

Supreme Court of Nova Scotia

Application by Victory Farms Incorporated and Jonathan Mullen Mink Ranch
Limited for relief under the Companies' Creditors Arrangement Act

CLAIMS PROCEDURE ORDER

THIS MOTION made by Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order:

1. establishing the claims process as described in the Monitor's Report; and
2. such further relief as the Applicants may request and this Court shall permit.

UPON READING the Report of Deloitte Restructuring Inc. in its capacity as the Court-appointed monitor (the "**Monitor**") and other materials filed in this proceeding and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel who were present and wished to be heard;

AND UPON READING the affidavit of service of Tim Hill sworn on April 3, 2017 confirming that all of the Applicants' secured creditors which are likely to be affected by this Claims Procedure Order were duly served with notice of this Motion;

AND UPON IT APPEARING that the Monitor has expressed its approval of the claims and claims bar process, and has recommended this Order for approval by the Court;

IT IS HEREBY ORDERED THAT:

1. The time for service of the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.

DEFINITIONS

2. The following terms shall have the following meanings ascribed thereto:
 - "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - "**Claim**" means any right of any Designated Creditor against the Applicants in connection with any secured indebtedness, liability or obligation of any kind of the Applicants, which indebtedness, liability or obligation is in existence at the Valuation Date.
 - "**Claims Bar Date**" means, for the purposes of these proceedings only, 6 p.m. on April 28, 2017 or such later date as may be ordered by the Court;
 - "**Court**" means the Nova Scotia Supreme Court;

“Designated Creditor” means any of the following creditors having a Claim against the Applicants, and may, where the context requires, include the assignee of such a Claim or a trustee, receiver, receiver and manager, or other Person acting on behalf of such creditor: Nova Scotia Farm Loan Board; Farm Credit Canada; American Legend Cooperative; North American Fur Auctions Inc.; the Nova Scotia Workers’ Compensation Board; Her Majesty in Right of Canada or any province of Canada, and any Person having a statutory or other claim capable by law of taking priority over the claims of the Designated Creditors listed herein;

“Dispute Notice” means a written notice to the Applicants, delivered by a Designated Creditor who has received a Notice of Disallowance, of its intention to dispute such Notice of Disallowance, in accordance with para. 5 of this Order;

“Funds Distribution Process” means the process of applying for and obtaining an Order from the Court establishing the priority for payment amongst the Designated Creditors from those funds remaining from the proceeds of sale of the Assets of the Applicants.

“Instruction Letter” means the instruction letter to Designated Creditors attached in Schedule “A” hereto, regarding completion by Designated Creditors of the Proof of Claim and Schedule to Proof of Claim;

“Notice of Claim” means notice of any Claim by a Designated Creditor;

“Notice of Disallowance” means the notice referred to in paragraph 4 hereof advising a Designated Creditor that the Applicants have revised or rejected all or part of such Designated Creditor’s Claim set out in the Proof of Claim and the Schedule to Proof of Claim;

“Person” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or agency or instrumentality thereof, or any other judicial entity howsoever designated or constituted;

“Proof of Claim” means the form of Proof of Claim, referred to in paragraph 3 hereof;

“Proven Claim” of a Designated Creditor means the amount of the Claim of such Designated Creditor finally determined in accordance with the provisions of the claims procedure described herein and the CCAA, but not any priority which may be claimed by said Designated Creditor;

“Schedule to Proof of Claim” means the Schedule to the Proof of Claim referred to in paragraph 3 hereof;

“Valuation Date” means August 31, 2016.

CLAIMS PROCEDURE

3. For the purpose of the Funds Distribution Process, the Monitor shall send by ordinary mail to each of the Designated Creditors the appropriate form of Proof of Claim, Schedule to Proof of Claim and Instruction Letter substantially in the form attached as Schedule “A”, on or before 11:59 p.m. on April 12, 2017, requiring the Designated Creditor to set out its Claim and to return the completed Proof of Claim and Schedule to Proof of Claim to the Monitor so that it is received by the Monitor on or before the Claims Bar Date.
4. The Monitor in consultation with the Applicants shall review each Proof of Claim and Schedule to Proof of Claim filed and , shall accept, revise or reject the amount of the Claim (but not any priority claimed, which shall not be taken as determined) set out

therein for purposes of the Funds Distribution Process. The Monitor shall, as soon as possible after receipt of a Proof of Claim but in any event no later than ten days following the Claims Bar Date (or such later date as the Monitor may specify if it has agreed prior to the Claims Bar Date to receive such Proof of Claim after the Claims Bar Date), notify each Designated Creditor who has filed a Proof of Claim as to whether such Designated Creditor's Claim has been revised or rejected and the reasons therefor by delivery of a Notice of Disallowance by facsimile or registered mail substantially in the form attached as Schedule "B" hereto. Where the Monitor does not deliver by the aforementioned date a Notice of Disallowance to a Designated Creditor who has submitted a Proof of Claim, then the Monitor shall be deemed to have accepted such Designated Creditor's Claim, which Designated Creditor's Claim shall be treated as a Proven Claim for Funds Distribution Process purposes.

5. Any Designated Creditor who intends to dispute a Notice of Disallowance shall, within ten calendar days of the date of the Notice of Disallowance, notify the Monitor in writing of such intention by delivery of a Dispute Notice substantially in the form attached as Schedule "C" hereto to the Monitor by facsimile or registered mail.
6. Where a Dispute Notice is delivered the Designated Creditor and the Monitor, in consultation with the Applicants shall attempt to resolve same by agreement, which shall be concluded within fourteen (14) days of the delivery of the Dispute Notice. Where such a resolution by agreement is not reached, the Designated Creditor shall within seven (7) days thereafter apply to have the value of its Claim determined by the Court.
7. Where a Designated Creditor that receives a Notice of Disallowance fails to follow the procedure set out in paragraphs 5 and 6 hereof, the value of such Designated Creditor's Claim for all purposes of the Funds Distribution Process shall be deemed to be as set out in the Notice of Disallowance.
8. A Designated Creditor that does not file a Proof of Claim by the Claims Bar Date or such later date as the Monitor and such Designated Creditor may agree, or this Court may order, such Creditor shall be forever barred from making any Claim against the Applicants and shall not be entitled to any distribution under the Funds Distribution Process provisions hereof, and such Designated Creditor's Claim shall be forever extinguished.

DISTRIBUTION

9. Within thirty (30) days after the Claims Bar Date, or the final resolution of all claims made by Designated Creditors, whichever is the later, the Applicants and/or the Monitor shall make motion to the Court upon notice to all Designated Creditors for a Final Distribution Order which shall, *inter alia*, establish and set out the priority for payment purposes of all Proven Claims.

DATED at Halifax, Province of Nova Scotia, this 7th day of April, 2017.

DEPUTY PROTHONOTARY

SCHEDULE "A": INSTRUCTIONS AND PROOF OF CLAIM

Instruction Letter for the Claims Procedure of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited (the "Applicants")

A. CLAIM PROCEDURE FOR DESIGNATED CREDITORS

By Order of The Supreme Court of Nova Scotia made April 7, 2017, under the *Companies' Creditors Arrangement Act* (the "CCAA"), the Applicants under the supervision of the Monitor, Deloitte Restructuring Inc. ("the Monitor"), have been authorized to conduct a claims procedure under the CCAA (the "Claims Procedure").

This letter provides instructions for responding to or completing the following forms:

- Proof of Claim
- Proxy
- Notice of Disallowance
- Dispute Notice

The Claims Procedure is intended for any Designated Creditor with a secured claim against the Applicants prior to August 31, 2016, (collectively the "Claims"). Please review the enclosed material for the complete definition of Designated Creditor and Claim

If you have any questions regarding the Claims Procedure, please contact the Court-appointed Monitor at the address provided below.

All notices and enquiries with respect to the Applicants' Claims Procedure should be addressed to:

James Foran
Vice President, Financial Advisory Services
Deloitte
1969 Upper Water Street, Suite 1500,
Halifax, NS, Canada B3J 3R7
Tel 902-721-5614
Fax 902-423-5820
Mobile 902-802-2789
jforan@deloitte.ca

B. FOR DESIGNATED CREDITORS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim against either of the Applicants you will have to file a Proof of Claim with the Monitor. The Proof of Claim must be received by 6:00 p.m. (Halifax Time) on April 28, 2017, the Claims Bar Date, unless the Monitor agrees in writing or the Court orders that the Proof of Claim be accepted after that date.

Additional Proof of Claim forms can be obtained by contacting the Monitor at the telephone and fax numbers indicated above and providing particulars as to your name, address and facsimile number. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

If the Monitor after consultation with the Applicants disagrees with the value or status that you have ascribed to your Claim or the validity of your Claim as set out in your Proof of Claim, you will receive a Notice of Disallowance from the Monitor (see "For Designated Creditors Receiving Notice of Disallowance" below for details).

C. FOR DESIGNATED CREDITORS RECEIVING NOTICE OF DISALLOWANCE

If you have sent a Proof of Claim, the Monitor, after consultation with the Applicants, is entitled to challenge the valuation, status or validity of your Claim by sending to you a Notice of Disallowance no later than May 8, 2017. If the Monitor does not send you such a Notice, the Applicants are deemed to have accepted your Claim (but not any priority you may assert).

D. FOR DESIGNATED CREDITORS SUBMITTING DISPUTE NOTICE

If you are sent a Notice of Disallowance, you are entitled to dispute the disallowance of your Claim by sending by delivery, facsimile or courier a Dispute Notice (which will be enclosed with your Notice of Disallowance) to the Monitor which must be received by no later than Ten (10) days after the issuance of the Notice of Disallowance. If a Dispute Notice is not received by the Monitor by this time, your Claim will be finalized on the basis set out in the Notice of Disallowance.

Once the Monitor has received your Dispute Notice, you will be contacted by the Monitor to see if the dispute can be resolved. If the dispute cannot be resolved within fourteen (14) days of the delivery of the Dispute Notice, you must within seven (7) days thereafter apply to have the value of your Claim determined by the Court, failing which the Notice of Disallowance shall stand and be absolutely determinative of your claim.

Proof of Claim of [Name of Applicants(s)]

(hereinafter referred to as the "Applicants[s]")

Please read carefully the attached Instruction Letter for completing this Proof of Claim.

A. PARTICULARS OF CREDITORS

- 1 Full Legal Name of Designated Creditor: *[specify]* (the "Designated Creditor").
(Full legal name should be the name of the original Designated Creditor of the Applicants[s], notwithstanding an assignment of a Claim, or a portion thereof, has occurred).
 - 2 Full Mailing Address of the Designated Creditor *[the original Designated Creditor not the Assignee]: [specify]*
 - 3 Telephone Number: *[telephone number]*
 - 4 Facsimile Number: *[fax number]*
 - 5 Attention (Contact Person): *[specify]*
- Has the Claim been sold or assigned by the Designated Creditor to another party?
Yes No

B. PARTICULARS OF ASSIGNEE(S) *[if any]*

- 1 Full Legal Name of Assignee(s): *[specify]*
[If Claim has been assigned, insert full legal name of assignee(s) of Claim (if all or a portion of the Claim has been sold). If there is more than one assignee, please attach separate sheet with the required information.]
- 2 Full Mailing Address of the Assignee: *[specify]*
- 3 Telephone Number: *[telephone number]*
- 4 Facsimile Number: *[fax number]*
- 5 Attention (Contact Person): *[specify]*

C. PROOF OF CLAIM

I, *[name of Designated Creditor or Representative of the Designated Creditor]*, do hereby certify:

- 1 that I *[tick one]*
 am the Designated Creditor of *[one or both]* of the Applicants[s]; **OR**
 hold the position of *[specify]* of the Designated Creditor,
and have knowledge of all the circumstances connected with the Claim described therein;
- 2 the Designated Creditor asserts its claim against *[List the Applicants(s) against which you assert your claim]* and
- 3 Such Applicants[s] is *[are]* indebted to the Designated Creditor as follows:
TOTAL CLAIM: \$[amount] CAD

(Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as at August 31, 2016. U.S. exchange rate conversion on such date was \$1.3124).

D. PARTICULARS OF CLAIM

The Particulars of the undersigned's total Claim and Security are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction[s] or agreement[s] giving rise to the Claim, name of any guarantor who has guaranteed the Claim, and amounts of invoices, particulars of all credits, discounts, *etc.* claimed, description of the security granted by the Applicants[s] to the Designated Creditor and estimated value of such security.)

DO NOT ASSERT OR CLAIM ANY PRIORITY FOR YOUR CLAIM. THE PRIORITY OF ALL CLAIMS WILL BE DETERMINED BY THE COURT IN A SUBSEQUENT FINAL DISTRIBUTION ORDER. YOU WILL RECEIVE NOTICE OF THE APPLICATION FOR SAID ORDER, AND YOU WILL BE ABLE TO MAKE REPRESENTATIONS AS TO PRIORITIES AT THAT TIME.

Dated at [place] this [day] day of April, 2017

Per: _____

[Name of Creditor]

This Proof of Claim must be received by the Monitor no later than 6:00 p.m. (Halifax Time) on April 28, 2017, by delivery, courier, email or facsimile at the following address:

Attention: James Foran
Vice President, Financial Advisory Services
Deloitte
1969 Upper Water Street, Suite 1500,
Halifax, NS, Canada B3J 3R7

Fax 902-423-5820

Email: jforan@deloitte.ca

SCHEDULE "B"

Reference Number [*number*]

NOTICE OF DISALLOWANCE

In the Matter of Victory Farms Incorporated and Jonathan Mullen Mink Ranch (the "Applicants") and the Companies' Creditors Arrangement Act

Limited *Please read carefully the Instruction Letter accompanying this Notice.*

TO: [*name of Designated creditor*]

The Monitor hereby gives you notice that they have reviewed your Claim and has revised or rejected your Claim.

A. REASONS FOR DISALLOWANCE OR REVISION

Explanation of revision or rejection

If you dispute this Notice of Disallowance, the Monitor must receive from you a Dispute Notice (which is enclosed with this Notice of Disallowance), which must be received by no later than Ten (10) days after the issuance of this Notice of Disallowance. If a Dispute Notice is not received by the Monitor by this time, your Claim will be finalized on the basis set out in this Notice of Disallowance.

The form of Dispute Notice is enclosed.

If you do not deliver a Dispute Notice, your Claim shall be deemed to be as set out in this Notice of Disallowance.

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF DISALLOWANCE WILL BE BINDING UPON YOU.

Dated at Halifax, Nova Scotia, this day of , 2017.

James Foran, Deloitte Restructuring Inc.
in its capacity as the Court-appointed monitor
of Victory Farms Incorporated and
Jonathan Mullen Mink Ranch Limited

SCHEDULE "C"

Dispute Notice

TO: Deloitte Restructuring Inc., in its capacity as Monitor of Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited

Please read carefully the Instruction Letter accompanying this Notice.

We hereby give you notice of our intention to dispute the Notice of Disallowance bearing Reference Number [number] and dated [date] issued in respect of our claim.

Reasons for Dispute [attach additional sheet and copies of all supporting documentation if necessary]: [specify]

Name of Designated Creditor: [specify].

[Signature of individual completing this dispute] [date]

[Please print name and position]

Telephone Number: [telephone number]

Facsimile Number: [fax number]

Full Mailing Address: [address]

THIS FORM TO BE RETURNED TO THE MONITOR BY COURIER OR FACSIMILE AND BE RECEIVED NO LATER THAN 6:00 P.M., Halifax time, WITHIN 10 DAYS OF THE DATE OF THE NOTICE OF DISALLOWANCE BY:

Deloitte Restructuring Inc.
1969 Upper Water Street, Suite 1500,
Halifax, NS, Canada B3J 3R7

Attention: James Foran
Vice President, Financial Advisory Services

Fax 902-423-5820

Email: jforan@deloitte.ca