

**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
(Re: Stay Extension Motion returnable January 31, 2022)**

Date: January 26, 2022

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I N D E X

Tabs	Document
1	Notice of Motion dated January 26, 2022
2	Affidavit of Doug Lawson January 25, 2022
A	Exhibit A – Teaser
4	Draft Stay Extension Order

TAB 1

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

ONTARIO
SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP. Z OO and NAFA
POLSKA SP. Z OO

(the “**Applicants**”)

NOTICE OF MOTION
(Returnable January 31, 2022)

The Applicants (“NAFA” or the “**Applicants**”) will make a motion for an Order seeking the relief set out herein to Justice McEwen of the Ontario Superior Court of Justice (Commercial List), on Monday, January 31, 2022, at 2:00 p.m. or as soon after that time as the motion can be heard by Zoom video conference due to the COVID-19 pandemic.

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

THE MOTION IS FOR:

1. An Order, substantially in the form attached at **Tab 3** hereto (the “**Order**”):
 - (a) to extend the stay of proceedings (“**Stay Period**”) from January 31, 2022 to and including April 29, 2022;
 - (b) to further extend the Stay Period from April 29, 2022 up to and including July 29, 2022 (the “**Extended Stay Period**”) upon the filing of a Monitor’s certificate (the

“**Monitor’s Certificate**”) certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and Farm Credit Canada (“**FCC**”) to the Extended Stay Period;

(c) to approve the activities, conduct, and fees of the Monitor, and its counsel, Miller Thomson LLP, as set out in its Eighth Report to Court to be filed (the “**Eighth Report**”); and

(d) to seal certain a confidential appendix to the Eighth Report of the Monitor, to befiled.

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.
3. The Applicants require more time to continue their restructuring efforts.

NAFA’s Continued Operations

4. NAFA has continued to operate its business with the goal of reducing expenses, maximizing collections and considering it strategic options.
5. NAFA has entered into a conditional agreement with an arm’s length party to acquire the majority of the remaining NAFA operational assets and real estate, excluding the existing mink inventory or other existing account receivable, litigation or insurance assets otherwise being actively pursued in this proceeding by NAFA.
6. The proposed agreement will be put before the court for approval once conditions (other than court approval) have been waived.

7. During the last stay extension, NAFA's operational efforts include the sale of fur inventory, obtaining pelt prices above 2020 projections, pursuing foreign litigation, selling real property, and collection of long-term debts.

8. NAFA continues to pursue foreign litigation against large debtor farmers, which litigation has been progressing steadily with further recoveries to date, including the seizure of almost a million (CDN) worth of fur proceeds.

9. NAFA continues to pursue its insurance claims with respect to coverage for protracted defaulted debts.

10. NAFA continues to work with the Monitor in the process of pursuing long-term debts owing to the Company, and believes this will be essential in generating surplus for its stakeholders.

11. NAFA continues to canvas interest for the sale of its remaining business or its remaining assets in a cost efficient manner.

12. NAFA continues to reduce its operational costs.

Cash Flow Forecast

13. NAFA, in consultation with the Monitor, has prepared a cash flow forecast for the current proposed Stay Period.

14. The cash flow forecast demonstrates that NAFA will have sufficient funds to maintain operations through the proposed extension of the Stay Period.

15. Saga and KF will be holding in person auctions starting at the end of February 2022; Saga and KF have a substantial amount of NAFA pledged fur. NAFA expects to obtain the auction results and proceeds from the February and March auctions in March and April, 2022.

Other Stakeholders Interested in these CCAA Proceeding

16. The Applicants believe that there likely are sufficient remaining assets and opportunities for NAFA such that there will be funds available to provide some recovery to creditors after repayment of the Agent. Nonetheless, it is projected that repayment of the Agent will not happen within the proposed extension of the Stay Period.

17. There are a number of other stakeholders that are owed a substantial amount of money from the Applicants that would benefit from a recovery in this CCAA proceeding.

Extension

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

19. The Monitor is supportive of NAFA seeking an extension of the Stay Period to and including April 29, 2022.

20. In an effort to minimize costs, NAFA has prepared the draft Order to include the ability of a further stay extension to July 29, 2022, or an earlier date as agreed by the Agent, FCC and the Applicants (defined above as the “**Extended Stay Period**”), without attendance or further Order of this Court, upon the filing of the Monitor’s Certificate certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and FCC to the Extended Stay Period.

21. Pursuant to paragraphs 35 and 36 of the Initial Order, the Monitor and its counsel shall be paid their reasonable fees and disbursements and shall pass their accounts before the Court.

22. The Eighth Report, and the fee affidavits annexed thereto, set out the total fees and disbursements of the Monitor and its legal counsel, Miller Thomson LLP. The Monitor and its legal counsel’s fees and disbursements, as set out in the Eight Report and the fee affidavits, are

reasonable and ought to be approved by the Court.

Sealing Order

23. 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.

24. The salutary effects to seal the cash flow forecast appended to the Eighth Report of the Monitor outweigh any deleterious effects to NAFA in the event that it is not sealed.

Other Grounds

25. The other grounds set out in the Affidavit of Douglas Lawson affirmed January 25, 2022;

26. The provisions of the CCAA, including section 11 thereof, and the inherent and equitable jurisdiction of this Honourable Court;

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

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

29. 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:

30. The Affidavit of Doug Lawson affirmed January 25, 2022;

31. The Eighth Report of the Monitor (and the fee affidavits of Jordan Sleeth and Asim Iqbal annexed thereto), to be filed; and,

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

Date: January 26, 2022

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To: The Service List

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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: Stay Extension Motion returnable January 31, 2022)

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TAB 2

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
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(the "**Applicants**")

AFFIDAVIT OF DOUGLAS LAWSON

(Affirmed January 25, 2022)

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,

2. I have stated the source of that information and verily believe it to be true. 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 swear 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 January 31, 2022 to and including April 29, 2022;

(b) a further extension of the Stay Period from April 29, 2022 up to and including July 29, 2022 (the “**Extended Stay Period**”) upon the filing of a Monitor’s certificate (the “**Monitor’s Certificate**”) certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and Farm Credit Canada (“**FCC**”) to the Extended Stay Period;

(c) approval of the conduct and fees 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 Eighth Report to Court, to be filed (the “**Eighth Report**”); and

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

6. These CCAA proceedings have been extended several times. The last Order extending the Stay Period was granted on September 29, 2021, which initially extended the Stay Period to November 5, 2021 and then, upon the filing of a Monitor's Certificate with the consent of the Agent, the Company, and FCC, further extended the Stay Period to January 31, 2022.

7. 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.

8. 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 and real estate assets, will allow for the repayment of the indebtedness owing to the Agent and thereafter likely for money to be available for other secured creditors and unsecured creditors, which could result in the Company making a plan of arrangement in these proceedings at a future date.

Operations since the September 29, 2021 Stay Extension Order

9. In accordance with the plans set out in my affidavit sworn September 24, 2021 (my "**Sept 2021 Affidavit**" or my "**Last Affidavit**"), NAFA has continued to operate its business with the goal of reducing expenses and maximizing collections and considering its strategic options. In particular, NAFA has attended to the following (as further described hereafter):

- (a) continued to prosecute litigation against various significant borrowers that have not fully repaid NAFA for loans NAFA advanced to them in 2019 or earlier;

- (b) collected and settled certain long-term debts and pursued the settlement and collection of others;
- (c) 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;
- (d) advanced its insurance claims, including the filing of 26 claims as of the date of this affidavit;
- (e) engaged in the process of finding buyers and sellers for certain fur pelts and earning a commission thereon (the “**Brokerage Business**”) and continued to raise awareness of NAFA’s continued presence in the international fur industry; and,
- (f) engaged in negotiations with respect to the sale of its real estate assets and remaining assets relating to its business.

Cash Flow Variance and Cash Flow Going Forward

10. Throughout the period of the last stay extension, NAFA managed its cash flow and maintained sufficient liquidity materially in line with the cash flow projections provided to the Court in September 2021 and November 2021. The Monitor, the Agent and FCC were sufficiently satisfied with the cash flow projections prepared by NAFA, with the assistance of the Monitor, in November 2021 to consent to the extension of the Stay Period to January 31, 2022 by the Monitor filing a certificate with the Court without necessitating a return to Court in November, which would otherwise have been the case. I understand the Monitor will report further on this in its Eighth Report.

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

12. Since actual receipts and disbursements were last reported by the Monitor to the Court, the Company repaid approximately \$926,000 of the debt owing to the Agent and otherwise met its operational liabilities as and when they were due. This amount was lower than projected, and the reason for the lower repayment to the Agent will be explained in greater detail in this affidavit.

13. The Company, with the Monitor's assistance, has developed a cash flow forecast (the "**Cash Flow Forecast**") to April 29, 2022, being the Stay Period. An initial draft of the Cash Flow Forecast was provided to the Agent on January 19, 2022 and a further draft of the Cash Flow Forecast was provided to the Agent on January 24, 2022 for its review and comment.

14. I reviewed the Cash Flow Forecast before swearing this affidavit and it demonstrates that the Applicants are forecast to have sufficient funds to maintain operations through the proposed Stay Period. The Cash Flow Forecast is to be appended to the Eighth Report as Confidential Appendix "1".

Sale Process

15. As reported in my Last Affidavit, NAFA, in consultation with the Monitor, drafted a non-confidential "Teaser" attached hereto as **Exhibit "A"**, to interested parties and prepared a form of NDA so that it can pursue any serious interest in the assets or business of NAFA.

16. Since then, NAFA, in consultation with the Monitor, sent the Teaser to approximately 70 different entities around the world that were identified as being possible buyers in the marketplace. These entities include Saga, certain First Nations groups, and active manufacturers and buyers in the fur industry.

17. After the Teaser was released, NAFA, in consultation with the Monitor, received inquiries and communications from various potential buyers from around the world. These communications are confidential, and to the extent necessary, NAFA will report further on these when it seeks approval of a sale transaction from the Court.

18. In the early summer 2021, NAFA received material interest from a party (the “**Purchaser**”) who expressed an interest in acquiring the remaining business assets of NAFA (excluding the existing mink inventory or other existing account receivable, litigation or insurance assets otherwise being actively pursued in this proceeding by NAFA) along with NAFA’s real property assets, being its remaining owned facilities in Poland and Wisconsin. Included in the business assets to be acquired is the Blackglama trademark.

19. After reviewing the proposed transaction with the Monitor, the Agent, and local counsel in Poland and Wisconsin, NAFA negotiated and entered into an asset purchase agreement for the sale of the above referenced assets with the Purchaser effective December 21, 2021 (the “**APA**”), which APA was subsequently amended on January 21, 2022. The APA contemplates the transaction being concluded in two phases. The transactions under the APA are conditional on, among other things, Court approval. The Purchaser has paid the required deposit under the APA.

20. The transactions contemplated by the APA are not being put forward to this Court for approval at this time because they remain subject to the Purchaser satisfying a financing condition. The agreement is otherwise binding on NAFA and the Purchaser.

21. NAFA intends to return to Court to seek the approval of the transaction as soon as possible once the Purchaser waives the financing condition.

22. NAFA, after consulting with the Monitor, has advised other parties who had expressed an interest in any or all of the assets subject to the transactions under the APA that NAFA has elected to pursue another transaction at this time. If the purchaser is unable or unwilling to waive the conditions under the APA, NAFA will consult with the Monitor about renewing negotiations with third parties about these assets.

23. The Cash Flow Forecast accounts for the receipt of the proceeds from the first phase of this sale (assuming Court approval of the transaction). However, as it is anticipated that the entirety of the net proceeds from the sale will be paid directly to the Agent, the sale proceeds are effectively a flow-through to the Agent and do not impact the available cash during the Stay Period. Of course, the repayment to the Agent from the sale proceeds will materially reduce the amounts owing to the Agent and therefore the interest costs being paid to the Agent by NAFA.

Auction Receipts and Future Auctions

24. The last material auctions by Saga, AME and KF were completed in September 2021 (other than a smaller online auction administered by Saga in December 2021). As reported in my Last Affidavit, while the pricing for mink remained relatively strong in September 2021 (although not as strong as in June 2021), the volume of mink sold in September was less than I anticipated in my affidavit of April 1, 2021.

25. As such, a material amount of the 2019 mink remain at Saga for sale in 2022. I understand the Monitor has attempted to consult with Saga to satisfy itself that material quantities still exist to be sold in the next auction that Saga will be holding.

26. There has been some correspondence with Saga this month about the exact quantity and nature of the remaining skins. There appears to be a discrepancy between NAFA's records and Saga's records, which is being investigated further. NAFA has asked the assistance of the Monitor to review this issue.

27. In September 2021, Saga provided proceeds of approximately \$915,000 to NAFA for mink that were grown in 2019.

28. NAFA also received approximately \$465,000 from sales of mink at KF.

29. While a substantial proportion of the above proceeds were paid to the Agent, the larger repayment of the Agent that was forecast to occur from the sales in June and September of 2021 has been delayed until the auctions to be conducted in 2022.

30. As set out above, Saga held an auction in December 2021. The December auction has traditionally been a small auction and relatively few mink are sold at that auction. The pricing at the December auction for mink was weaker than in September, but I attribute this change to the arrival of the Omicron variant of Covid-19 and other global pandemic issues.

31. NAFA received a small amount of proceeds from the December auction. I do not believe the results of the December auction accurately reflect the anticipated prices in March 2022 when the main auction season resumes. I expect the pricing in March to be akin to the pricing in September 2021 and I expect the pricing and sales in June 2022 to be stronger, if the pandemic recedes by that point as expected. In this respect, I recall the very high prices seen in June 2021 which accompanied the anticipated return to normal of the mink market at that time.

32. The Cash Flow Forecast uses median prices derived from the main 2021 auctions in its models and does not use the pricing from December 2021.

33. The Cash Flow Forecast projects the sale of the majority of the remaining 2019 mink in this season's auctions, along with the sale of certain additional pelts received from a settlement in the Gasiorek matter, described below.

Future Auctions

34. As a result of the pandemic and the collapse of KF described in my earlier affidavits in these proceedings, the method for conducting auctions in the mink business continues to experience significant disruption.

35. In 2022, each of KF and Saga have announced their intention to hold a mix of online and in person auctions.

36. Saga and KF have each advised that they intend to pursue 3 auctions between February and July this year. In each case, 2 auctions will be in person, if health conditions allow for such an event to be held, and the other will be online only.

37. KF, as recently as January 21, 2022, has advised that despite the pandemic and the Omicron Covid-19 variant, it intends to hold the first in person auction of the season starting February 24, 2022. Saga has stated that it will hold its first in person auction starting on March 7, 2022.

38. Both Saga and KF will hold online auctions in late April and expect to return to in person auctions in June. The June auctions will commence on June 22 for KF and June 13 for Saga.

39. The Cash Flow Forecast projects receipts from the first auctions of this season. While not in the current Cash Flow Forecast, NAFA projects materially less receipts from the April online auctions than from the in person March and June auctions.

40. The Cash Flow Forecast contains confidential business information and assumptions about the Company which, if disclosed, could hamper or interfere with the restructuring of the Company or the maximization of value. Accordingly, the Cash Flow Forecast is being filed as a confidential appendix to the Monitor's Eighth 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

41. 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.

42. 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

43. 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.

44. 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.

45. As reported in my Last Affidavit, NAFA was finally successful in getting the Latvian insolvency administrator to deliver the Grobina pelts to KF, where some were sold at auction in 2021, resulting in the proceeds of \$465,000 from KF auctions set out above.

46. In addition, NAFA is holding 50,047 pelts in storage. NAFA seized these pelts in Latvia from the entity known as "CR7". As described in my previous affidavit in this matter, immediately before the insolvency of Grobina in 2019, CR7 seized a material number of the Grobina pelts, which were subject to NAFA's security 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 to offset, in part, the harm NAFA asserts was done to it by CR7 and Grobina if successful in the litigation.

47. Unfortunately, NAFA requires either a court order in Latvia or a resolution with CR7 in order to proceed with the sale of these pelts. As such, the pelts remain in storage and are in danger of missing another auction season if NAFA cannot reach a resolution that allows for the sale of these pelts soon.

48. CR7 had been engaged in the production of mink in Latvia at the site of the Grobina farm, but it was recently evicted by Citadel Bank, another creditor of Grobina with whom NAFA reached a resolution previously reported to this Court.

49. I am advised by Sebastian Jansen, NAFA's senior European executive, that CR7 left its mink business at the Grobina farm in disarray in the face of this eviction, including causing the destruction of a material amount of mink, which ultimately could not be salvaged.

50. A further hearing in Latvia was scheduled for January 26, 2022. Unfortunately, I was advised on January 20, 2022 by our Latvian counsel that the new administrator of the Grobina estate, who was only just appointed to the matter in the middle of 2021, has now also been dismissed by the Latvian Insolvency Control Service who revoked the administrator's certificate due to violations of its duties. As a result, the hearing which was to be January 26, 2022 is likely to be adjourned until a new administrator is appointed. It is expected that litigation will resume in the spring once a new administrator is appointed.

Kestutis

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

52. 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**”).

53. NAFA’s enforcement efforts against Kestutis were outlined in my Last Affidavit.

54. On November 16, 2021, NAFA engaged in a court supervised mediation of the Kestutis dispute in Lithuania. Canadian counsel and the Monitor attended remotely.

55. No resolution was reached at the first mediation but progress was such that the parties agreed to continue the mediation. The mediation continued on January 19, 2022 and is scheduled to continue in February 2022.

56. I remain hopeful that a resolution can be reached through this process. In the interim, NAFA is reserving all of its rights to enforce the Kestutis Judgment against any assets of Kestutis at any time, when such assets are located.

Gasiorek

57. NAFA’s single largest outstanding account owed to it by an operating farmer is owed by the Gasiorek Farms in Poland. As of December 2021, Gasiorek owed NAFA in excess of €10,000,000 (although there are also still a material number of Gasiorek pelts on hand at Saga awaiting sale, which will reduce this debt if sold and the sale proceeds are paid to NAFA).

58. NAFA holds material security in respect of this debt from Gasiorek, including real property security over its operating farms.

59. In December, after extensive negotiations between NAFA and Gasiorek, NAFA, in consultation with the Monitor and with the approval of the Agent, entered into an agreement with Gasiorek under which it agreed to forebear from enforcing its rights provided it received material payment in 2022 from Gasiorek.

60. In furtherance of this agreement, Gasiorek has delivered approximately 190,000 new pelts to SAGA, into a NAFA designated account, the proceeds of which are to be paid to NAFA in full when these pelts are sold. The sale of these new pelts is accounted for in the Cash Flow Forecast. It is hoped these mink will result in at least €4,000,000 in proceeds when sold, although it is not known if they will all be sold in 2022.

Insurance Claims

61. My August 2020 affidavit sets out a more detailed background regarding the insurance claims.

62. NAFA's employees, with oversight from the Monitor, prepared and filed 26 insurance claims pursuant to the policy. NAFA is considering its next steps in consultation with the Monitor and the Agent. NAFA remains of the view that there will ultimately be material recovery from these insurance claims.

221 Industrial Circle and 205 Industrial Circle Property

63. As anticipated in my Last Affidavit, Saga did not renew its lease at NAFA's Industrial Circle Properties but it did hold over on its current lease until December 31, 2021. The property has now been conditionally sold, as further set out below. SAGA has exited the premises.

64. This property is one of the assets to be sold under the APA discussed above.

Brokerage Business

65. As authorized in the Order of Justice McEwen dated November 5, 2020, NAFA has, during the last Stay Period, continued to explore the possible brokering of sales of North American furs to parties around the world, principally in Asia, who have previously done business with NAFA, or who are currently unable to attend Canada and investigate the product they are seeking.

66. It is my view that the continued travel restrictions to the United States have made it challenging to inspect and market wild fur. Moreover, the pandemic has disrupted international shipping and shipping costs have increased, which has also created another barrier to this business. NAFA has incurred minimal costs in connection with the development of this brokerage business.

67. The rise of the Omicron variant of Covid-19 has added additional uncertainty, which has inhibited the growth of the brokerage business.

68. NAFA has located in excess of 36,000 mink pelts at its storage facility in Wisconsin. NAFA has arranged for approximately 18,000 of these pelts to be shipped to a broker in Canada for sale. The sale of these pelts is included in the Cash Flow Forecast.

Current Location and Operations

69. NAFA continues to operate out of the Carlingview offices in North America and is charged modest rent for this privilege. Its lease expired at the end of 2021 and NAFA has extended its lease on the same terms for at least the next several months.

70. NAFA also maintains operations from its Polish facility with minimal staff pending the possible sale of the building as part of the APA discussed above.

Repayment of Agent and Other Creditors

71. The Applicants believe there are sufficient remaining assets and opportunities for NAFA such that there will be funds available to provide some recovery to creditors after repayment of the Agent. NAFA views on the values of its remaining assets have not materially changed since my Last Affidavit.

72. In particular, assuming the transactions under the APA discussed above close and substantially all the remaining 2019 mink are sold this auction season, I believe that the funds to be realized from (a) resolution with Gasiorek, (b) the outcome of the disputes with Grobina and Kestutis, and (c) resolution of the insurance claims with the insurers, will likely provide proceeds beyond what is required to repay the Agent. However, the timing of the receipts from those assets has proven to be uncertain and NAFA continues to incur material professional fees and interest and related fees on its outstanding indebtedness owing to the Agent, which, with the passage of time, reduce amounts available to the creditors after the Agent is repaid.

Extension

73. The current Stay Period under the Stay Extension Order will expire on January 31, 2022.

74. NAFA requests an extension of the Stay Period to and including April 29, 2022 to continue its restructuring efforts. In addition, NAFA has requested the ability to further extend the stay of proceeding to and including July 29, 2022 or such other earlier date as the Applicants, Agent, FCC, and the Monitor consent to upon the filing of a Monitor's Certificate.

75. This mechanism is intended to save costs of a further stay extension motion so temporally close to the current stay extension motion if the required parties, after reviewing a cash flow forecast for Extended Stay Period, consent to the extension of the Stay Period.

76. I am satisfied that NAFA will have sufficient funds to operate during the extension of the Stay Period.

77. The Monitor has advised me that it is supportive of NAFA seeking an extension of the Stay Period to and including April 29, 2022 and of the mechanism to further extend the Stay Period up to and including July 29, 2022.

78. 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.

79. Further, as set out in this affidavit, there are several matters under way that require the Company's continued involvement, including the insurance claims, the closing of the transactions contemplated by the APA, the foreign litigation, and resolving NAFA's debtors' long-term debt.

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

(a) extend the Stay Period to and including April 29, 2021 and the mechanism to further extend the Stay Period up to July 29, 2022;

(b) approve the conduct of the Monitor and its counsel as set out in the Eighth Report; and,

(c) 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 25th)
 day of January 2022, 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

This is Exhibit "A" referred to in the Affidavit of Douglas Lawson sworn remotely on this 25th day of January 2022.

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

Commissioner for Taking Affidavits (or as may be)

Stephen Gaudreau

NORTH AMERICAN FUR AUCTIONS INC. ("NAFA")

A Unique Investment
Opportunity



March 2021

NAFA OVERVIEW

North American Fur Auctions Inc. (“NAFA” or “Company”) is seeking expressions of interest to discuss a possible equity investment in or sale of its business.

NAFA was, prior to 2020, the third largest fur auction house in the world, conducting over US\$200 million in ranched and wild fur auction sales each year. Due to the dramatic reduction in worldwide mink and wild fur commodity prices over the past few years, as well as the subsequent impact of the COVID 19 pandemic on international travel, trade and retail demand, NAFA shuttered its facilities in 2020 and suspended auction operations. NAFA retains the necessary infrastructure to resume operations with new capital.

The North American fur market is clearly missing a truly producer-oriented North American auction house. With the impending shut down of Copenhagen Furs, and the uncertain regulatory regimes in Europe, North America is the obvious location from which to operate a successful fur auction business.

The worldwide market for fur is widely expected to see a dramatic turnaround in 2021 from near historic low commodity prices to more profitable pricing. This, plus the reduction of supply caused by COVID 19 culls of mink farming as well as the attrition to the farming community caused by the 2018-2020 price slump, has reversed the supply and demand trend, signaling materially higher prices and profits to come in the fur auction business going forward.

NAFA has been, and remains, in a formal administration under the Canadian Companies’ Creditors Arrangement Act (“CCAA”) since November 2019. In this process, NAFA remains under the care and control of its management and directors. NAFA is empowered, under that statute, and by Court order, to explore all restructuring opportunities including the sale of any or all of its assets or further investment. Any sale or investment in the business can be made on the basis that the new investor and the new business will have no liability for any existing liabilities of NAFA. Any sale or material investment in NAFA will be subject to the review and approval by the Court.

For all intents and purposes, NAFA can provide, or can easily identify, all of the assets which would be required by any party that wishes to re-start a fur auctioning business. These assets could provide a “turn-key” solution to the business. NAFA can either emerge from its restructuring through the injection of new capital, or it can be sold to a new party.

SUMMARY OF INVESTMENT OPPORTUNITY²⁸

- I. Turn Key operation able to apply decades of expertise to operate a credible auction as soon as February 2022 if investment secured.
- II. Immediate access to the unique Canadian wild fur market and North America fur market.
- III. North America provides a fur friendly legislative regime and political stability.
- IV. Existing key permits and shipping know how which enables the sale, import and export of fur.
- V. Existing and trained personnel available to collect, grade and auction fur.
- VI. Collapse of European auction house, Kopenhagen Fur, and unsatisfactory sales of North American product in European auctions in 2020 demonstrates need for North American auction house. North American producers in particular are looking to stay home in 2022 and beyond.
- VII. An investor would have the support of local North American fur associations, key members of whom are shareholders and directors of NAFA.
- VIII. NAFA is the owner of the industry leading Blackglama brand and other valuable intellectual property.
- IX. Court Administration process allows for sale or investment without a new investor inheriting legacy issues. The business can be delivered free and clear of any existing liabilities.
- X. Business can be acquired in whole or in parts, and redesigned to fit new business models without inheriting the legacy costs normally caused by the redesign of a business model. An investor with a business plan can pick and choose.

Upon execution of a confidentiality agreement, further information will be made available to interested parties.
[insert contact details]

Disclaimer:

This document is for informational purposes only. The information contained herein pertaining to NAFA, its assets or business is based on data provided by its management or its websites. No authoritative party expressly warrants the veracity of such information. The information contained in this document may be subject to change, revision or republishing and, in due course, may be subject to material change. NAFA makes no representations or warranties, expressed or implied, as to the accuracy, completeness, or reliability of the information contained in this document. Furthermore, NAFA is not obligated to provide any additional information to interest parties, nor update or correct any inaccuracies or errors that may be contained in this document. Any sale or material investment in NAFA will be subject to the review and approval by the Court.

BUSINESS OVERVIEW

The principal business of NAFA is the sale of raw fur pelts, primarily mink, at public auction. The Company's trading activities date back to the foundation of the Hudson's Bay Company ("HBC") in 1670. Each year, pelts are received on consignment from producers of ranch raised furs and harvesters of wild furs. The fur pelts are then graded into auction lots of similarly structured items and sold to fur brokers, garment manufacturers and dealers worldwide.

The Company's head office is located in Toronto, Ontario, very close to the Toronto International Airport. NAFA also owns buildings in Stoughton, Wisconsin and Poland, in which it collects and grades fur before that product is shipped onto Toronto where all fur consignments are ultimately consolidated and shipped to international buyers after each applicable auction.

Previously, NAFA solicited raw fur pelts from mink and fox ranchers in North America and Europe, and from wild fur dealers and trappers throughout North America on a consignment basis. Fur consignments were then sorted according to size, shade, colour and quality and finally, catalogued, lotted and offered for sale at public auction.

The auction calendar reflects the incidence of fur harvesting in the Northern Hemisphere, which is most intensive between late November and January. Consequently, the primary auction selling months are between late-February to June, with over 80% of the business done in this period. Auctions are conducted up to three times each year in Toronto, with the major auctions being held in February/March, May/June and/or July/August. Although no auctions are currently scheduled to be held in 2021 because NAFA did not collect any fur in 2020. NAFA would be able to conduct auctions as soon as February 2022 if it made it known by the Fall of 2021 that NAFA is able to collect and grade furs.

Attendance at auctions is international and customer support is drawn from the fur manufacturing and merchandising communities, who may be represented by brokers or agents. The principal buying countries include China, Hong Kong and Korea in the Far East; Italy, Greece, Turkey, Spain and the U.K. in Europe; Russia and other former Soviet Bloc countries; as well as the local markets in Toronto and Montreal in Canada, and New York in the U.S. At the largest sales, as many as 400-600 international fur buyers may attend.

During the COVID 19 pandemic, restrictions on international travel has caused the all of the various international fur auction houses to temporarily suspend in-person events and generally conduct online auctions. A broader return to in-person, or live, auctions is anticipated sometime in 2021 as vaccines are administered and the impact of pandemic begins to come under some form of greater control. However, should fur sales continue to be conducted more extensively via online platforms, NAFA has the technical capability to implement remote electronic auctions as well as expertise in putting on its auctions in international venues such as China, Hong Kong, Denmark and Greece.

INDUSTRY OVERVIEW & OPPORTUNITY

The worldwide fur industry has suffered, and continues to suffer, unprecedented disruption from the COVID-19 pandemic and its accompanying travel restrictions and shipping/import issues as well as its negative impact on most international economies.

In 2020, the fur auctions held by the two major remaining European based auction houses, Copenhagen Fur of Denmark (“KF”) and Saga Furs of Finland (“Saga”), either experienced selective and limited buying during their online sales held in the early months of 2020. Later, when some buyers could travel to attend a live KF or Saga auction, there continued to be only cautious demand for the offered goods. In general, all of this meant that fur commodity prices, once again, declined, in 2020 until December when a smaller Saga Furs auction finally saw a more significant increase in prices.

In late 2020, the spread of COVID 19 to the Danish mink population resulted in the forced culling and destruction of in excess of 11 million mink. This has resulted in Copenhagen Fur, a business which relied on those mink for its operations, to signal its intent to cease operations at the end of 2021, as the local Danish fur production has been completely destroyed. It has also resulted in a material and permanent variance in the amount of mink to be produced for sale in 2021 and beyond, providing price stability for some time to come.

At the same time, the Netherlands, which had instituted a ban on fur farming in the country as of the year 2023, also mandated that its remaining fur farms kill all their mink, once again due to COVID-19 concerns, by December 31, 2020.

In Poland, there currently remains a significant amount of political unease about the future of mink farming in that country. Throughout 2020, there have already been numerous attempts by elements of the Polish government to ban mink farming or make it so difficult for these businesses to operate that farmers quit on their own volition.

In many other countries, mink farms have either now pelted out or been closed due to lack of ongoing financial resources created by years of low mink prices. Consequently, it is now clearly evident that there will be a very significant worldwide reduction in available supply of mink, as well as wild fur (due to COVID-19 related collection restrictions), in 2021 and beyond.

By comparison, fur farming in North America, combined with wild fur trapping, maybe the last true bastion of the world’s ongoing fur supply.

Many North American ranchers remain unconvinced that the European auction houses can properly grade, market and properly sell their rather unique product compared to those varieties produced in Europe. Consequently, many farmers continue to hope that a truly viable North American fur marketing entity will re-emerge in the near future that can, once again, better represent, sell and promote their mink and wild fur.

COMPETITION

The fur auction business is international in scope but with few remaining players. The list below represents the significant fur auction houses on the international scene:

Kopenhagen Fur (“KF”) of Denmark is owned by the Danish Fur Breeders Association and annually presents the largest offering of mink available anywhere in the world. The mink is all of European origin, primarily Danish. However, KF is likely to cease operations within two years now that all mink in Denmark has been culled. KF does plan to offer approximately 14 million mink pelts at auctions planned for 2021 and a smaller quantity the following year. The vast majority of the pelts to be offered for sale is believed to come from existing fur inventories (ie., unsold from the 2020 season or held in long-term storages) or mink that was killed in 2020 closer to the harvest season.

Saga Fur Oyj (“Saga”) of Finland is majority owned by Finnish fur breeders with a minority public shareholding. It handles primarily Scandinavian blue foxes (approximately 1.5 million) and mink (approximately 6-7 million) which are sold under the “SAGA” label. The ranch mink handled by Saga are, generally, of a more commercial quality. Many farmers send their pelts to Saga only because they lack of other viable selling options.

American Mink Exchange (“AME”) of New York is a relatively new fur auction entity that is owned and operated by the Tax Brothers. The Tax Brothers are former fur brokers who saw an opportunity to collect and sell North American mink when American Legend of Seattle, another former auction house, collapsed in 2018. They initially created this business as an alternative to NAFA and formed a sales partnership with KF. AME focuses solely on collecting North American mink. In the past, they would then sell these goods each year at KF sponsored auctions in Denmark. However, with the issues in Denmark, AME has announced that they will conduct joint auctions in 2021 with Fur Harvesters, a Canadian based wild fur auction house. Once again, however, many North American farmers are sending their mink to AME for sale not because of their loyalty to the Tax Brothers but as a result of their dislike for Saga and the lack of other viable selling options.

Fur Harvesters Auction Inc., located in North Bay, Ontario, Canada, competes with NAFA for wild fur consignments in Ontario and certain U.S. states. It is small and more regional in scope and competes only in the wild fur market. There are also a few other regional fur brokers/dealers who conduct a limited amount of business across North America.

REMAINING NAFA ASSETS

Operational Assets:

NAFA has a state-of-the-art auction/inventory management computer software system which allows NAFA to control and manage millions of pieces of fur inventory around the world, as well as related buyer and seller information. NAFA's software system is scalable and based on an Oracle database that is also highly adaptable.

Intangibles:

NAFA owns a suite of trademarks, including the industry leading "Blackglama" trademark which is the acknowledge world standard for black mink. This trademark is currently licensed to Saga until 2022 but remains the most recognized and preeminent trademark across the global fur industry. NAFA also has lists of fur graders, collectors, collection routes which have enabled it to collect, grade and sell wild and ranched furs. Much of NAFA's principal and skilled staff has been laid off, but many members of that staff continue to be available to be recalled to action if the business were to restart. A core of key executives and employees remain at the business with the key institutional knowledge and contacts.

Loan portfolio:

As part of its business to secure long-term relationships with strategic suppliers of fur, NAFA provided bridge and long-term farming development loans to various farmers around the world. A material amount of these loans remain outstanding and available to be collected. An enterprising asset buyer could acquire these loans and maintain relationships with these key suppliers. These loans could also be purchased by an entity interested in collecting these debts.

International collection/logistics locations:

In addition to its head office facility in Toronto, NAFA maintains warehouse facilities in Wisconsin and Poland. All of these facilities are currently listed for sale but remain unsold and available to operate again if called upon.

Deferred Receivables:

Over the last few years, NAFA made material loans to farmers around the world in the ordinary course of NAFA's business. Those farmers have provided their fur to the remaining international auction houses for sale, given that NAFA was not able to conduct auctions in 2020. Due to the pandemic, a material amount of that product, likely in excess of 50%, will likely now be sold in 2021. NAFA will, therefore, not collect payment on some outstanding loans until 2021, and perhaps beyond this. In almost every case, the farmer in question has executed an assignment of the receivable to NAFA, directing the relevant auction house to make payment directly to NAFA. NAFA is willing to sell these receivables to interested purchasers.

RATIONALE for INVESTMENT

It has been NAFA's mission to "be the premium seller and cost-efficient consignor service provider of the highest quality and broadest selection of fur pelts globally". While that remains NAFA's aspiration today, it has obviously been impacted by its Court monitored restructuring and recent industry circumstances. Nevertheless, mink farmers and trappers across North America, as well as many in Europe, would welcome NAFA return to the business as they remain less than satisfied with the current alternatives.

Despite NAFA's current circumstance and the unfortunate chain of events that has impacted the Company over the past two years, NAFA name and reputation still remains strong and attractive with many industry players. NAFA continues to receive enquiries about receiving, marketing, and selling goods. In short, many people look forward to the day that NAFA can re-start its business as a newly, reinvigorated company.

Currently, NAFA is exploring avenues to assist both wild fur and ranched fur consignors with the sale of their goods within the trade. NAFA's name is well known everywhere within the industry and this 'private treaty' or 'brokerage' business has been welcomed.

NEXT STEPS re EXPRESSIONS OF INTEREST³⁴

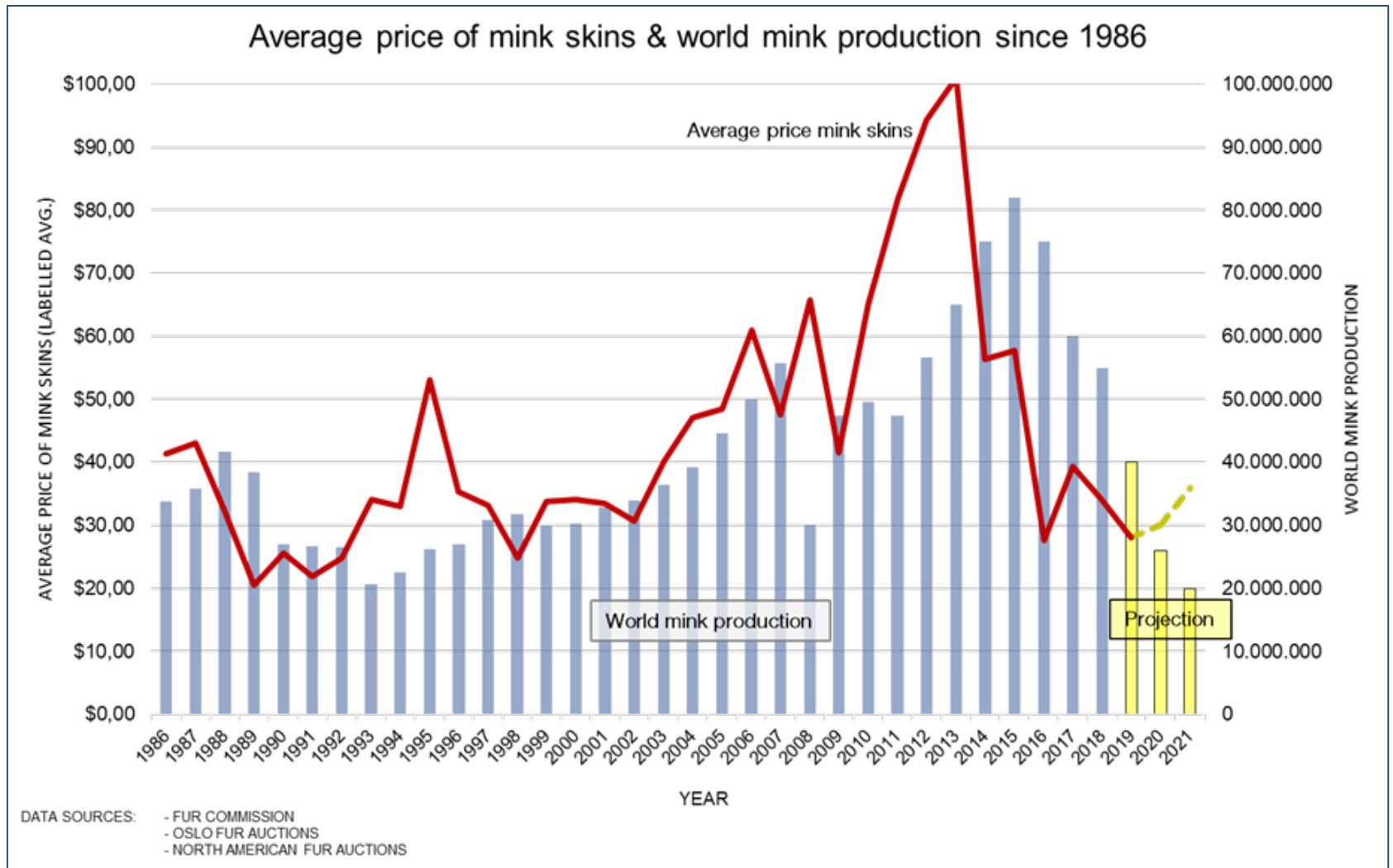
There is currently no deadline for the submissions of sales offers or letters of intent. NAFA reserves its right to consider any offer, at any time for the sale of any or all of its assets, subject to the applicable rules of the restructuring process which require consent in certain circumstances from the Court or key stakeholders.

Any interested party is encouraged to contact NAFA to discuss any possible interest. Further confidential information about the Company is available to interested parties who first complete a confidentiality and non-disclosure agreement (the “NDA”) from the company. Upon the execution and return of the NDA, interested parties will be provided with access to the other information concerning NAFA, its assets and the Sale Process.

Disclaimer:

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AVG MINK PRICES/WORLD PRODUCTION



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

AFFIDAVIT OF DOUGLAS LAWSON
(Motion Returnable January 31, 2022)

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Counsel for the Applicants

TAB 3

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE)	MONDAY, THE 31 st
)	
MR. JUSTICE McEWEN)	DAY OF JANUARY 2022

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: Stay Extension, Approval of Activities, Conduct and Fees of the Monitor
and its Counsel and Sealing of Confidential Appendices)**

THIS MOTION, made by the Applicants for an Order for the relief set out in the Notice of Motion of the Applicants dated January 25, 2022, was heard this day by video conference due to the COVID-19 pandemic.

ON READING the Motion Record of the Applicants, the Eighth Report of the Monitor dated January *, 2022 (the "**Eighth Report**"), including the Fee Affidavit of Jordan

Sleeth sworn on January *, 2022 (the “**Monitor Fee Affidavit**”), the Fee Affidavit of Asim Iqbal sworn on January *, 2022 (“**MT Fee Affidavit**”, and collectively with the Monitor Fee Affidavit, the “**Fee Affidavits**”) and confidential appendices, 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 may be amended or amended and restated from time to time (in such capacity, the “**Agent**”), and counsel for Farm Credit Canada (“**FCC**”) 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 *, 2022, 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.
2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of Justice McEwen dated October 31, 2019 (as amended and restated) (the “**Initial Order**”).

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from January 31, 2022 to and including April 29, 2022.
4. **THIS COURT ORDERS** that upon the filing of the Monitor’s certificate on or before April 29, 2022, substantially in the form set out in Schedule “A” hereto (the “**Monitor’s Certificate**”), certifying that:
 - (1) The Applicants, the Agent and FCC have approved the cash flow forecast and consented to extend the Stay Period from April 29, 2022 to and including July 29, 2022, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and
 - (2) The Monitor has confirmed that there are sufficient funds to support the

Extended Stay Date based upon the cash flow forecast, which the Monitor will file with the Court on a confidential basis,

the Stay Period shall immediately be extended to the Extended Stay Period set out in the Monitor's Certificate without further order of this Court.

5. **THIS COURT ORDERS** that the Monitor may rely on written notice or correspondence from the Applicants, the Agent and FCC, or their respective counsel, with respect to the consent as set out in paragraph 4 of this Order and shall incur no liability, whatsoever, with respect to reliance upon such written notice or correspondence, or the filing of the Monitor's Certificate, save and except for any gross negligence or willful misconduct on its part.

APPROVAL OF MONITOR REPORTS AND ACTIONS

6. **THIS COURT ORDERS** that the Eighth Report and the actions, decisions and conduct of the Monitor as set out in the Report are hereby authorized and approved.

APPROVAL OF FEES AND DISBURSEMENTS

7. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, Miller Thomson LLP, as set out in the Eighth Report and the Fees Affidavits be and are hereby approved.

SEALING OF CONFIDENTIAL EXHIBITS

8. **THIS COURT ORDERS** that Confidential Appendix "1" to the Eighth Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

INTERNATIONAL RECOGNITION

9. **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.

EFFECTIVENESS OF ORDER

10. **THIS COURT ORDERS** that, due to the COVID-19 pandemic, this Order is immediately effective and enforceable without the need for entry and filing until further direction from this Court.

**Schedule A – Form of Monitor’s
Certificate**

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**”)

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) October 31, 2019 (as amended and restated, and as may be further amended and restated from time to time, the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”).

B. Pursuant to an Order of the Court dated January 31, 2022, (the “**Stay Extension Order**”), the Court granted an extension of the Stay Period to and including April 29, 2022.

C. Pursuant to the Stay Extension Order, the Stay Period is to be further extended without further order of the Court to the date set out in a Monitor’s Certificate, which Monitor’s Certificate is filed on or before April 29, 2022, and certifies that:

- (1) The Applicants, FCC and the Agent have approved the cash flow forecast

and consented to extend the Stay Period from April 29, 2022 to and including July 29, 2022, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and

- (2) The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Initial Order.

THE MONITOR CERTIFIES the following:

1. The Applicants, FCC and the Agent have approved the cash flow forecast and consented to extend the Stay Period from April 29, 2022 to and including July 29, 2022 (the “**Extended Stay Date**”).

2. The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

This Certificate was executed by the Monitor at [Time] on [Date] 2022.

**Deloitte Restructuring Inc. in its capacity
as the Court Appointed Monitor to the
Applicants, and not in its personal
capacity**

Per:

Name:

Title:

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
JUSTICECOMMERCIAL LIST
Proceeding commenced at Toronto

ORDER
(Dated January 31, 2022)
(Re: Stay Extension, Approval of Conduct and Fees
and Sealing of Confidential Appendices)

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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: Stay Extension Motion returnable January 31, 2022)

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