email: **nafa@deloitte.ca**  
Website: <https://www.insolvencies.deloitte.ca/en-ca/Pages/NorthAmericanFurAuctionInc.aspx>.

**IT IS IMPORTANT THAT AFFECTED CREDITORS NOTE THE FOLLOWING:** Only those Affected Creditors that are on the Service List will be provided with further notice of the Sanction Order Application, the materials filed in support of the Sanction Order Application (including the Monitor's Report to Court reporting on the results of vote of the Meeting) and any adjournment of the Sanction Order Application. The materials in connection of the Plan and the Sanction Order, and any notice of adjournment of the Meeting will be posted on the Monitor's Website.

This notice is given by the Applicants pursuant to the Meeting Order and is dated this \_\_\_\_ day of January 2024.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED 216  
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”)

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**ORDER**  
**Dated January 17, 2024**  
**(Re: Meeting Order, Stay Extension, and Sealing 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  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants



**TAB D**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 17 <sup>TH</sup>
	)	
JUSTICE	)	DAY OF JANUARY, 2024

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 (collectively the "**Applicants**" or any one of them the "**Applicant**")

**AMENDED AND RESTATED CLAIMS PROCESS ORDER**

**THIS MOTION**, brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order amending the Claims Process Order of the Honourable Justice McEwen, dated May 25, 2023, was heard this day by videoconference via Zoom in Toronto, Ontario.

**ON READING** the Motion Record of the Applicants, the sixteenth report of the Monitor dated January [●], 2024 (the "**Sixteenth Report**"), and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as it may be amended or amended and restated from time to time (in such capacity, the "**Agent**"), counsel for Farm Credit Canada ("**FCC**"), and counsel for certain of the Secured Shareholders of NAFA, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue sworn January [●], 2024, filed;

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that unless otherwise stated, all monetary amounts referenced herein are expressed in U.S. dollars, the Applicants reporting currency. All Claims shall be filed in U.S. dollars. If a Claim is filed in another currency it shall be converted to U.S. dollars as set out in paragraph 23.

3. **THIS COURT ORDERS** all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Plan (as defined below). The below terms shall have the following meanings ascribed thereto:

- (a) **“Business Day”** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario.
- (b) **“Books and Records”** means the books and records of the Applicants related to the operations of the business of the Applicants, including employee records, account ledgers, transaction records, payment records, and other similar information, either in physical or electronic form.
- (c) **“CCAA”** has the meaning ascribed to it in the preamble to this Claims Process Order.
- (d) **“Charges”** shall have the meaning ascribed to it in the Initial Order.
- (e) **“Claim”** means each of:
  - (i) any right or claim of any Person against the Applicants (or any one of them), in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect

thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise) the right or ability of any Person to advance a claim for contribution or indemnity (including any claim by a Director or Officer against the Applicants for contribution and/or indemnity arising from any D&O Claim) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Applicants become bankrupt on the Filing Date (each, a “**Pre-Filing Claim**”, and collectively, the “**Pre-Filing Claims**”);

- (ii) any indebtedness, liability or obligation of any kind with respect to the Applicants arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Process Order (each, a “**Restructuring Claim**”, and collectively, the “**Restructuring Claims**”); or
- (iii) any right or claim of any Person against any of the Directors or Officers of any of the Applicants, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable,

secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature including any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors or Officers of the Applicants with respect to any matter, action, cause or chose in action, however arising, for which any Director or Officer of the Applicants is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer of the Applicants or which is secured by way of the Directors' Charge (as defined in the Initial Order)(each, a "**D&O Claim**", and collectively, the "**D&O Claims**"); or

(iv) a D&O Indemnity Claim,

provided however, that "**Claim**" shall not include an Excluded Claim.

- (f) "**Claims Bar Date**" means 5:00 p.m. (prevailing Eastern Time) on August 3, 2023 for Pre-Filing Claims and D&O Claims.
- (g) "**Claims Process**" means the claims process set out in the Claims Process Order, as amended and restated pursuant to this Order, as it may be further amended, restated or supplemented from time to time.
- (h) "**Claims Process Order**" means this Claims Process Order, as amended and restated pursuant to this Order, as it may be further amended, restated or supplemented from time to time.
- (i) "**Court**" means the Ontario Superior Court of Justice (Commercial List).
- (j) "**Creditor**" means any Person with a Claim against the Applicants or any one of them.
- (k) "**Creditor over \$10k**" means any Person with a Claim against the Applicants or any one of them in an amount greater than \$10,000 other than an Employee Claim.
- (l) "**Creditor under \$10k**" means any Known Creditor of any of the Applicants who

is owed an amount equal to or less than \$10,000 according to the Books and Records of the Applicants other than an Employee Claim.

- (m) “**Creditors under \$10k List**” has the meaning ascribed to that term in paragraph 10 of this Claims Process Order.
- (n) “**Creditors’ Meeting**” means the meeting or meetings of Creditors scheduled pursuant to further Order of this Court for purposes of voting on a Plan, if and when filed with this Court.
- (o) “**Directors and Officers**” means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or officer or *de facto* director or officer of any of the Applicants.
- (p) “**D&O Claim**” has the meaning ascribed to that term in paragraph 3(e)(iii) of this Claims Process Order.
- (q) “**D&O Indemnity Claim**” means any existing or future right of any Director or Officer against one or more of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by one or more of the Applicants.
- (r) “**Duplicate Claim**” means a Claim identified by the Monitor as *prima facie* duplicative of another Claim filed by a Creditor in respect of which the Monitor has sent a Notice of Revision or Disallowance disallowing the Claim for voting and distribution purposes.
- (s) “**Employees**” means the current and former employees of the Applicants.
- (t) “**Employee Claim**” means solely the Claim of any Employee which arises from the termination of its employment with the Applicants, whether or not that Claim arose prior to or after the Filing Date. An Employee Claim is not a Restructuring Claim. An Employee may have Claims against the Applicants other than an Employee Claim.

- (u) “**Employee Claim Statement**” has the meaning given to it in paragraph 12.
- (v) “**Excluded Claim**” means claims against the Applicants (or any one of them) or any Directors and Officers, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, including any interest accrued thereon or costs incurred in respect thereof, which are secured by existing or future Court-ordered priority charges ordered by the Court, including the Charges.
- (w) “**Filing Date**” means October 31, 2019.
- (x) “**Initial Order**” means the Amended and Restated Initial Order dated October 31, 2019, (as may be further supplemented, amended or varied from time to time).
- (y) “**Instruction Letter**” means the guide to this Claims Process, in substantially the form attached as **Schedule “B”** hereto.
- (z) “**Known Creditors**” means:
  - (i) any Person, which, to the knowledge of the Applicants and the Monitor, was owed monies by the Applicants as of the Filing Date and which monies remain unpaid in whole or in part; and
  - (ii) any Person who, to the knowledge of the Applicants and the Monitor, commenced a legal or any other proceeding against the Applicants, which legal proceeding was commenced and served upon the Applicants prior to the Filing Date.
- (aa) “**Notice to Creditors**” means the Notice to Creditors for publication in substantially the form attached as **Schedule “A”** hereto.
- (bb) “**Notice of Dispute of Revision or Disallowance**” means the notice, substantially in the form attached as **Schedule “E”** hereto, which may be delivered to the Monitor by a Creditor disputing a Notice of Revision or Disallowance received by such Creditor.

- (cc) “**Notice of Revision or Disallowance**” means the notice, substantially in the form attached as **Schedule “D”** hereto, which may be prepared by the Applicants, in consultation with the Monitor, and delivered by the Monitor to a Creditor revising or disallowing, in part or in whole, a Claim submitted by such Creditor in a Proof of Claim.
- (dd) “**Person**” is to be interpreted broadly and includes any individual, firm, general or limited partnership, joint venture, trust, corporation, limited or unlimited liability company, unincorporated organization, association, trust, collective bargaining agent, joint venture, federal or provincial government body, agency or ministry, regulatory body, officer or instrumentality thereof, or any juridical entity, wherever situate or domiciled, and whether or not having legal status, howsoever designated or constituted, and whether acting on their own or in a representative capacity.
- (ee) “**Plan**” means any plan of compromise or arrangement by the Applicants, if and when filed, as revised, amended, modified or supplemented from time to time in accordance with its terms.
- (ff) “**Pre-Filing Claim**” has the meaning ascribed to that term in paragraph 3(e)(i) of this Claims Process Order.
- (gg) “**Proof of Claim**” means the proof of claim to be completed and filed with the Monitor by a Person setting forth a Claim and which shall include all supporting documentation in respect of such Claim, substantially in the form attached hereto as **Schedule “C”**.
- (hh) “**Proof of Claim Document Package**” means a document package that includes a copy of the Notice to Creditors, Instruction Letter and Proof of Claim, and such other materials as the Monitor may consider appropriate or desirable.
- (ii) “**Proven Claim**” means a Claim, or any portion thereof, which has been finally determined or deemed accepted in accordance with the terms of this Claims Process Order for voting and distribution purposes.



- (jj) “**Restructuring Claim**” has the meaning ascribed to that term in paragraph 3(e)(ii) of this Claims Process Order.
- (kk) “**Restructuring Claims Bar Date**” means, in respect of each Restructuring Claim and each Person having a Restructuring Claim, 5:00 p.m. (prevailing Eastern Time) on the later of: (i) August 3, 2023, and (ii) the date that is 30 days after the date on which the Monitor sends a Proof of Claim Document Package to the Creditor with respect to a Restructuring Claim that arose after the Filing Date.
- (ll) “**Secured Claims**” means Claims or any portions thereof that are: (i) secured by security validly charging or encumbering property or assets of the Applicants; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction prior to the Claims Bar Date.
- (mm) “**Trade Websites**” has the meaning ascribed to that term in paragraph 8 of this Claims Process Order.
- (nn) “**Voting Claims**” means the amount of the Affected Claim of an Affected Creditor as Finally Determined for voting purposes in the manner set out in this Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA. For greater certainty, the Secured Creditors shall be entitled to vote their Proven Claims (with the exception of the Unaffected Secured Syndicate Claim, which shall not be voted).
- (oo) “**Website**” means the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

4. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day, unless otherwise indicated herein.

5. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

6. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

#### **MONITOR'S ROLE**

7. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to take all such other actions and fulfill such other roles as are authorized by this Claims Process Order or are incidental thereto, and that in taking such other actions and in fulfilling such other roles, the Monitor shall have the protections given to it in the Initial Order and this Claims Process Order, including the protections provided in paragraph 44 of this Claims Process Order.

#### **NOTICE TO CREDITORS**

8. **THIS COURT ORDERS** that the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, cause the Notice to Creditors to be published on certain industry websites including the International Fur Federation website (the "**Trade Websites**") and posted on the Website.

9. **THIS COURT ORDERS** that to the extent that any Creditor requests documents relating to the Claims Process prior to the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, the Monitor shall forthwith cause a Proof of Claim Document Package to be sent to such Creditor by email or direct the Creditor to the documents posted on the Website, and otherwise respond to any request relating to the Claims Process as may be appropriate in the circumstances.

#### **CLAIMS PROCESS FOR CREDITORS UNDER \$10K**

10. **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall post a listing of the Creditors under \$10k and their Claims on the Website, which listing will identify the name of such Creditors and the amounts owing to such Creditors according to the Books and Records of the Applicant (the "**Creditors under \$10k List**"). The Creditors under \$10k List will be assembled by the Monitor in consultation with the Applicants.

11. **THIS COURT ORDERS** that by no later than June 12, 2023, where the Applicants have an email address in their Books and Records for any Creditor under \$10k, the Monitor shall send an email to each such Creditor, at the email address as recorded in the Applicants' Books and Records, directing such Creditors under \$10k to the Website and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for a Creditor under \$10k, the Monitor shall mail the Instruction Letter by regular mail to that address.

12. **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall send by way of email, at the last known email address as recorded in the Applicants' Books and Records, to each Employee a statement setting out their Employee Claim according to the Books and Records of the Applicants (the "**Employee Claim Statement**") and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for an Employee, the Monitor shall mail the Instruction Letter and Employee Claim Statement by regular mail to that address.

13. **THIS COURT ORDERS** that the posting and publishing of the Notice to Creditors as set out in paragraph 8 of this Claims Process Order, the posting of the Creditors under \$10k List as set out in paragraph 10 of this Claims Process Order, and sending the emails or regular mail letters as described in paragraphs 11 and 12 of this Claims Process Order and will be sufficient notice to the Creditors under \$10k and Employees, of this Claims Process and of their Creditor under \$10k Claims or Claims, as applicable.

14. **THIS COURT ORDERS** that any Creditor under \$10K or Employee that agrees with amount of their Claim as set out on the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, shall not be required to take any further steps in respect of their Claim, including filing a Proof of Claim, and shall be deemed to have accepted their Claim as set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable, and each such Claim will be deemed to be a Proven Claim.

15. **THIS COURT ORDERS** that any Creditor under \$10k or Employee that disputes the amount of their Claim as set out in the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, and/or wishes to assert (i) a D&O Claim or (ii) a

Restructuring Claim, must submit a Proof of Claim with the Monitor in the manner set out in paragraph 20 hereof so that the Proof of Claim is received by the Monitor no later than the Claims Bar Date. Failure to file a Proof of Claim with the Monitor by the Claims Bar Date, will result either in such Creditor under \$10k Claim being allowed for the amount set forth in the Creditors under \$10k List or, if they are not listed in the Creditors under \$10k List, being forever barred and extinguished, in which case such Creditor under \$10k will be forever prohibited from making or enforcing a Claim against any Applicants or its Directors or Officers. For greater certainty, Employees shall not be required to file Restructuring Claims in respect of their Employee Claim.

### **CREDITORS OVER \$10K NOTIFICATION**

16. **THIS COURT ORDERS** that, in addition, to the notification steps set out in paragraph 8 herein, with respect to Creditors over \$10k:
- (a) the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, post a copy of the Proof of Claim Document Package on the Website;
  - (b) the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, on behalf of the Applicants, send to each of the Known Creditors (for which the Monitor has an email address) a copy of the Proof of Claim Document Package by email; and,
  - (c) with respect to Restructuring Claims arising after the date of this Claims Process Order, the Monitor shall, no later than five (5) Business Days following the time that the Monitor becomes aware of the effective date of the termination, repudiation or disclaimer of a lease, contract or other agreement or obligation, send to the counterparty(ies) of such agreement or obligation a Proof of Claim Document Package by email.

### **CLAIMS BAR DATES**

17. **THIS COURT ORDERS** that all Proofs of Claim with respect to: (a) Pre-Filing Claims, shall be filed with the Monitor on or before the Pre-Filing Claims Bar Date; (b) Restructuring

Claims, shall be filed with the Monitor on or before the Restructuring Claims Bar Date; and, (c) D&O Claims, shall be filed with the Monitor on or before the Claims Bar Date, except to the extent that the D&O Claim relates to a Restructuring Claim, in which case such D&O Claim shall be filed with the Monitor on or before the applicable Restructuring Claims Bar Date.

18. **THIS COURT ORDERS** that, subject to any Claims deemed to be Proven Claims pursuant to paragraphs 14 and 29 of this Claims Process Order, any Creditor that does not file a Proof of Claim as provided for herein such that such Proof of Claim is received by the Monitor on or before the applicable Claims Bar Date or Restructuring Claims Bar Date: (a) shall be, and is hereby forever barred from making or enforcing such Claim against the Applicants or the Directors or Officers, or any of them; (b) shall not be entitled to vote at the applicable Creditors' Meeting in respect of the Plan or to receive any distribution thereunder; and (c) shall not be entitled to any further notice of, and shall not be entitled to participate as a Creditor in these proceeding.

19. **THIS COURT ORDERS** that, notwithstanding paragraph 18 above, any Proofs of Claim filed after the Claims Bar Date or the Restructuring Claims Bar Date up to and including the date of this Order shall be and are hereby deemed to be filed by the applicable Claims Bar Date.

### **PROOFS OF CLAIM**

20. **THIS COURT ORDERS** that each Creditor over \$10k shall file a Proof of Claim against the Applicants and shall include any and all Claims it asserts against the Applicants in a single Proof of Claim. A Creditor under \$10k or an Employee shall only be required to file a Proof of Claim in accordance with paragraph 15 of this Claims Process Order if it disputes the amount of its Claim set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable.

21. **THIS COURT ORDERS** that if a Creditor over \$10k is asserting a Claim against any of the Applicants and against the Directors or Officers of any of the Applicants, all such Claims shall be included in the same Proof of Claim.

22. **THIS COURT ORDERS** that where a Claim against the Applicants is based on the

Applicants' guarantee of the repayment of a debt of any other Person, the Proof of Claim in respect of such Claim shall clearly state that it is based on such a guarantee.

23. **THIS COURT ORDERS** that if any Claim arose in a currency other than U.S. dollars, then the Creditor making the Claim shall complete its Proof of Claim indicating the amount of the Claim in such currency, rather than in U.S. dollars or any other currency. The Monitor shall subsequently convert any Claim filed in a foreign currency other than U.S. dollars to Canadian dollars at the noon Bank of Canada exchange rate on the Filing Date and then convert it to U.S. dollars at the noon Bank of Canada exchange rate on the Filing Date, all without prejudice to the ability of the Applicants to utilize a different exchange rate in any Plan.

24. **THIS COURT ORDERS** that the Monitor shall supervise the receipt and collection of the Proofs of Claim and, in conjunction with the Applicants (and any Director and/or Officer against whom a D&O Claim is asserted), shall, subject to further order of the Court, review each Proof of Claim submitted by the Claims Bar Date or the Restructuring Claims Bar Date, as applicable. The Monitor shall provide the Applicants' counsel with copies of all Proofs of Claim and any other documents delivered to the Monitor pursuant to the Claims Process.

#### **NOTICE SUFFICIENT**

25. **THIS COURT ORDERS** that each of the:

- (a) Notice to Creditors attached as Schedule "A";
- (b) Instruction Letter attached as Schedule "B";
- (c) Proof of Claim form attached as Schedule "C";
- (d) Notice of Revision or Disallowance attached as Schedule "D"; and
- (e) Notice of Dispute of Revision or Disallowance attached as Schedule "E,"

are hereby approved in substantially the forms attached. Despite the foregoing, the Monitor may, from time to time, and with the consent of the Applicants, make minor changes to such forms as the Monitor considers necessary or desirable.

26. **THIS COURT ORDERS** that Publication of the Notice to Creditors on the Website and the Trade Websites, posting of the Proof of Claim Document Package on the Website, the sending of the Proof of Claim Document Package to the Creditors over \$10k, in accordance with this Claims Process Order, and completion of the other requirements of this Claims Process Order shall constitute good and sufficient service and delivery of notice of a Creditor's Claim, this Claims Process Order, the Claims Process, the Claims Bar Date and the Restructuring Claims Bar Date on all Persons who may be entitled to receive notice, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Claims Process Order or the Claims Process.

27. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicants and the applicable Director or Officer in respect of any D&O Claim, is hereby authorized to use its reasonable discretion as to the adequacy of compliance with respect to the manner and timing in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Process Order as to completion and execution of such forms. Notwithstanding any other provision of this Claims Process Order, any Claim filed with the Monitor after the applicable Claims Bar Date or Restructuring Claims Bar Date may, in the reasonable discretion of the Monitor or subject to further Order of the Court, be deemed to have been filed on or before the applicable Claims Bar Date or Restructuring Claims Bar Date, and, subject to further Order of this Court, may be reviewed by the Monitor.

#### **D&O INDEMNITY CLAIM**

28. **THIS COURT ORDERS** that to the extent any D&O Claim is filed in accordance with this Claims Process Order, a corresponding D&O Indemnity Claim shall be automatically and immediately deemed to have been filed in respect of such D&O Claim.

#### **SECURED CLAIMS**

29. **THIS COURT ORDERS** that the Secured Claims set out in Schedule "A" to the Plan are deemed to be Proven Claims.

**ADJUDICATION AND RESOLUTION PROCESS**

30. **THIS COURT ORDERS** that the Applicants, in consultation with the Monitor, shall review and record all Proofs of Claim that are received on or before the applicable Bar Date. The Applicants, in consultation with the Monitor, shall (i) accept, revise or reject each Claim set out in each Proof of Claim, and (ii) with respect to a D&O Claim as set out in the Proof of Claim, the Applicants, in consultation with the Monitor and the applicable Directors and Officers named in respect of such D&O Claim, shall accept, revise or reject such D&O Claim, provided that the Applicants shall not accept or revise any portion of a D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.

31. **THIS COURT ORDERS** that, subject to and in accordance with paragraph 30, the Monitor will not provide notice to a creditor if the Applicants, in consultation with the Monitor, agree with the amount and characterization of the Claim as set out in any Proof of Claim filed in accordance with the Claims Process Order, and will therefore, be accepting the Proof of Claim as filed. The Monitor will provide a Creditor with a Notice of Revision or Disallowance in accordance with paragraph 33 below.

32. **THIS COURT ORDERS** that the Applicants, in consultation with the Monitor, disagree with the amount or characterization of the Claim as set out in any Proof of Claim filed in accordance with the Claims Process Order, the Applicants may, in consultation with the Monitor and any applicable Directors or Officers, attempt to resolve such dispute and settle the purported Claim with the Creditor.

33. **THIS COURT ORDERS** that if the Applicants and the Monitor intend to revise or reject a Claim that has been filed in accordance with the Claims Process Order, including a Duplicate Claim, for voting and/or distribution purposes, the Monitor shall notify the applicable Creditor that its Claim has been revised or rejected, and the reasons therefor, by sending a Notice of Revision or Disallowance.

34. **THIS COURT ORDERS** that the Monitor shall notify the applicable Creditor with a Duplicate Claim that its Duplicate Claim has been disallowed for voting and distribution purposes, and the reasons therefor, by sending a Notice of Revision or Disallowance at least



twenty (20) days prior to the Creditors' Meeting.

35. **THIS COURT ORDERS** that the Claims of Affected Creditors filed by the applicable Claims Bar Date, other than Duplicate Claims, shall be deemed to be Voting Claims.

36. **THIS COURT ORDERS** that if a Notice of Revision or Disallowance for distribution purposes is not sent at least twenty (20) days prior to the first distribution that is made in accordance with the Plan, the Claim will be deemed to be a Proven Claim.

37. **THIS COURT ORDERS** that any Creditor who intends to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 33 above shall deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for its dispute, to the Monitor by no later than fifteen (15) days after the date on which the Claimant is deemed to receive the Notice of Revision or Disallowance, or such other date as may be agreed to by the Monitor, in consultation with the Applicants, in writing.

38. **THIS COURT ORDERS** that, where a Creditor who receives a Notice of Revision or Disallowance does not file a completed Notice of Dispute of Revision or Disallowance by the time set out in paragraph 37 above, then such Creditor's Claim shall be deemed to be as determined in the Notice of Revision or Disallowance and any and all of the Creditor's rights to dispute the Claim as determined in the Notice of Revision or Disallowance or to otherwise assert or pursue such Claim other than as determined in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

39. **THIS COURT ORDERS** that upon receipt of a Notice of Dispute of Revision or Disallowance in respect of a Claim, the Applicants, in consultation with the Monitor and any applicable Directors or Officers, shall attempt to resolve such dispute and settle the purported Claim with the Creditor, and in the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Applicants, in consultation with the Monitor and any applicable Directors or Officers, the Applicants shall, at their election, refer the dispute raised in the Notice of Dispute of Revision or Disallowance to the Court for adjudication, and the Monitor shall send written notice of such referral to the Creditor.

40. **THIS COURT ORDERS** that notwithstanding any other provisions of this Order, the Applicants, in consultation with the Monitor and any applicable Directors or Officers, may, at their election, refer any Claim to the Court for adjudication at any time, and the Monitor shall send written notice of such referral to the applicable parties.

#### **NOTICE OF TRANSFEREES**

41. **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until (a) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Monitor, and (b) the Monitor shall have acknowledged in writing such transfer or assignment, and thereafter such transferee or assignee shall for the purposes hereof constitute the “Creditor” in respect of such Claim. Any such transferee or assignee of a Claim, and such Claim, shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Process Order prior to the written acknowledgement by the Monitor of such transfer or assignment.

42. **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Applicant and the Monitor shall in each such case not be bound to acknowledge or recognize any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with paragraph 41 of this Claims Process Order and the Monitor has acknowledged in writing such transfer or assignment, the Person last holding such Claim in whole as the Creditor in respect of such Claim may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Creditor, such transferee or assignee of the Claim and the whole of such Claim shall be bound by any notices given or steps

taken in respect of such Claim by or with respect to such Person in accordance with this Claims Process Order.

43. **THIS COURT ORDERS** that the transferee or assignee of any Claim (a) shall take the Claim subject to the rights and obligations of the transferor/assignor of the Claim, and subject to the rights of the Applicants against any such transferor or assignor, including any rights of set-off which the Applicants had against such transferor or assignor, and (b) cannot use any transferred or assigned Claim to reduce any amount owing by the transferee or assignee to the Applicants, whether by way of set off, application, merger, consolidation or otherwise.

### **PROTECTIONS FOR MONITOR**

44. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Claims Process Order, the Monitor shall have all of the protections given to it by the CCAA and the Initial Order or as an officer of this Court, including the stay of proceedings in its favour, (b) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Process Order, (c) the Monitor shall be entitled to rely on the Books and Records of the Applicants and any information provided by the Applicants, all without independent investigation, and (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

### **DIRECTIONS**

45. **THIS COURT ORDERS** that the Applicants or the Monitor may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to this Claims Process Order and the Claims Process set out herein, including the forms attached as Schedules hereto.

### **SERVICE AND NOTICE**

46. **THIS COURT ORDERS** that the Monitor or the Applicants, as the case may be, are at liberty to deliver the Proof of Claim Document Package, and any letters, notices (including the Notice of Revision or Disallowance) or other documents to Creditors or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or

electronic or digital transmission to such Persons at the address as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third Business Day after mailing.

47. **THIS COURT ORDERS** that any notice or other communication (including Proofs of Claim and Notices of Dispute of Revision or Disallowance) to be given under this Claims Process Order by a Creditor to the Monitor shall be in writing in substantially the form, if any, provided for in this Claims Process Order and will be sufficiently given only if given by electronic or digital transmission, prepaid ordinary mail, courier, or personal delivery addressed to:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auctions Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

48. **THIS COURT ORDERS** that any such notice or other communication by a Creditor to the Monitor shall be deemed received only upon actual receipt thereof, provided that any notice or communication by a Creditor to the Monitor that is received by the Monitor on a non Business Day or after 5:00 p.m. (prevailing Eastern Time) shall be deemed to have been received on the next Business Day.

**MISCELLANEOUS**

49. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Process Order, the solicitation of Proofs of Claim, and the filing by a Person of any Proof of Claim, shall not, for that reason only, grant any Person any standing in the CCAA proceedings or rights under a Plan.

50. **THIS COURT ORDERS** that nothing in this Claims Process Order shall constitute or be deemed to constitute an allocation or assignment of a Claim or Excluded Claim into particular

affected or unaffected classes for the purpose of a Plan and, for greater certainty, the treatment of Claims or Excluded Claims, or any other claims shall be dealt with in accordance with the terms and conditions of a Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any Plan or further Order of the Court.

51. **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be under any obligation to review, approve or disallow any Claim file hereunder other than to confirm to any Person who makes such a request that the Claim has been filed with the Monitor, subject to further order of the Court.

52. **THIS COURT ORDERS** that the process for reviewing, disallowing or allowing Claims and or adjudicating disputed Claims shall be the subject of a further order of the Court.

53. **THIS COURT ORDERS** that nothing in this Order shall prejudice the rights and remedies of any Directors or Officers under any existing Director and Officer insurance policy or prevent or bar any Person from seeking recourse against or payment from any Director's and/or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors and/or Officers, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or one or more of the Applicants; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.

54. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Process 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 the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Claims Process Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Claims Process Order.

55. **THIS COURT ORDERS** that this Claims Process Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Claims Process Order, and is enforceable without any need for entry and filing.

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**SCHEDULE “A” – NOTICE TO CREDITORS**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC. (“NAFA”), 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 (collectively the “Applicants” or any one of them “Applicant”)**

**NOTICE OF THE CLAIMS PROCESS FOR THE APPLICANTS IN THE CCAA PROCEEDINGS****NOTICE OF CLAIMS BAR DATE FOR CLAIMS**

**NOTICE IS HEREBY GIVEN** that, pursuant to an Order of the Court made on May 25, 2023, (the “**Claims Process Order**”) a claims process has been commenced for the purpose of identifying and determining certain claims against the Applicants. Capitalized terms under this Notice that are not otherwise defined herein have the meaning ascribed to them in the Claims Process Order (a copy of which is available on the Monitor's Website).

**PLEASE TAKE NOTICE** that the claims process applies to Claims, as described in the Claims Process Order. The claims process has called for Claims which includes *Pre-Filing Claims*, *D&O Claims*, and *Restructuring Claims*. Any creditor, other than an Employee, who has not received a Proof of Claim Document Package and who believes that he or she has a Claim against the Applicants under the Claims Process Order in excess of \$10,000, or has a Claim under \$10,000, which was not listed in the Creditor under \$10k List (which list is displayed on the Monitor’s Website), must contact the Monitor in order to obtain a Proof of Claim form or visit the Monitor’s Website.

**THE CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON AUGUST 3, 2023.** This bar date applies to all Pre-Filing Claims and D&O Claims. Proofs of Claim must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Pre-Filing Claims Bar Date.

**IF YOU HAVE A CLAIM UNDER \$10,000** against the Applicants which is described in the correct amount or an amount you deem acceptable on the Creditors under \$10k List you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Creditors under \$10k List without any further action by you. Nothing further needs to be

filed by you.

**IF YOU ARE AN EMPLOYEE** you will receive an Employee Claim Statement setting out the amount of your Claim. If the amount of your Claim is described in the correct amount or an amount you deem acceptable to you on the Employee Claim Statement you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Employee Claim Statement without any further action by you. Nothing further needs to be filed by you.

**THE RESTRUCTURING CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON THE DATE THAT IS THE LATER OF: (I) AUGUST 3, 2023, AND (II) THE DATE THAT IS 30 DAYS AFTER THE DATE ON WHICH THE MONITOR SENDS A PROOF OF CLAIM DOCUMENT PACKAGE TO THE CREDITOR WITH RESPECT TO SUCH RESTRUCTURING CLAIM.** Proofs of Claim in respect of Restructuring Claims must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Restructuring Claims Bar Date.

**HOLDERS OF CLAIMS (OTHER THAN CREDITORS UNDER \$10K WHOSE CLAIM IS CORRECTLY SET OUT IN THE CREDITORS UNDER \$10K LIST) WHO DO NOT FILE A PROOF OF CLAIM BY THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, SHALL BE FOREVER EXTINGUISHED AND BARRED FROM ASSERTING THEIR CLAIMS AGAINST THE APPLICANTS OR THE DIRECTORS AND OFFICERS OF THE APPLICANTS.**

**CREDITORS REQUIRING INFORMATION** or claims documentation may contact the Monitor. The Monitor's contact details for additional information relating to the Initial Order, the CCAA Proceedings, or the Claims Process is:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)



**SCHEDULE “B” - INSTRUCTION LETTER FOR CLAIMS PROCESS**

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

**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 (collectively the “**Applicants**” or any one of them the “**Applicant**”)

**INSTRUCTION LETTER FOR CLAIMS  
PROCESS****CLAIMS PROCESS**

By Order of the Ontario Superior Court of Justice (Commercial List) dated May 25, 2023 (the “**Claims Process Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), the Applicant and Deloitte Restructuring Inc., in its capacity as Court-appointed Monitor of the Applicant (in such capacity, the “**Monitor**”), have been authorized to conduct a claims process (the “**Claims Process**”). A copy of the Claims Process Order and other public information concerning these proceedings can be obtained from the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA> (the “**Website**”).

This letter provides general instructions for completing a Proof of Claim form. Defined terms not defined within this instruction letter shall have the meaning ascribed thereto in the Claims Process Order.

The Claims Process is intended to identify and determine the amount of certain Claims against the Applicants, and claims against the Directors or Officers of the Applicants.

Please review the Claims Process Order for the full terms of the Claims Process.

**FOR CREDITORS UNDER \$10K, EXCLUDING EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS’ ASSESSMENT OF YOUR CLAIM IN THE AMOUNT POSTED ON THE MONITOR’S WEBSITE, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM, ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS' ASSESSMENT OF YOUR CLAIM IN THE AMOUNT SET OUT ON THE EMPLOYEE CLAIM STATEMENT, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM AS SET OUT ON THE EMPLOYEE CLAIM STATEMENT, OR ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR CREDITORS OVER \$10K AND FOR CREDITORS UNDER \$10K OR EMPLOYEES THAT DISAGREE WITH AMOUNT OF THEIR CLAIM ON THE CREDITORS UNDER \$10K LIST OR THE EMPLOYEE CLAIM STATEMENT, AS APPLICABLE**

**FOR CREDITORS SUBMITTING A PROOF OF CLAIM**

All Creditors with Claims, other than Employees and those with Creditors under \$10k who agree

with their Claim as described in the Creditors under \$10k List, must file a Proof of Claim. All Proofs of Claims, notices and inquiries with respect to the Claims Process should be directed to the Monitor by electronic or digital transmission, prepaid registered mail, courier, or personal delivery, at the address below:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

All Proofs of Claim other than Restructuring Claims, must be received by the Monitor before 5:00 p.m. (Toronto Time) on August 3, 2023 (the “**Claims Bar Date**”), subject to the provisions of the Claims Process Order.

All Proofs of Claim for Restructuring Claims must be received by the Monitor on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Proof of Claim Document Package with respect to such Restructuring Claim (the “**Restructuring Claims Bar Date**”), subject to the provisions of the Claims Process Order. If you do not file a Proof of Claim in respect of any such Restructuring Claim by the Restructuring Claims Bar Date, any Restructuring Claim that you may have shall be forever extinguished and barred.

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

**ADDITIONAL FORMS**

Additional Proof of Claim forms can be obtained from the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA> or by contacting the Monitor.

DATED this [XX]<sup>th</sup> day of [XX], 2024

**SCHEDULE “C” - PROOF OF CLAIM FORM**

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

**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 (collectively the “Applicants” or any one of them the  
“Applicant”)**

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST THE APPLICANTS  
OR CLAIMS AGAINST THE DIRECTORS AND OFFICERS**

**1. PARTICULARS OF CREDITOR**

Full Legal Name of Creditor:	
Full Mailing Address of Creditor:	
Telephone Number of Creditor:	
E-mail Address of Creditor:	
Attention (Contact Person):	

**2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU  
ACQUIRED THE CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by assignment?

Yes  No

(if yes, attach documents evidencing assignment)

a. Full Legal Name of original creditor(s):

### 3. PROOF OF CLAIM

#### THE UNDERSIGNED CERTIFIES AS FOLLOWS:

That I am a Creditor [or hold the position of \_\_\_\_\_ of the Creditor] and have knowledge of all the circumstances connected with the Claim described herein;

That I have knowledge of all the circumstances connected with the Claim described and set out below;

The Applicant was and is still indebted to the Creditor as follows:

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

	<b>Class of Claim Against the Applicant OR Directors or Officers</b>  (Pre-Filing Claims, Restructuring Claim, D&O Claim)	<b>Amount of Claim Against the Applicant</b>  (include the foreign currency if not US dollars)
1.		\$
2.		\$
<b>TOTAL AMOUNT OF CLAIMS</b>		\$

### 4. NATURE OF CLAIM

#### *(CHECK AND COMPLETE APPROPRIATE CATEGORY)*

- Total Unsecured Claim of \$ \_\_\_\_\_
- Total Secured Claim of \$ \_\_\_\_\_

In respect of this debt, I hold security over the assets of NAFA valued at \$

\_\_\_\_\_, the particulars of which security and value are attached to this Proof of Claim form.

*(If the Claim is secured, provide full particulars of the security, including the date on which the security was given the value for which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.)*

## **5. PARTICULARS OF CLAIM:**

The particulars of the undersigned's total Claims (including Pre-Filing Claims, Restructuring Claims or any D&O Claims) are attached.

*Provide full particulars of the Claim(s) and supporting documentation you are asserting a Claim against, the amount, description of transaction(s) or agreement(s) giving rise to the Claim(s), name of any guarantor(s) which has guaranteed the Claim(s), and amount of Claim(s) allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. In the event that any part of your claim also includes a claim amount against the Directors and Officers, please particularize the exact amount claimed against the Directors and Officers and the accompanying legal analysis. If you fail to sufficiently explain the legal analysis in respect of any claim against the Directors and Officers, that portion of the claim will be revised or disallowed.*

### **FILING OF CLAIM**

For Pre-Filing Claims and D&O Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the Claims Bar Date (August 3, 2023).

For Restructuring Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Claims Package with respect to such Restructuring Claim.

In each case, completed forms must be delivered by email, prepaid registered mail, courier, or personal delivery to the Monitor at the following address:

#### **DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Witness Name: \_\_\_\_\_

Signature of Creditor: \_\_\_\_\_

Name of Creditor: \_\_\_\_\_

*If Creditor is an entity, print name and title of authorized signatory:*

Title: \_\_\_\_\_

Signature of authorized signatory: \_\_\_\_\_

Name of authorized signatory: \_\_\_\_\_

## SCHEDULE “D” - NOTICE OF REVISION OR DISALLOWANCE

**For persons who have asserted Claims against the Applicants and/or D&O Claims against the Directors and/or Officers of the Applicants**

**TO:** [INSERT NAME AND ADDRESS OF CLAIMANT] (the “Claimant”)

**RE:** Claim Reference Number: \_\_\_\_\_

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meaning ascribed to them in the Amended and Restated Claims Process Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Applicants dated January 17, 2024 (the “**Claims Process Order**”). You can obtain a copy of the Claims Process Order on the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

Pursuant to the Claims Process Order, the Monitor hereby gives you notice that the Applicants, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed all or part of your purported Claim set out therein for voting and/or distribution purposes. Subject to further dispute by you in accordance with the Claims Process Order, your Claim will be as follows:

### *Prefiling Claims*

	Amount as Submitted		Amount allowed by the Applicants’ for voting purposes:	Amount allowed by the Applicants for distribution purposes:
	Currency			
A. Unsecured		\$	\$	\$
B. Priority		\$	\$	\$
C. D&O Claim		\$	\$	\$
<b>D. Total Claim</b>		\$	\$	\$

### *Restructuring Period Claims*

	Amount as Submitted		Amount allowed by the Applicants’ for voting purposes:	Amount allowed by the Applicants for distribution purposes:
	Currency			
A. Unsecured		\$	\$	\$
B. Priority		\$	\$	\$
C. D&O Claim		\$	\$	\$
<b>D. Total Claim</b>		\$	\$	\$



**Reasons for Revision or Disallowance:**


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**SERVICE OF DISPUTE NOTICES**

**If you intend to dispute your Claim specified in this Notice of Revision or Disallowance for voting and/or distribution purposes, you must, by no later than 5:00 p.m. (Toronto time) on the day that is fifteen (15) days after this Notice of Revision or Disallowance is deemed to have been received by you, deliver a Notice of Dispute of Revision or Disallowance to the Monitor (by prepaid ordinary mail, registered mail, courier, personal delivery or email) at the address listed below.**

If you do not dispute this Notice of Revision or Disallowance in the prescribed manner and within the aforesaid time period, your Claim shall be deemed to be as set out herein.

**If you agree with this Notice of Revision or Disallowance**, there is no need to file anything further with the Monitor.

The address of the Monitor is set out below:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

In accordance with the Claims Process Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

**IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISIONS OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.**

DATED this [XX]<sup>th</sup> day of [XX], 2024

**DELOITTE RESTRUCTURING INC., solely in its**  
capacity as Court Appointed Monitor of North American  
Fur Auction Inc. and not in its personal or corporate  
capacity

Per: \_\_\_\_\_

## SCHEDULE “E” - NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

### **With respect to Claims against the Applicants and/or D&O Claims against the Directors and/or Officers of the Applicants**

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meaning ascribed to them in the Amended and Restated Claims Process Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Applicants dated January 17, 2024 (the “**Claims Process Order**”). You can obtain a copy of the Claims Process Order on the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

#### **1. Particulars of the Holder of the Claim:**

Claims Reference Number: \_\_\_\_\_

Full Legal Name of Claimant (include trade name, if different)

\_\_\_\_\_  
 \_\_\_\_\_

(the “**Claimant**”)

Full Mailing Address of the Claimant:

\_\_\_\_\_  
 \_\_\_\_\_

Other Contact Information of the Claimant:

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Attention (Contact Person):  
 \_\_\_\_\_

**2. Particulars of original Claimant from whom you acquired the Claim or D&O Claim (if applicable):**

Have you acquired this Claim by assignment?<sup>1</sup>

Yes: [ ]                      No: [ ]

If yes and if not already provided, attach documents evidencing assignment.

Full Legal Name of original Claimant(s): \_\_\_\_\_

**3. Dispute of Revision or Disallowance of Claim:**

The Claimant hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance dated \_\_\_\_\_, and asserts a Claim as follows:

***Prefiling Claims***

	Currency	Amount allowed by the Applicants in the Notice of Revision or Disallowance for voting/distribution purposes:	Amount claimed by Claimant for voting/distribution purposes:
<b>A. Unsecured</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$
<b>B. Priority</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$
<b>C. D&amp;O Claim</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$

<sup>1</sup> Only select 'Yes' if you have been transferred the Claim being referenced herein from another Person.

<b>D. Total Claim</b>				
<i>Voting</i>			\$	\$
<i>Distribution</i>			\$	\$

### *Restructuring Period Claims*

	Currency	Amount allowed by the Applicants in the Notice of Revision or Disallowance for voting/distribution purposes:	Amount claimed by Claimant for voting/distribution purposes:
<b>A. Unsecured</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$
<b>B. Priority</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$
<b>C. D&amp;O Claim</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$
<b>D. Total Claim</b>			
<i>Voting</i>		\$	\$
<i>Distribution</i>		\$	\$

*(Insert particulars of your Claim per the Notice of Revision or Disallowance, and the value of your Claim as asserted by you).*

#### 4. **Reasons for Dispute:**

Provide full particulars of why you dispute the Applicants' revision or disallowance of your Claim as set out in the Notice of Revision or Disallowance, and provide all supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particular of all credits, discounts, etc. claimed, as well as a description of the security, if any, granted to the Claimant and estimated value of such security. The particulars provided must support the value of the Claim as stated by you in item 3, above.

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**5. Certification**

I hereby certify that:

1. I am the Claimant or an authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant submits this Notice of Dispute of Revision or Disallowance in respect of the Claim referenced above.
4. All available documentation in support of the Claimant’s dispute is attached.

All information submitted in this Notice of Dispute of Revision or Disallowance must be true, accurate and complete. Filing false information relating to your Claim may result in your Claim being disallowed in whole or in part and may result in further penalties.

Witness:

Signature: \_\_\_\_\_

\_\_\_\_\_  
(signature)

Name: \_\_\_\_\_

\_\_\_\_\_  
(print)

Title: \_\_\_\_\_

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

This Notice of Dispute of Revision or Disallowance **MUST** be returned to and received by the Monitor at the below address **by no later than 5:00 p.m. (Toronto time) on the day that is fifteen (15) days after this Notice of Revision or Disallowance is deemed to have been received by you in accordance with the Claims Process Order**, a copy of which can be found on the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA.>)

Delivery to the Monitor may be made by ordinary prepaid mail, registered mail, courier, personal

delivery or email to the address below.

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

In accordance with the Claims Process Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

**IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISIONS OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, YOUR CLAIM AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.**

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”)

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

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**ORDER**  
**(Re: Claims Process dated January 17, 2024)**

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

**David T. Ullmann (LSO # 423571)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants



# TAB E

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE )  
JUSTICE ~~MCEWEN~~ )

~~THURSDAY~~ WEDNESDAY,  
THE ~~25~~ 17<sup>TH</sup>

DAY OF  
~~MAY~~ JANUARY, ~~2023~~ 2024

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 (collectively the "**Applicants**" or any one of them the "**Applicant**")

**AMENDED AND RESTATED CLAIMS PROCESS ORDER**

**THIS MOTION**, brought by the ~~Applicant~~ Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order ~~establishing a claims process to identify claims~~ amending the Claims Process Order of ~~creditors of the Applicants~~ Honourable Justice McEwen, dated May 25, 2023, was heard this day by videoconference via Zoom in Toronto, Ontario.

**ON READING** the ~~Applicant's Notice of Motion~~, Record of the ~~affidavit of Douglas Lawson affirmed on April 21, 2023 (the "Lawson Affidavit")~~, the ~~Thirteenth Report of Deloitte Inc. (Applicants, the sixteenth report of the "Monitor")~~ dated ~~May 24, 2023 (the "Monitor's January [redacted], 2024 (the "Sixteenth Report")~~, and ~~on~~ upon hearing the submissions of counsel for the ~~Applicant~~ Applicants, counsel ~~for~~ to the Monitor, counsel ~~for the Agent and those other parties listed on the Counsel Slip~~ to the Canadian Imperial Bank of Commerce, as agent for

the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as it may be amended or amended and restated from time to time (in such capacity, the “Agent”), counsel for Farm Credit Canada (“FCC”), and counsel for certain of the Secured Shareholders of NAFA, no one ~~else~~-appearing for any other person on the Service List, although ~~duly~~properly served ~~with the Applicant’s Motion Record~~ as appears ~~from~~on the Affidavit of Service of Ariyana Botejue ~~dated May 23, 2023,~~sworn January [●], 2024, filed;

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that unless otherwise stated, all monetary amounts referenced herein are expressed in U.S. dollars, the Applicants reporting currency. All Claims shall be filed in U.S. dollars. If a Claim is filed in another currency it shall be converted to U.S. dollars as set out in paragraph ~~21~~23.

3. **THIS COURT ORDERS** all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Plan (as defined below). The below terms shall have the following meanings ascribed thereto:

- (a) **“Business Day”** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario.
- (b) **“Books and Records”** means the books and records of the Applicants related to the operations of the business of the Applicants, including employee records, account ledgers, transaction records, payment records, and other similar information, either in physical or electronic form.
- (c) **“CCAA”** has the meaning ascribed to it in the preamble to this Claims Process Order.
- (d) **“Charges”** shall have the meaning ascribed to it in the Initial Order.
- (e) **“Claim”** means each of:
  - (i) any right or claim of any Person against the Applicants (or any one of them), in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in

respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise) the right or ability of any Person to advance a claim for contribution or indemnity (including any claim by a Director or Officer against the Applicants for contribution and/or indemnity arising from any D&O Claim) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Applicants become bankrupt on the Filing Date (each, a “**Pre-Filing Claim**”, and collectively, the “**Pre-Filing Claims**”);

- (ii) any indebtedness, liability or obligation of any kind with respect to the Applicants arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Process Order (each, a “**Restructuring Claim**”, and collectively, the “**Restructuring Claims**”); or
- (iii) any right or claim of any Person against any of the Directors or Officers of any of the Applicants, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable,

secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature including any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors or Officers of the Applicants with respect to any matter, action, cause or chose in action, however arising, for which any Director or Officer of the Applicants is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer of the Applicants or which is secured by way of the Directors' Charge (as defined in the Initial Order)(each, a "**D&O Claim**", and collectively, the "**D&O Claims**"); or

(iv) a D&O Indemnity Claim,

provided however, that "**Claim**" shall not include an Excluded Claim.

- (f) "**Claims Bar Date**" means 5:00 p.m. (prevailing Eastern Time) on August 3, 2023 for Pre-Filing Claims and D&O Claims.
- (g) "**Claims Process**" means the claims process set out in the Claims Process Order, as amended and restated pursuant to this Order, as it may be further amended, restated or supplemented from time to time.
- (h) "**Claims Process Order**" means this Claims Process Order, as amended and restated pursuant to this Order, as it may be further amended, restated or supplemented from time to time.
- (i) "**Court**" means the Ontario Superior Court of Justice (Commercial List).
- (j) "**Creditor**" means any Person with a Claim against the Applicants or any one of them.
- (k) "**Creditor over \$10k**" means any Person with a Claim against the Applicants or any one of them in an amount greater than \$10,000 other than an Employee Claim.

- (l) “**Creditor under \$10k**” means any Known Creditor of any of the Applicants who is owed an amount equal to or less than \$10,000 according to the Books and Records of the Applicants other than an Employee Claim.
- (m) “**Creditors under \$10k List**” has the meaning ascribed to that term in paragraph [910](#) of this Claims Process Order.
- (n) “**Creditors’ Meeting**” means the meeting or meetings of Creditors scheduled pursuant to further Order of this Court for purposes of voting on a Plan, if and when filed with this Court.
- (o) “**Directors and Officers**” means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or officer or *de facto* director or officer of any of the Applicants.
- (p) “**D&O Claim**” has the meaning ascribed to that term in paragraph [23](#)(e)(iii) of this Claims Process Order.
- (q) “**D&O Indemnity Claim**” means any existing or future right of any Director or Officer against one or more of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by one or more of the Applicants.
- (r) [“Duplicate Claim” means a Claim identified by the Monitor as \*prima facie\* duplicative of another Claim filed by a Creditor in respect of which the Monitor has sent a Notice of Revision or Disallowance disallowing the Claim for voting and distribution purposes.](#)
- (s) ~~(s)~~ “**Employees**” means the current and former employees of the Applicants.
- (t) ~~(s)~~ “**Employee Claim**” means solely the Claim of any Employee which arises from the termination of its employment with the Applicants, whether or not that Claim arose prior to or after the Filing Date. An Employee Claim is not a Restructuring

Claim. An Employee may have Claims against the Applicants other than an Employee Claim.

- (u) ~~(t)~~ “**Employee Claim Statement**” has the meaning given to it in paragraph ~~H~~12.
- (v) ~~(u)~~ “**Excluded Claim**” means ~~the following~~ claims against the Applicants (or any one of them) or any Directors and Officers, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, including any interest accrued thereon or costs incurred in respect thereof:
- ~~(i) — any claim of the lenders or the Canadian Imperial Bank of Commerce in its capacity as agent for the lenders in connection with, under or in respect of the Fourth Amended and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated) and any Documents (as defined therein) from time to time; or~~
- ~~(ii) — any claim entitled to the benefit of an~~ which are secured by existing or future Court-ordered priority ~~charge~~charges ordered by the Court, including the Charges.
- (w) ~~(v)~~ “**Filing Date**” means October 31, 2019.
- (x) ~~(w)~~ “**Initial Order**” means the Amended and Restated Initial Order dated October 31, 2019, (as may be further supplemented, amended or varied from time to time).
- (y) ~~(x)~~ “**Instruction Letter**” means the guide to this Claims Process, in substantially the form attached as **Schedule “B”** hereto.
- (z) ~~(y)~~ “**Known Creditors**” means:
- (i) any Person, which, to the knowledge of the Applicants and the Monitor, was owed monies by the Applicants as of the Filing Date and which monies remain unpaid in whole or in part; and
- (ii) any Person who, to the knowledge of the Applicants and the Monitor,



commenced a legal or any other proceeding against the Applicants, which legal proceeding was commenced and served upon the Applicants prior to the Filing Date.

- (aa) ~~(z)~~ “**Notice to Creditors**” means the Notice to Creditors for publication in substantially the form attached as **Schedule “A”** hereto.
- (bb) “**Notice of Dispute of Revision or Disallowance**” means the notice, substantially in the form attached as **Schedule “E”** hereto, which may be delivered to the Monitor by a Creditor disputing a Notice of Revision or Disallowance received by such Creditor.
- (cc) “**Notice of Revision or Disallowance**” means the notice, substantially in the form attached as **Schedule “D”** hereto, which may be prepared by the Applicants, in consultation with the Monitor, and delivered by the Monitor to a Creditor revising or disallowing, in part or in whole, a Claim submitted by such Creditor in a Proof of Claim.
- (dd) ~~(aa)~~ “**Person**” is to be interpreted broadly and includes any individual, firm, general or limited partnership, joint venture, trust, corporation, limited or unlimited liability company, unincorporated organization, association, trust, collective bargaining agent, joint venture, federal or provincial government body, agency or ministry, regulatory body, officer or instrumentality thereof, or any juridical entity, wherever situate or domiciled, and whether or not having legal status, howsoever designated or constituted, and whether acting on their own or in a representative capacity.
- (ee) ~~(bb)~~ “**Plan**” means any plan of compromise or arrangement by the Applicants, if and when filed, as revised, amended, modified or supplemented from time to time in accordance with its terms.
- (ff) ~~(ee)~~ “**Pre-Filing Claim**” has the meaning ascribed to that term in paragraph 23(e)(i) of this Claims Process Order.
- (gg) ~~(dd)~~ “**Proof of Claim**” means the proof of claim to be completed and filed with the

Monitor by a Person setting forth a Claim and which shall include all supporting documentation in respect of such Claim, substantially in the form attached hereto as **Schedule “C”**.

- (hh) ~~(ee)~~ **“Proof of Claim Document Package”** means a document package that includes a copy of the Notice to Creditors, Instruction Letter and Proof of Claim, and such other materials as the Monitor may consider appropriate or desirable.
- (ii) **“Proven Claim”** means a Claim, or any portion thereof, which has been finally determined or deemed accepted in accordance with the terms of this Claims Process Order for voting and distribution purposes.
- (jj) ~~(ff)~~ **“Restructuring Claim”** has the meaning ascribed to that term in paragraph 23(e)(ii) of this Claims Process Order.
- (kk) ~~(gg)~~ **“Restructuring Claims Bar Date”** means, in respect of each Restructuring Claim and each Person having a Restructuring Claim, 5:00 p.m. (prevailing Eastern Time) on the later of: (i) August 3, 2023, and (ii) the date that is 30 days after the date on which the Monitor sends a Proof of Claim Document Package to the Creditor with respect to a Restructuring Claim that arose after the Filing Date.
- (ll) **“Secured Claims”** means Claims or any portions thereof that are: (i) secured by security validly charging or encumbering property or assets of the Applicants; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction prior to the Claims Bar Date.
- (mm) ~~(hh)~~ **“Trade Websites”** has the meaning ascribed to that term in paragraph 78 of this Claims Process Order.
- (nn) **“Voting Claims”** means the amount of the Affected Claim of an Affected Creditor as Finally Determined for voting purposes in the manner set out in this Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA. For greater certainty, the Secured Creditors shall be entitled to vote their Proven

Claims (with the exception of the Unaffected Secured Syndicate Claim, which shall not be voted).

(oo) ~~(ii)~~ —“Website” means the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

4. ~~3.~~ **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day, unless otherwise indicated herein.

5. ~~4.~~ **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

6. ~~5.~~ **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

#### **MONITOR’S ROLE**

7. ~~6.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to take all such other actions and fulfill such other roles as are authorized by this Claims Process Order or are incidental thereto, and that in taking such other actions and in fulfilling such other roles, the Monitor shall have the protections given to it in the Initial Order and this Claims Process Order, including the protections provided in paragraph ~~30~~44 of this Claims Process Order.

#### **NOTICE TO CREDITORS**

8. ~~7.~~ **THIS COURT ORDERS** that the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, cause the Notice to Creditors to be published on certain industry websites including the International Fur Federation website (the “**Trade Websites**”) and posted on the Website.

9. ~~8.~~ **THIS COURT ORDERS** that to the extent that any Creditor requests documents relating to the Claims Process prior to the Claims Bar Date or the Restructuring Claims Bar

Date, as applicable, the Monitor shall forthwith cause a Proof of Claim Document Package to be sent to such Creditor by email or direct the Creditor to the documents posted on the Website, and otherwise respond to any request relating to the Claims Process as may be appropriate in the circumstances.

#### **CLAIMS PROCESS FOR CREDITORS UNDER \$10K**

10. ~~9.~~ **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall post a listing of the Creditors under \$10k and their Claims on the Website, which listing will identify the name of such Creditors and the amounts owing to such Creditors according to the Books and Records of the Applicant (the “**Creditors under \$10k List**”). The Creditors under \$10k List will be assembled by the Monitor in consultation with the Applicants.

11. ~~10.~~ **THIS COURT ORDERS** that by no later than June 12, 2023, where the Applicants have an email address in their Books and Records for any Creditor under \$10k, the Monitor shall send an email to each such Creditor, at the email address as recorded in the Applicants’ Books and Records, directing such Creditors under \$10k to the Website and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for a Creditor under \$10k, the Monitor shall mail the Instruction Letter by regular mail to that address.

12. ~~11.~~ **THIS COURT ORDERS** that by no later than June 12, 2023, the Monitor shall send by way of email, at the last known email address as recorded in the Applicants’ Books and Records, to each Employee a statement setting out their Employee Claim according to the Books and Records of the Applicants (the “**Employee Claim Statement**”) and enclosing the Instruction Letter. Where the Books and Records do not disclose an email address but do disclose an address for an Employee, the Monitor shall mail the Instruction Letter and Employee Claim Statement by regular mail to that address.

13. ~~12.~~ **THIS COURT ORDERS** that the posting and publishing of the Notice to Creditors as set out in paragraph 78 of this Claims Process Order, the posting of the Creditors under \$10k List as set out in paragraph 910 of this ~~Claim~~Claims Process Order, and sending the emails or regular mail letters as described in paragraphs ~~10~~11 and ~~11~~12 of this Claims

Process Order and will be sufficient notice to the Creditors under \$10k and Employees, of this Claims Process and of their Creditor under \$10k Claims or Claims, as applicable.

14. ~~13.~~ **THIS COURT ORDERS** that any Creditor under \$10K or Employee that agrees with amount of their Claim as set out on the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, shall not be required to take any further steps in respect of their Claim, including filing a Proof of Claim, and shall be deemed to have accepted their Claim as set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable, and each such Claim will be deemed to be a Proven Claim.

15. ~~14.~~ **THIS COURT ORDERS** that any Creditor under \$10k or Employee that disputes the amount of their Claim as set out in the Creditors under \$10k List or as set out in the Employee Claim Statement, as applicable, and/or wishes to assert (i) a D&O Claim or (ii) a Restructuring Claim, must submit a Proof of Claim with the Monitor in the manner set out in paragraph ~~18~~20 hereof so that the Proof of Claim is received by the Monitor no later than the Claims Bar Date. Failure to file a Proof of Claim with the Monitor by the Claims Bar Date, will result either in such Creditor under \$10k Claim being allowed for the amount set forth in the Creditors under \$10k List or, if they are not listed in the Creditors under \$10k List, being forever barred and extinguished, in which case such Creditor under \$10k will be forever prohibited from making or enforcing a Claim against any Applicants or its Directors or Officers. For greater certainty, Employees shall not be required to file Restructuring Claims in respect of their Employee Claim.

#### **CREDITORS OVER \$10K NOTIFICATION**

16. ~~15.~~ **THIS COURT ORDERS** that, in addition, to the notification steps set out in paragraph ~~7~~8 herein, with respect to Creditors over \$10k:

- (a) the Monitor shall, as soon as practicable following the issuance of this Claims Process Order, post a copy of the Proof of Claim Document Package on the Website;
- (b) the Monitor shall, as soon as practicable following the issuance of this Claims

Process Order, on behalf of the Applicants, send to each of the Known Creditors (for which the Monitor has an email address) a copy of the Proof of Claim Document Package by email; and,

- (c) with respect to Restructuring Claims arising after the date of this Claims Process Order, the Monitor shall, no later than five (5) Business Days following the time that the Monitor becomes aware of the effective date of the termination, repudiation or disclaimer of a lease, contract or other agreement or obligation, send to the counterparty(ies) of such agreement or obligation a Proof of Claim Document Package by email.

### CLAIMS BAR DATES

17. ~~16.~~ **THIS COURT ORDERS** that all Proofs of Claim with respect to: (a) Pre-Filing Claims, shall be filed with the Monitor on or before the Pre-Filing Claims Bar Date; (b) Restructuring Claims, shall be filed with the Monitor on or before the Restructuring Claims Bar Date; and, (c) D&O Claims, shall be filed with the Monitor on or before the Claims Bar Date, except to the extent that the D&O Claim relates to a Restructuring Claim, in which case such D&O Claim shall be filed with the Monitor on or before the applicable Restructuring Claims Bar Date.

18. ~~17.~~ **THIS COURT ORDERS** that, subject to any Claims deemed to be Proven Claims pursuant to ~~paragraph 13~~ paragraphs 14 and 29 of this Claims Process Order, any Creditor that does not file a Proof of Claim as provided for herein such that such Proof of Claim is received by the Monitor on or before the applicable Claims Bar Date or Restructuring Claims Bar Date: (a) shall be, and is hereby forever barred from making or enforcing such Claim against the Applicants or the Directors or Officers, or any of them; (b) shall not be entitled to vote at the applicable Creditors' Meeting in respect of the Plan or to receive any distribution thereunder; and (c) shall not be entitled to any further notice of, and shall not be entitled to participate as a Creditor in these proceeding.

19. **THIS COURT ORDERS that, notwithstanding paragraph 18 above, any Proofs of Claim filed after the Claims Bar Date or the Restructuring Claims Bar Date up to and**

including the date of this Order shall be and are hereby deemed to be filed by the applicable Claims Bar Date.

## **PROOFS OF CLAIM**

20. ~~18.~~ **THIS COURT ORDERS** that each Creditor over \$10k shall file a Proof of Claim against the Applicants and shall include any and all Claims it asserts against the Applicants in a single Proof of Claim. A Creditor under \$10k or an Employee shall only be required to file a Proof of Claim in accordance with paragraph ~~14~~15 of this Claims Process Order if it disputes the amount of its Claim set out in the Creditors under \$10k List or the Employee Claim Statement, as applicable.

21. ~~19.~~ **THIS COURT ORDERS** that if a Creditor over \$10k is asserting a Claim against any of the Applicants and against the Directors or Officers of any of the Applicants, all such Claims shall be included in the same Proof of Claim.

22. ~~20.~~ **THIS COURT ORDERS** that where a Claim against the Applicants is based on the Applicants' guarantee of the repayment of a debt of any other Person, the Proof of Claim in respect of such Claim shall clearly state that it is based on such a guarantee.

23. ~~21.~~ **THIS COURT ORDERS** that if any Claim arose in a currency other than U.S. dollars, then the Creditor making the Claim shall complete its Proof of Claim indicating the amount of the Claim in such currency, rather than in U.S. dollars or any other currency. The Monitor shall subsequently convert any Claim filed in a foreign currency other than U.S. dollars to Canadian dollars at the noon Bank of Canada exchange rate on the Filing Date and then convert it to U.S. dollars at the noon Bank of Canada exchange rate on the Filing Date, all without prejudice to the ability of the Applicants to utilize a different exchange rate in any Plan.

24. ~~22.~~ **THIS COURT ORDERS** that the Monitor shall supervise the receipt and collection of the Proofs of Claim and, in conjunction with the Applicants (and any Director and/or Officer against whom a D&O Claim is asserted), shall, subject to further order of the Court, review each Proof of Claim submitted by the Claims Bar Date or the Restructuring

Claims Bar Date, as applicable. The Monitor shall provide the Applicants' counsel with copies of all Proofs of Claim and any other documents delivered to the Monitor pursuant to the Claims Process.

## NOTICE SUFFICIENT

25. ~~23.~~ **THIS COURT ORDERS** that each of the:

- (a) Notice to Creditors attached as Schedule "A";
- (b) Instruction Letter attached as Schedule "B"; ~~and~~
- (c) Proof of Claim form attached as Schedule "C";
- (d) Notice of Revision or Disallowance attached as Schedule "D"; and
- (e) Notice of Dispute of Revision or Disallowance attached as Schedule "E,"

are hereby approved in substantially the forms attached. Despite the foregoing, the Monitor may, from time to time, and with the consent of the Applicants, make minor changes to such forms as the Monitor considers necessary or desirable.

26. ~~24.~~ **THIS COURT ORDERS** that Publication of the Notice to Creditors on the Website and the Trade Websites, posting of the Proof of Claim Document Package on the Website, the sending of the Proof of Claim Document Package to the Creditors over \$10k, in accordance with this Claims Process Order, and completion of the other requirements of this Claims Process Order shall constitute good and sufficient service and delivery of notice of a Creditor's Claim, this Claims Process Order, the Claims Process, the Claims Bar Date and the Restructuring Claims Bar Date on all Persons who may be entitled to receive notice, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Claims Process Order or the Claims Process.

27. ~~25.~~ **THIS COURT ORDERS** that the Monitor, in consultation with the Applicants and the applicable Director or Officer in respect of any D&O Claim, is hereby authorized to use its reasonable discretion as to the adequacy of compliance with respect to the manner and



timing in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Process Order as to completion and execution of such forms. Notwithstanding any other provision of this Claims Process Order, any Claim filed with the Monitor after the applicable Claims Bar Date or Restructuring Claims Bar Date may, in the reasonable discretion of the Monitor or subject to further Order of the Court, be deemed to have been filed on or before the applicable Claims Bar Date or Restructuring Claims Bar Date, and, subject to further Order of this Court, may be reviewed by the Monitor.

#### **D&O ~~Indemnity Claim~~ INDEMNITY CLAIM**

28. ~~26-~~ **THIS COURT ORDERS** that to the extent any D&O Claim is filed in accordance with this Claims Process Order, a corresponding D&O Indemnity Claim shall be automatically and immediately deemed to have been filed in respect of such D&O Claim.

#### **SECURED CLAIMS**

29. **THIS COURT ORDERS** that the Secured Claims set out in Schedule “A” to the Plan are deemed to be Proven Claims.

#### **ADJUDICATION AND RESOLUTION PROCESS**

30. **THIS COURT ORDERS** that the Applicants, in consultation with the Monitor, shall review and record all Proofs of Claim that are received on or before the applicable Bar Date. The Applicants, in consultation with the Monitor, shall (i) accept, revise or reject each Claim set out in each Proof of Claim, and (ii) with respect to a D&O Claim as set out in the Proof of Claim, the Applicants, in consultation with the Monitor and the applicable Directors and Officers named in respect of such D&O Claim, shall accept, revise or reject such D&O Claim, provided that the Applicants shall not accept or revise any portion of a D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.

31. **THIS COURT ORDERS** that, subject to and in accordance with paragraph 30, the Monitor will not provide notice to a creditor if the Applicants, in consultation with the Monitor, agree with the amount and characterization of the Claim as set out in any Proof of

Claim filed in accordance with the Claims Process Order, and will therefore, be accepting the Proof of Claim as filed. The Monitor will provide a Creditor with a Notice of Revision or Disallowance in accordance with paragraph 33 below.

32. **THIS COURT ORDERS** that the Applicants, in consultation with the Monitor, disagree with the amount or characterization of the Claim as set out in any Proof of Claim filed in accordance with the Claims Process Order, the Applicants may, in consultation with the Monitor and any applicable Directors or Officers, attempt to resolve such dispute and settle the purported Claim with the Creditor.

33. **THIS COURT ORDERS** that if the Applicants and the Monitor intend to revise or reject a Claim that has been filed in accordance with the Claims Process Order, including a Duplicate Claim, for voting and/or distribution purposes, the Monitor shall notify the applicable Creditor that its Claim has been revised or rejected, and the reasons therefor, by sending a Notice of Revision or Disallowance.

34. **THIS COURT ORDERS** that the Monitor shall notify the applicable Creditor with a Duplicate Claim that its Duplicate Claim has been disallowed for voting and distribution purposes, and the reasons therefor, by sending a Notice of Revision or Disallowance at least twenty (20) days prior to the Creditors' Meeting.

35. **THIS COURT ORDERS** that the Claims of Affected Creditors filed by the applicable Claims Bar Date, other than Duplicate Claims, shall be deemed to be Voting Claims.

36. **THIS COURT ORDERS** that if a Notice of Revision or Disallowance for distribution purposes is not sent at least twenty (20) days prior to the first distribution that is made in accordance with the Plan, the Claim will be deemed to be a Proven Claim.

37. **THIS COURT ORDERS** that any Creditor who intends to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 33 above shall deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for its dispute, to the Monitor by no later than fifteen (15) days after the date on which the Claimant is deemed to receive the Notice of Revision or Disallowance, or such other date as may be agreed to by the

Monitor, in consultation with the Applicants, in writing.

38. **THIS COURT ORDERS** that, where a Creditor who receives a Notice of Revision or Disallowance does not file a completed Notice of Dispute of Revision or Disallowance by the time set out in paragraph 37 above, then such Creditor's Claim shall be deemed to be as determined in the Notice of Revision or Disallowance and any and all of the Creditor's rights to dispute the Claim as determined in the Notice of Revision or Disallowance or to otherwise assert or pursue such Claim other than as determined in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

39. **THIS COURT ORDERS** that upon receipt of a Notice of Dispute of Revision or Disallowance in respect of a Claim, the Applicants, in consultation with the Monitor and any applicable Directors or Officers, shall attempt to resolve such dispute and settle the purported Claim with the Creditor, and in the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Applicants, in consultation with the Monitor and any applicable Directors or Officers, the Applicants shall, at their election, refer the dispute raised in the Notice of Dispute of Revision or Disallowance to the Court for adjudication, and the Monitor shall send written notice of such referral to the Creditor.

40. **THIS COURT ORDERS** that notwithstanding any other provisions of this Order, the Applicants, in consultation with the Monitor and any applicable Directors or Officers, may, at their election, refer any Claim to the Court for adjudication at any time, and the Monitor shall send written notice of such referral to the applicable parties.

#### **NOTICE OF TRANSFEREES**

41. ~~27.~~ **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until (a) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Monitor, and (b) the Monitor shall have acknowledged in writing such transfer or assignment, and thereafter such transferee or assignee shall for the purposes hereof constitute

the “Creditor” in respect of such Claim. Any such transferee or assignee of a Claim, and such Claim, shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Process Order prior to the written acknowledgement by the Monitor of such transfer or assignment.

42. ~~28.~~ **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Applicant and the Monitor shall in each such case not be bound to acknowledge or recognize any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with paragraph ~~27~~41 of this Claims Process Order and the Monitor has acknowledged in writing such transfer or assignment, the Person last holding such Claim in whole as the Creditor in respect of such Claim may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Creditor, such transferee or assignee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim by or with respect to such Person in accordance with this Claims Process Order.

43. ~~29.~~ **THIS COURT ORDERS** that the transferee or assignee of any Claim (a) shall take the Claim subject to the rights and obligations of the transferor/assignor of the Claim, and subject to the rights of the Applicants against any such transferor or assignor, including any rights of set-off which the Applicants had against such transferor or assignor, and (b) cannot use any transferred or assigned Claim to reduce any amount owing by the transferee or assignee to the Applicants, whether by way of set off, application, merger, consolidation or otherwise.

## **PROTECTIONS FOR MONITOR**

44. ~~30.~~ **THIS COURT ORDERS** that: (a) in carrying out the terms of this Claims Process Order, the Monitor shall have all of the protections given to it by the CCAA and the Initial Order or as an officer of this Court, including the stay of proceedings in its favour, (b) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Process Order, (c) the Monitor shall be entitled to rely on the Books and Records of the Applicants and any information provided by the Applicants, all without independent investigation, and (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

## **DIRECTIONS**

45. ~~31.~~ **THIS COURT ORDERS** that the Applicants or the Monitor may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to this Claims Process Order and the Claims Process set out herein, including the forms attached as Schedules hereto.

## **SERVICE AND NOTICE**

46. ~~32.~~ **THIS COURT ORDERS** that the Monitor or the Applicants, as the case may be, are at liberty to deliver the Proof of Claim Document Package, and any letters, notices (including the Notice of Revision or Disallowance) or other documents to Creditors or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons at the address as last shown on the records of the ~~Applicant~~Applicants and that any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third Business Day after mailing.

47. ~~33.~~ **THIS COURT ORDERS** that any notice or other communication (including Proofs of Claim and Notices of Dispute of Revision or Disallowance) to be given under this Claims Process Order by a Creditor to the Monitor shall be in writing in substantially the form, if any, provided for in this Claims Process Order and will be sufficiently given only if given by electronic or digital transmission, prepaid ordinary mail, courier, or personal delivery

addressed to:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auctions Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

48. ~~34.~~ **THIS COURT ORDERS** that any such notice or other communication by a Creditor to the Monitor shall be deemed received only upon actual receipt thereof, provided that any notice or communication by a Creditor to the Monitor that is received by the Monitor on a non Business Day or after 5:00 p.m. (prevailing Eastern Time) shall be deemed to have been received on the next Business Day.

**MISCELLANEOUS**

49. ~~35.~~ **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Process Order, the solicitation of Proofs of Claim, and the filing by a Person of any Proof of Claim, shall not, for that reason only, grant any Person any standing in the CCAA proceedings or rights under a Plan.

50. ~~36.~~ **THIS COURT ORDERS** that nothing in this Claims Process Order shall constitute or be deemed to constitute an allocation or assignment of a Claim or Excluded Claim into particular affected or unaffected classes for the purpose of a Plan and, for greater certainty, the treatment of Claims or Excluded Claims, or any other claims shall be dealt with in accordance with the terms and conditions of a Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any Plan or further Order of the Court.

51. ~~37.~~ **THIS COURT ORDERS** that neither the Applicants nor the Monitor shall be under any obligation to review, approve or disallow any Claim file hereunder other than to confirm to any Person who makes such a request that the Claim has been filed with the Monitor, subject to further order of the Court.

52. ~~38.~~ **THIS COURT ORDERS** that the process for reviewing, disallowing or allowing Claims and or adjudicating disputed Claims shall be the subject of a further order of the Court.

53. ~~39.~~ **THIS COURT ORDERS** that nothing in this Order shall prejudice the rights and remedies of any Directors or Officers under any existing Director and Officer insurance policy or prevent or bar any Person from seeking recourse against or payment from any Director's and/or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors and/or Officers, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or one or more of the Applicants; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.

54. ~~40.~~ **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Process 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 the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Claims Process Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Claims Process Order.

55. ~~41.~~ **THIS COURT ORDERS** that this Claims Process Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Claims Process Order, and is enforceable without any need for entry and filing.

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**SCHEDULE “A” – NOTICE TO CREDITORS**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC. (“NAFA”), 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 (collectively the “Applicants” or any one of them “Applicant”)**

**NOTICE OF THE CLAIMS PROCESS FOR THE APPLICANTS IN THE CCAA  
PROCEEDINGS****NOTICE OF CLAIMS BAR DATE FOR CLAIMS**

**NOTICE IS HEREBY GIVEN** that, pursuant to an Order of the Court made on May 25, 2023, (the “**Claims Process Order**”) a claims process has been commenced for the purpose of identifying and determining certain claims against the Applicants. Capitalized terms under this Notice that are not otherwise defined herein have the meaning ascribed to them in the Claims Process Order (a copy of which is available on the Monitor's Website).

**PLEASE TAKE NOTICE** that the claims process applies to Claims, as described in the Claims Process Order. The claims process has called for Claims which includes *Pre-Filing Claims*, *D&O Claims*, and *Restructuring Claims*. Any creditor, other than an Employee, who has not received a Proof of Claim Document Package and who believes that he or she has a Claim against the Applicants under the Claims Process Order in excess of \$10,000, or has a Claim under \$10,000, which was not listed in the Creditor under \$10k List (which list is displayed on the Monitor’s Website), must contact the Monitor in order to obtain a Proof of Claim form or visit the Monitor’s Website.

**THE CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON AUGUST 3, 2023.**

This bar date applies to all Pre-Filing Claims and D&O Claims. Proofs of Claim must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Pre-Filing Claims Bar Date.

**IF YOU HAVE A CLAIM UNDER \$10,000** against the Applicants which is described in the correct amount or an amount you deem acceptable on the Creditors under \$10k List you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Creditors under \$10k List without any further action by you. Nothing further needs to be filed by you.



**IF YOU ARE AN EMPLOYEE** you will receive an Employee Claim Statement setting out the amount of your Claim. If the amount of your Claim is described in the correct amount or an amount you deem acceptable to you on the Employee Claim Statement you do not need to file a Proof of Claim. Your Claim will be deemed filed and accepted in the amount set out on the Employee Claim Statement without any further action by you. Nothing further needs to be filed by you.

**THE RESTRUCTURING CLAIMS BAR DATE IS 5:00 P.M. (TORONTO TIME) ON THE DATE THAT IS THE LATER OF: (I) AUGUST 3, 2023, AND (II) THE DATE THAT IS 30 DAYS AFTER THE DATE ON WHICH THE MONITOR SENDS A PROOF OF CLAIM DOCUMENT PACKAGE TO THE CREDITOR WITH RESPECT TO SUCH RESTRUCTURING CLAIM.** Proofs of Claim in respect of Restructuring Claims must be completed and filed with the Monitor using the procedures required in the Claims Process Order so that they are received by the Monitor on or before the Restructuring Claims Bar Date.

**HOLDERS OF CLAIMS (OTHER THAN CREDITORS UNDER \$10K WHOSE CLAIM IS CORRECTLY SET OUT IN THE CREDITORS UNDER \$10K LIST) WHO DO NOT FILE A PROOF OF CLAIM BY THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, SHALL BE FOREVER EXTINGUISHED AND BARRED FROM ASSERTING THEIR CLAIMS AGAINST THE APPLICANTS OR THE DIRECTORS AND OFFICERS OF THE APPLICANTS.**

**CREDITORS REQUIRING INFORMATION** or claims documentation may contact the Monitor. The Monitor's contact details for additional information relating to the Initial Order, the CCAA Proceedings, or the Claims Process is:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**SCHEDULE “B” - INSTRUCTION LETTER FOR CLAIMS PROCESS**

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

**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 (collectively the “**Applicants**” or any one of them the “**Applicant**”)

**INSTRUCTION LETTER FOR CLAIMS  
PROCESS****CLAIMS PROCESS**

By Order of the Ontario Superior Court of Justice (Commercial List) dated May 25, 2023 (the “**Claims Process Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), the Applicant and Deloitte Restructuring Inc., in its capacity as Court- appointed Monitor of the Applicant (in such capacity, the “**Monitor**”), have been authorized to conduct a claims process (the “**Claims Process**”). A copy of the Claims Process Order and other public information concerning these proceedings can be obtained from the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA> (the “**Website**”).

This letter provides general instructions for completing a Proof of Claim form. Defined terms not defined within this instruction letter shall have the meaning ascribed thereto in the Claims Process Order.

The Claims Process is intended to identify and determine the amount of certain Claims against the Applicants, and claims against the Directors or Officers of the Applicants.

Please review the Claims Process Order for the full terms of the Claims Process.

**FOR CREDITORS UNDER \$10K, EXCLUDING EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS’ ASSESSMENT OF YOUR CLAIM IN THE AMOUNT POSTED ON THE MONITOR’S WEBSITE, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM, ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR EMPLOYEES**

**IF YOU AGREE WITH THE APPLICANTS' ASSESSMENT OF YOUR CLAIM IN THE AMOUNT SET OUT ON THE EMPLOYEE CLAIM STATEMENT, YOU NEED NOT TAKE FURTHER ACTION.**

**IF YOU WISH TO DISPUTE THE ASSESSMENT OF YOUR CLAIM AS SET OUT ON THE EMPLOYEE CLAIM STATEMENT, OR ASSERT A D&O CLAIM OR A RESTRUCTURING CLAIM, YOU MUST COMPLETE A PROOF OF CLAIM AND DELIVER IT TO THE MONITOR BEFORE THE CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, AT:**

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

**FOR CREDITORS OVER \$10K AND FOR CREDITORS UNDER \$10K OR EMPLOYEES THAT DISAGREE WITH AMOUNT OF THEIR CLAIM ON THE CREDITORS UNDER \$10K LIST OR THE EMPLOYEE CLAIM STATEMENT, AS APPLICABLE**

**FOR CREDITORS SUBMITTING A PROOF OF CLAIM**

All Creditors with Claims, other than Employees and those with Creditors under \$10k who

agree with their Claim as described in the Creditors under \$10k List, must file a Proof of Claim. All Proofs of Claims, notices and inquiries with respect to the Claims Process should be directed to the Monitor by electronic or digital transmission, prepaid registered mail, courier, or personal delivery, at the address below:

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

All Proofs of Claim other than Restructuring Claims, must be received by the Monitor before 5:00 p.m. (Toronto Time) on August 3, 2023 (the “**Claims Bar Date**”), subject to the provisions of the Claims Process Order.

All Proofs of Claim for Restructuring Claims must be received by the Monitor on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Proof of Claim Document Package with respect to such Restructuring Claim (the “**Restructuring Claims Bar Date**”), subject to the provisions of the Claims Process Order. If you do not file a Proof of Claim in respect of any such Restructuring Claim by the Restructuring Claims Bar Date, any Restructuring Claim that you may have shall be forever extinguished and barred.

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

**ADDITIONAL FORMS**

Additional Proof of Claim forms can be obtained from the Monitor’s website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA> or by contacting the Monitor.

DATED this [XX]<sup>th</sup> day of [XX], ~~2023~~2024

**SCHEDULE “C” - PROOF OF CLAIM FORM**

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

**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 (collectively the “Applicants” or any one of them the  
“Applicant”)**

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST THE APPLICANTS  
OR CLAIMS AGAINST THE DIRECTORS AND OFFICERS**

**1. PARTICULARS OF CREDITOR**

Full Legal Name of Creditor:	
Full Mailing Address of Creditor:	
Telephone Number of Creditor:	
E-mail Address of Creditor:	
Attention (Contact Person):	

**2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU  
ACQUIRED THE CLAIM, IF APPLICABLE:**

- (a) Have you acquired this Claim by assignment?

Yes  No

(if yes, attach documents evidencing assignment)

a. Full Legal Name of original creditor(s):

### 3. PROOF OF CLAIM

#### THE UNDERSIGNED CERTIFIES AS FOLLOWS:

That I am a Creditor [or hold the position of \_\_\_\_\_ of the Creditor] and have knowledge of all the circumstances connected with the Claim described herein;

That I have knowledge of all the circumstances connected with the Claim described and set out below;

The Applicant was and is still indebted to the Creditor as follows:

All Claims are presumed to be in US Dollars. Denominated in any other currency shall be converted to US Dollars at the relevant exchange rate on the Filing Date.

	<b>Class of Claim Against the Applicant OR Directors or Officers</b>  (Pre-Filing Claims, Restructuring Claim, D&O Claim)	<b>Amount of Claim Against the Applicant</b>  (include the foreign currency if not US dollars)
1.		\$
2.		\$
<b>TOTAL AMOUNT OF CLAIMS</b>		\$

### 4. NATURE OF CLAIM

#### *(CHECK AND COMPLETE APPROPRIATE CATEGORY)*

Total Unsecured Claim of \$ \_\_\_\_\_

Total Secured Claim of \$ \_\_\_\_\_

In respect of this debt, I hold security over the assets of NAFA valued at \$ \_\_\_\_\_, the particulars

*(If the Claim is secured, provide full particulars of the security, including the date on which the security was given the value for which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.)*

## 5. PARTICULARS OF CLAIM:

The particulars of the undersigned's total Claims (including Pre-Filing Claims, Restructuring Claims or any D&O Claims) are attached.

*Provide full particulars of the Claim(s) and supporting documentation you are asserting a Claim against, the amount, description of transaction(s) or agreement(s) giving rise to the Claim(s), name of any guarantor(s) which has guaranteed the Claim(s), and amount of Claim(s) allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. In the event that any part of your claim also includes a claim amount against the Directors and Officers, please particularize the exact amount claimed against the Directors and Officers and the accompanying legal analysis. If you fail to sufficiently explain the legal analysis in respect of any claim against the Directors and Officers, that portion of the claim will be revised or disallowed.*

## FILING OF CLAIM

For Pre-Filing Claims and D&O Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the Claims Bar Date (August 3, 2023).

For Restructuring Claims, this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto Time) on the date that is the later of: (i) August 3, 2023, and (ii) thirty (30) calendar days following the date on which the Monitor sends a Claims Package with respect to such Restructuring Claim.

In each case, completed forms must be delivered by email, prepaid registered mail, courier, or personal delivery to the Monitor at the following address:

### **DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, ~~2023~~2024.

Witness Name: \_\_\_\_\_ Signature of Creditor: \_\_\_\_\_

Name of Creditor: \_\_\_\_\_

*If Creditor is an entity, print name and title of authorized signatory:*

Title: \_\_\_\_\_

Signature of authorized signatory: \_\_\_\_\_

Name of authorized signatory: \_\_\_\_\_



**SCHEDULE “D” - NOTICE OF REVISION OR DISALLOWANCE**

**For persons who have asserted Claims against the Applicants and/or D&O Claims against the Directors and/or Officers of the Applicants**

**TO:** [INSERT NAME AND ADDRESS OF CLAIMANT] (the “Claimant”)

**RE:** Claim Reference Number: \_\_\_\_\_

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meaning ascribed to them in the Amended and Restated Claims Process Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Applicants dated January 17, 2024 (the “Claims Process Order”). You can obtain a copy of the Claims Process Order on the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

Pursuant to the Claims Process Order, the Monitor hereby gives you notice that the Applicants, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed all or part of your purported Claim set out therein for voting and/or distribution purposes. Subject to further dispute by you in accordance with the Claims Process Order, your Claim will be as follows:

**Prefiling Claims**

	<b><u>Amount as Submitted</u></b>		<b><u>Amount allowed by the Applicants’ for voting purposes:</u></b>	<b><u>Amount allowed by the Applicants for distribution purposes:</u></b>
	<b><u>Currency</u></b>			
<b><u>A. Unsecured</u></b>		\$	\$	\$
<b><u>B. Priority</u></b>		\$	\$	\$
<b><u>C. D&amp;O Claim</u></b>		\$	\$	\$
<b><u>D. Total Claim</u></b>		\$	\$	\$

**Restructuring Period Claims**

	<b><u>Amount as Submitted</u></b>		<b><u>Amount allowed by the Applicants’ for voting purposes:</u></b>	<b><u>Amount allowed by the Applicants for distribution purposes:</u></b>
	<b><u>Currency</u></b>			
<b><u>A. Unsecured</u></b>		\$	\$	\$
<b><u>B. Priority</u></b>		\$	\$	\$
<b><u>C. D&amp;O Claim</u></b>		\$	\$	\$

<b><u>D. Total Claim</u></b>		<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
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**Reasons for Revision or Disallowance:**

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**SERVICE OF DISPUTE NOTICES**

**If you intend to dispute your Claim specified in this Notice of Revision or Disallowance for voting and/or distribution purposes, you must, by no later than 5:00 p.m. (Toronto time) on the day that is fifteen (15) days after this Notice of Revision or Disallowance is deemed to have been received by you, deliver a Notice of Dispute of Revision or Disallowance to the Monitor (by prepaid ordinary mail, registered mail, courier, personal delivery or email) at the address listed below.**

If you do not dispute this Notice of Revision or Disallowance in the prescribed manner and within the aforesaid time period, your Claim shall be deemed to be as set out herein.

**If you agree with this Notice of Revision or Disallowance, there is no need to file anything further with the Monitor.**

The address of the Monitor is set out below:

**DELOITTE RESTRUCTURING INC.**  
Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.  
8 Adelaide Street West  
Toronto, ON, M5H 0A9  
Telephone: 1-888-221-0622  
E-mail: nafa@deloitte.ca

In accordance with the Claims Process Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

**IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISIONS OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.**

DATED this [XX]<sup>th</sup> day of [XX], 2024

**DELOITTE RESTRUCTURING INC., solely in its**  
capacity as Court Appointed Monitor of North American  
Fur Auction Inc. and not in its personal or corporate  
capacity

Per: \_\_\_\_\_

**SCHEDULE “E” - NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE**

**With respect to Claims against the Applicants and/or D&O Claims against the Directors and/or Officers of the Applicants**

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meaning ascribed to them in the Amended and Restated Claims Process Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Applicants dated January 17, 2024 (the “Claims Process Order”). You can obtain a copy of the Claims Process Order on the Monitor’s website at: <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

**1. Particulars of the Holder of the Claim:**

Claims Reference Number: \_\_\_\_\_

Full Legal Name of Claimant (include trade name, if different)

\_\_\_\_\_  
\_\_\_\_\_  
(the “Claimant”)

Full Mailing Address of the Claimant:  
\_\_\_\_\_  
\_\_\_\_\_

Other Contact Information of the Claimant:

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

\_\_\_\_\_

**2. Particulars of original Claimant from whom you acquired the Claim or D&O Claim (if applicable):**

Have you acquired this Claim by assignment?<sup>1</sup>

Yes: [ ] No: [ ]

If yes and if not already provided, attach documents evidencing assignment.

Full Legal Name of original Claimant(s): \_\_\_\_\_

**3. Dispute of Revision or Disallowance of Claim:**

The Claimant hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance dated \_\_\_\_\_, and asserts a Claim as follows:

**Prefiling Claims**

	<u>Currency</u>	<u>Amount allowed by the Applicants in the Notice of Revision or Disallowance for voting/distribution purposes:</u>	<u>Amount claimed by Claimant for voting/distribution purposes:</u>
<b><u>A. Unsecured</u></b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$
<b><u>B. Priority</u></b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$

<sup>1</sup> Only select 'Yes' if you have been transferred the Claim being referenced herein from another Person.

<b>C. D&amp;O Claim</b>				
<u>Voting</u>			\$	\$
<u>Distribution</u>			\$	\$
<b>D. Total Claim</b>				
<u>Voting</u>			\$	\$
<u>Distribution</u>			\$	\$

### Restructuring Period Claims

	<u>Currency</u>	<u>Amount allowed by the Applicants in the Notice of Revision or Disallowance for voting/distribution purposes:</u>	<u>Amount claimed by Claimant for voting/distribution purposes:</u>
<b>A. Unsecured</b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$
<b>B. Priority</b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$
<b>C. D&amp;O Claim</b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$
<b>D. Total Claim</b>			
<u>Voting</u>		\$	\$
<u>Distribution</u>		\$	\$

(Insert particulars of your Claim per the Notice of Revision or Disallowance, and the value of your Claim as asserted by you).

#### **4. Reasons for Dispute:**

Provide full particulars of why you dispute the Applicants' revision or disallowance of your Claim as set out in the Notice of Revision or Disallowance, and provide all supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particular of all credits, discounts, etc. claimed, as well as a description of the security, if any, granted to the Claimant and estimated value of such security. The particulars provided must support the value of the Claim as stated by you in item 3, above.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**5. Certification**

I hereby certify that:

1. I am the Claimant or an authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant submits this Notice of Dispute of Revision or Disallowance in respect of the Claim referenced above.
4. All available documentation in support of the Claimant’s dispute is attached.

All information submitted in this Notice of Dispute of Revision or Disallowance must be true, accurate and complete. Filing false information relating to your Claim may result in your Claim being disallowed in whole or in part and may result in further penalties.

\_\_\_\_\_ Witness:

Signature: \_\_\_\_\_  
(signature)

Name: \_\_\_\_\_  
(print)

Title: \_\_\_\_\_

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

This Notice of Dispute of Revision or Disallowance MUST be returned to and received by the Monitor at the below address **by no later than 5:00 p.m. (Toronto time) on the day that is fifteen (15) days after this Notice of Revision or Disallowance is deemed to have been**

received by you in accordance with the Claims Process Order, a copy of which can be found on the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.)

Delivery to the Monitor may be made by ordinary prepaid mail, registered mail, courier, personal delivery or email to the address below.

**DELOITTE RESTRUCTURING INC.**

Attention: In its capacity as Court Appointed  
Monitor of North American Fur Auction Inc.

8 Adelaide Street West

Toronto, ON, M5H 0A9

Telephone: 1-888-221-0622

E-mail: [nafa@deloitte.ca](mailto:nafa@deloitte.ca)

In accordance with the Claims Process Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/NAFA>.

**IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISIONS OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, YOUR CLAIM AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.**



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

**ORDER**  
(Re: Claims Process dated ~~May~~January 25, 202317, 2024)

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

**David T. Ullmann (LSO # 42357I)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@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”)

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**MOTION RECORD OF THE APPLICANTS**  
**(Re: Motion returnable January 17<sup>th</sup>, 2024)**

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

**David T. Ullmann (LSO # 423571)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants