

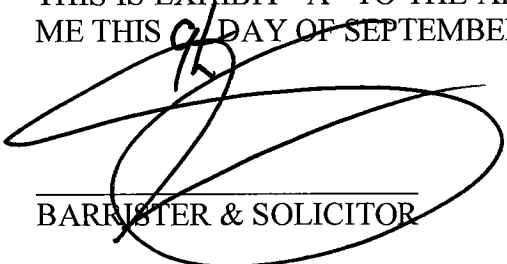
2016

Hfx. No. 454744

Supreme Court of Nova Scotia

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

THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF JONATHAN MULLEN SWORN BEFORE
ME THIS 9th DAY OF SEPTEMBER, 2016



BARRISTER & SOLICITOR

Tom Hill

Interim Financing Term Sheet

Dated as of September 7, 2016

WHEREAS the Borrower (as defined below) has requested that the Interim Lender (as defined below) provide financing to fund certain of the Borrower's obligations during the Borrower's proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), before the Nova Scotia Supreme Court (the "**Court**") and in accordance with the terms and conditions set out herein;

AND WHEREAS, the Interim Lender has agreed to provide financing in order to fund certain obligations of the Borrower in the context of its CCAA Proceedings in accordance with the terms set out herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

Borrower: Victory Farms Incorporated and Jonathan Mullen Mink Ranch Limited ("Borrower")

Interim Lender: North American Fur Auctions Inc. (the "Interim Lender")

Facility: **Demand Revolving Loan** ("DRL") Facility in the maximum amount of \$1,500,000.00 (or US\$ equivalent). The DRL will be drawn and advanced in tranches for amounts requested by the Borrower and approved by the Monitor. Amounts outstanding under the DRL shall bear interest at twelve per cent (12%) per annum payable monthly on the last day of each month during which any portion of the DRL remains outstanding.

Purpose: To provide Debtor in Possession funding ("DIP Financing") and provide working capital financing, as evidenced in Borrower's cash flow projections provided to the Interim Lender.

Term: Twelve (12) months, creditor approval of a plan of arrangement, date of bankruptcy, or date of abandonment of CCRA proceedings, whichever shall be the sooner.

The DRL Facility herein can be repaid in full, without penalty at any time, provided that a 30-day prior written notice is given to the Interim Lender.

Repayment: Expiry of the term.

Fees: Work fee and due diligence fee of \$25,000.00 non-refundable, payable on granting of the Order approving the DIP Loan and the DIP Charge.

Covenants: Borrower agrees:

1. To pay all sums of money due under this agreement on demand;
2. Not to change its name or merge, amalgamate or consolidate with any other corporation without the prior written consent of the Interim Lender;
3. Not to make any capital expenditures, acquisitions or incur any debt outside of Court approved cash flows, without prior written consent of the Interim Lender;
4. To give the Interim Lender prompt notice of any Event of Default or any event which with notice or lapse of time or both would constitute an Event of Default;
5. Not to make any payments to any shareholder or director of the Borrower without the prior consent of the Interim Lender; and
6. Not to seek or support the granting of any Order which provides for a security interest in any of the assets of the Borrower ranking in priority to that in favour of the Interim Lender, other than the Admin Charge described below.

Conditions: The obligation of the Interim Lender to make the Facility available shall be subject to and conditional upon each of the following:

- Borrower shall have obtained an Order (the "DIP Order") of the Supreme Court that provides for *inter alia*:
 - The creation of an Interim Lender DIP Charge on terms satisfactory to the Interim Lender;
 - A stay of proceedings pursuant to the provision of the CCAA (the "Initial Order");
 - The ongoing communication, regarding the Borrower and the CCAA process, of information by the Monitor to the Interim Lender;
 - The Initial Order and the DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim Lender;
 - The Interim Lender and its advisors shall be provided with and the Interim Lender shall be satisfied with Borrower's proposed and future cash flow projections (as the same may be amended in form and substance satisfactory to the Interim Lender (the "Cash Flow"));
 - Borrower shall be in compliance with the Initial Order, the DIP Order and any amendments thereto and the

Borrower's operating results shall substantially comply with the Cash Flow;

The Interim Lender's security interest under the Order ranking first over the livestock (mink) of the debtor, including breeding stock, the pelts derived therefrom, and the proceeds thereof, but subject to an Admin charge as provided in the Initial Order not exceeding \$150,000;

- Borrower agrees to furnish all assistance and information, to perform such acts as the Interim Lender reasonably requests, and to grant to the Interim Lender or its authorized agents, not acting unreasonably, access to Borrower's premises and to all places where assets may be located, during normal business hours, to verify the accounts receivable, inventory and fixed assets and the general condition of the business of the Borrower; and
- The Interim Lender to be provided with any other reporting reasonably requested.

Reporting: **Monthly within 30 days of month end**

The Borrower shall provide to the Interim Lender, on a monthly basis, within 15 days of the end of each month:

1. Bank statements of Borrower;
2. Summary Report on health of mink crop;
3. Evidence of payment of government remittances (i.e.: employee source deductions, HST, etc.);
4. Internally prepared financial statements comprising balance sheet and income statement for Borrower.

Annually within 60 days of fiscal year

The Borrower shall provide to the Interim Lender, within 60 days of the Borrower's fiscal year accountant prepared financial statements of the Borrower.

Expenses:

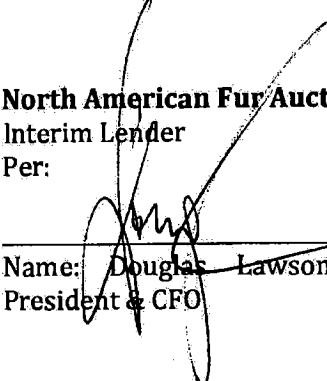
All reasonable costs incurred by the Interim Lender including legal fees, professional fees, search and registration fees, etc in implementing or attempting to implement this Facility, any ongoing charges incurred in maintaining or reviewing this Facility or the security requirements of the Interim Lender, plus any costs of collection, enforcement, realization and / or subsequent discharges, are for the account of Borrower. Such costs shall bear interest at the rate set out above, from the date on which they are incurred by the Interim Lender.

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and all of which counterparts taken together shall constitute one and the same agreement.

Copies of this Agreement provided by facsimile transmission or email transmission shall be conclusively deemed to have been executed and delivered and shall be binding on the party delivering such copy.

In witness whereof the parties hereto have executed these presents all as at the 7th day of September, 2016.

North American Fur Auctions Inc.,
Interim Lender
Per:


Name: Douglas Lawson, Senior Vice
President & CFO

Victory Farms Incorporated, Borrower
Per:


Name: Jonathan Mullen, President

Jonathan Mullen Mink Ranch Limited,
Borrower
Per:


Name: Jonathan Mullen, President

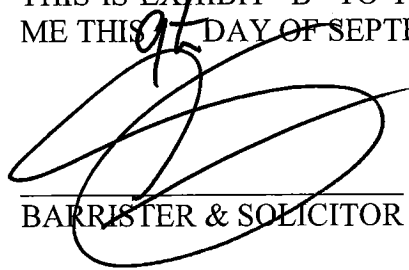
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THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF JONATHAN MULLEN SWORN BEFORE
ME THIS ^{9th} DAY OF SEPTEMBER, 2016



A large, stylized handwritten signature in black ink, appearing to read 'Tim Hill', is written over the printed text 'BARRISTER & SOLICITOR'.

BARRISTER & SOLICITOR

Tim Hill

Victory Farms Incorporated and Jonathan Mullen Milk Ranch Limited
 Consolidated Cash Flow Projections
 For the 13 weeks September 2 to November 25, 2018

	1 2-Sep	2 9-Sep	3 16-Sep	4 23-Sep	5 30-Sep	6 7-Oct	7 14-Oct	8 21-Oct	9 28-Oct	10 4-Nov	11 11-Nov	12 18-Nov	13 25-Nov	Total
Opening cash	600,000	477,820	238,850	45,150	176,017	62,619	91,777	175,388	35,588	218,070	69,132	64,398	168,273	600,000
Operating inflows	-	-	-	-	32,190	-	-	-	32,468	4,724	-	-	88,915	218,207
HST	-	-	-	-	52,150	-	-	-	52,468	4,734	-	-	89,315	219,307
Total inflows	-	-	-	-	84,340	-	-	-	84,936	9,458	-	-	98,230	437,514
Operating outflows	15,504	19,177	8,478	29,177	8,686	26,003	8,478	19,177	8,642	31,958	11,201	25,286	11,506	213,024
Compensation	96,304	96,304	96,304	96,304	96,304	117,580	117,580	117,580	117,580	117,580	117,580	117,580	117,580	1,422,132
Feed costs	-	88,436	-	-	73,297	73,297	3,813	1,383	2,959	3,233	4,048	2,798	19,009	286,143
Contracted milk cans	2,793	3,273	2,693	1,873	2,273	2,313	34,867	1,383	29,136	900	29,136	900	33,132	309,529
Operating expenses	6,000	50,000	84,445	-	36,445	-	1,650	-	28,186	900	29,136	900	33,132	309,529
Professional fees	1,780	1,780	1,780	1,780	1,780	1,650	1,650	1,650	1,650	900	900	900	900	19,110
Repairs and maintenance	122,150	239,970	193,700	119,133	149,597	220,843	186,388	139,800	159,987	153,671	254,295	146,564	180,959	2,242,073
Total outflows	(122,150)	(239,970)	(193,700)	(119,133)	(113,397)	(220,843)	(186,388)	(139,800)	(67,518)	(148,937)	(254,295)	(146,564)	(92,040)	(2,023,766)
Operating cash flow	477,820	238,850	45,150	176,017	62,619	158,223	74,612	35,588	31,930	69,132	165,152	61,727	76,234	(1,412,766)
Cash position (before DIP)	-	-	-	250,000	-	250,000	250,000	-	250,000	-	250,000	250,000	250,000	1,500,000
DIP Funding	477,820	238,850	45,150	176,017	62,619	91,777	175,388	35,588	218,070	69,132	64,838	168,273	76,234	76,234
Closing cash position (after DIP)	477,820	238,850	45,150	176,017	62,619	91,777	175,388	35,588	218,070	69,132	64,838	168,273	76,234	76,234