

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)
)
JUSTICE CONWAY) FRIDAY, THE 12TH
)
) DAY OF APRIL, 2024.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC.,
3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC.,
NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC,
NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC
(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA,
NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the "**Applicants**")

**ORDER
(Re: Sanction Order)**

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order (the "**Sanction Order**"), among other things, approving and sanctioning the Applicants' Plan of Compromise and Arrangement dated January 11, 2024 (as it may be amended, restated, modified or supplemented in accordance with the terms thereof, the "**Plan**"), a copy of which is attached as **Schedule "A"** hereto, was heard this day by video conference.

ON READING the Motion Record of the Applicants, including the Affidavit of Douglas Lawson sworn April 5, 2024, and the exhibits thereto, the seventeenth report of the Monitor dated April 5, 2024 (the "**Seventeenth Report**") and the sixteenth report of the

Monitor dated January 15, 2024, and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as it may be amended or amended and restated from time to time, 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 April 5, 2024, filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record 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 all capitalized terms in this Sanction Order, unless otherwise defined herein, have the meanings ascribed to them in the Plan.

NOTICE AND MEETING

3. **THIS COURT ORDERS** that there has been good and sufficient notice, service and delivery of the Order of this Court (Re: Meeting Order, Stay Extension and Sealing Order) dated January 17, 2024 in the within proceedings (the “**Meeting Order**”) and the Plan to all Persons upon which notice, service and delivery were required, and that the Meeting was duly convened, held and conducted on April 3, 2024 in conformity with the CCAA and the Meeting Order.

SANCTION OF THE PLAN

4. **THIS COURT ORDERS** that that the Plan has been approved by the Required Majority of the Affected Creditors, as required by the Meeting Order, and in conformity with the CCAA.
5. **THIS COURT ORDERS** that (a) the activities of the Applicants have been in compliance with the provisions of the CCAA, the Initial Order granted by this Court on October 31, 2019, as amended and restated by the Amended and Restated Initial Order (the “**Initial Order**”) and all other Orders granted in the within proceedings (collectively, the “**CCAA Orders**”), and (b) the Court is satisfied that the Applicants and the Monitor have not done or purported to do anything that is not authorized by the CCAA or the Plan, and the Plan and the transactions contemplated in connection therewith are fair and reasonable.
6. **THIS COURT ORDERS** that the Plan and all associated steps, compromises, arrangements, transactions, distributions and releases effected thereby are hereby sanctioned and approved pursuant to Section 6 of the CCAA and shall be binding and effective as set out therein.

PLAN IMPLEMENTATION

7. **THIS COURT ORDERS** that each of the Applicants, their directors and officers and the Monitor, as applicable, are hereby authorized and directed to take all steps and actions, and do all things, necessary or appropriate to implement the Plan in accordance with its terms and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, deliveries, payments, allocations and agreements contemplated

by the Plan. Neither the Applicants, their respective directors and officers, nor the Monitor shall incur any liability to any person whatsoever as a result of acting in accordance with the terms of the Plan and this Sanction Order.

8. **THIS COURT ORDERS** that following satisfaction of the Plan Implementation Conditions set out in section 10.1 of the Plan and upon delivery to the Monitor of a written notice from the Applicants that the Plan Implementation Date has been designated in accordance with section 10.2 of the Plan, the Monitor is authorized and directed to deliver to the Applicants, and serve on the Service List and file with the Court, as soon as reasonably practicable, a certificate substantially in the form attached hereto as **Schedule “B”** (the “**Plan Implementation Certificate**”) signed by the Monitor certifying that the Plan Implementation Date has occurred and the Plan is effective in accordance with its terms and the terms of this Sanction Order.

EFFECT OF PLAN IMPLEMENTATION

9. **THIS COURT ORDERS** that the Plan, including treatment of Affected Claims (including Unresolved Claims) and Released Claims under the Plan, shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, trustees in bankruptcy, administrators and other legal representatives, successors and assigns.
10. **THIS COURT ORDERS** that as at the Effective Time, all Affected Claims shall be and shall be deemed to be fully, finally, irrevocably and forever discharged, released, extinguished, cancelled and barred, excepting only the obligation to make distributions in

respect of such Affected Claims in the manner and to the extent provided for in the Plan.

11. **THIS COURT ORDERS** that each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Applicants, all consents, releases, assignments and waivers required to implement and carry out the Plan in its entirety.
12. **THIS COURT ORDERS** that each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Applicants, all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.
13. **THIS COURT ORDERS** that an Affected Creditor holding an Unresolved Claim shall not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Unresolved Claim becomes a Proven Claim in accordance with the Claim Process Order and the Plan.
14. **THIS COURT ORDERS** that nothing in the Plan extends to or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.
15. **THIS COURT ORDERS** that any Affected Claims for which a Proof of Claim has not been filed in accordance with the Claims Process Order shall be forever barred and extinguished.
16. **THIS COURT ORDERS** that, subject to the performance by the Applicants of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Applicants,

or any of them, are a party and that have not been terminated or disclaimed pursuant to the Initial Order and section 32 of the CCAA will be and remain in full force and effect, unamended as of the Effective Time, and no Person who is a party to any such contractual arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);
- (b) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA; or
- (c) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan.

RELEASES

17. **THIS COURT ORDERS** that as at the Effective Time, pursuant to and in accordance with the Plan, all Released Parties shall be fully, finally and forever released and discharged from all Released Claims, provided that, for greater certainty, nothing herein shall release affect or prejudice any obligation or claim expressly not released under the Plan pursuant to section 8.1 thereof.
18. **THIS COURT ORDERS** that solely with respect to any and all Released Claims, all Persons are permanently and forever barred, estopped, stayed and enjoined, on and after

the Effective Time, from: (i) commencing, conducting or continuing in any manner directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of the Plan.

19. **THIS COURT ORDERS** that all Persons who have previously commenced a proceeding in respect of an Affected Claim in any court, tribunal or other adjudicative body, which Affected Claim has not been finally determined, dismissed, or discontinued prior to the Plan Implementation Date in such separate proceeding, shall forthwith after the Plan Implementation Date take steps to discontinue and/or dismiss, with prejudice and without costs, such Affected Claim.
20. **THIS COURT ORDERS** that the CCAA Orders shall continue in full force and effect in accordance with their respective terms, except to the extent that such CCAA Orders are varied by or inconsistent with this Sanction Order.

ESTABLISHMENT OF RESERVES

21. **THIS COURT ORDERS** that following the Plan Implementation Date, the Monitor shall be and is hereby authorized and directed to (i) establish from Available Cash and maintain each of the Reserves required under the Plan, in trust, for the beneficiaries thereof, and (ii) allocate each such Reserve and the Distribution Cash Pool, in each case in accordance with

and pursuant to the Plan and without establishing separate bank account or bank accounts for such Reserves.

EFFECTIVENESS OF PLAN

22. **THIS COURT ORDERS** that notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of any of the Applicants and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, the transactions and releases contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of any of the Applicants or any of their assets and will not be void or voidable by creditors of the Applicants, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute or be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

NOTICE

23. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Sanction Order, the Monitor shall cause a copy of this Sanction Order to be posted on the Monitor's website

(<https://www.insolvencies.deloitte.ca/enca/Pages/NorthAmericanFurAuctionInc.asp>)

x) (the “**Website**”), and the Monitor shall serve a copy on the parties on the Service List. From and after the Effective Time, any notices, motions, or documents that may be filed with the Court shall only be served on the Applicants, the Monitor, the parties on the Service List and such Persons who deliver a Notice of Appearance to the Applicants and the Monitor, and filed such Notice of Appearance with the Court, after the Effective Time.

24. **THIS COURT ORDERS** that the steps to be undertaken in paragraph 23 above shall constitute good and sufficient service and notice of this Sanction Order on all Persons who may be entitled to receive notice thereof or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings.

TERMINATION OF CCAA CHARGES

25. **THIS COURT ORDERS** that as at the Effective Time, each of the CCAA Charges (with the exception of the Administration Charge) shall be terminated, discharged, expunged and released.

THE MONITOR

26. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein and in the CCAA Orders and the Plan, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under this Sanction Order and the Plan to

facilitate the implementation of the Plan.

27. **THIS COURT ORDERS** that: (i) in carrying out the terms of this Sanction Order and the Plan, the Monitor shall have all the protections given to it by the CCAA, the CCAA Orders, and as an officer of the Court, including the stay of proceedings in its favour; and (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Sanction Order and/or the Plan, save and except for any gross negligence or wilful misconduct on its part.

MONITOR'S REPORTS AND ACTIONS

28. **THIS COURT ORDERS** that the Seventeenth Report and the activities, conduct and decisions of the Monitor as set out therein, be and are hereby approved, provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.


STAY EXTENSION

29. **THIS COURT ORDERS** that the Stay Period in the Initial Order be and is hereby extended until and including the earlier of (i) one month after the Final Distribution Date, and (ii) September 30, 2026.

GENERAL PROVISIONS

30. **THIS COURT ORDERS** that the Applicants and the Monitor may apply to this Court from time to time for advice and direction with respect to any matters arising from or under the Plan or this Sanction Order.

31. **THIS COURT ORDERS** that this Sanction Order shall full force and effect in all provinces and territories of Canada.
32. **THIS COURT AUTHORIZES** the Applicants (at their sole election) to seek an order of any court of competent jurisdiction to recognize the Plan and this Sanction Order and to confirm the Plan and this Sanction Order as binding and effective in any appropriate foreign jurisdiction.
33. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or in any other foreign jurisdiction, to recognize and give effect to the Plan and this Sanction Order, to confirm the Plan and this Sanction Order as binding and effective in any appropriate foreign jurisdiction, and to the Applicants, the Monitor and their respective agents in carrying out the terms of the Plan and this Sanction Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Sanction Order, to grant representative status to the Monitor in any foreign proceedings, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Sanction Order.



Signature of Judge

SCHEDULE "A"

THE PLAN (ATTACHED)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC.,
3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC.,
NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC,
NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN
LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU
SP.Z OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

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

January 11, 2024

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PLAN OF COMPROMISE AND ARRANGEMENT

WHEREAS

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Applicable Law**” means:

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

“**Applicants**” means North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief UA, NAFA Europe B.V., Daikoku SP.Z OO and NAFA Polska SP. Z OO, and “**Applicant**” means any one of them.

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

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

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

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

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

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

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

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

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

“**Claim**” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“FCC” means Farm Credit Canada.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Unaffected Claim” means the following claims:

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

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

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

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

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

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

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

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

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

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

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

1.2 Certain Rules of Interpretation

For the purposes of the Plan:

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

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

1.3 Successors and Assigns

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

1.4 Governing Law and Jurisdiction

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

1.5 Schedules

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

Schedule “A” – Secured Claims

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

2.1 Purpose

The purpose of the Plan is to:

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

2.2 Persons Affected and Released Claims

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

2.3 Persons Not Affected

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

ARTICLE 3 **CLASSIFICATION AND CLASSES OF AFFECTED CREDITORS AND RELATED MATTERS**

3.1 Claims Procedure

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

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

3.2 Classification of Creditors

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

3.3 Voting

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

3.4 Unaffected Claims

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

3.5 Creditors' Meeting

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

ARTICLE 4
TREATMENT OF CLAIMS

4.1 Treatment of Proven Secured Claims

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

4.2 Treatment of Affected Unsecured Claims

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

4.3 Treatment of Intercompany Claims

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

respect of any Intercompany Claim.

4.4 Unresolved Claims

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

4.5 Interest, fees and expenses

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

4.6 Extinguishment of Claims

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

4.7 Guarantees and Similar Covenants

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

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

4.8 Set-Off

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

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

5.1 Realization Efforts

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

5.2 Payment of Unaffected Secured Syndicate Claim

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

5.3 Payment of CCAA Priority Payment Claims

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

5.4 Creditor Distribution Pool

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

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

5.5 Corporate Approvals

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

5.6 Cessation of Realization Efforts and Termination of CCAA Proceedings

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

ARTICLE 6 **UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE**

6.1 Reserves and Distribution Cash Pool

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

6.2 Administration Reserve

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

6.3 Unresolved Claims Reserve

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

ARTICLE 7

PROVISIONS REGARDING DISTRIBUTIONS & PAYMENTS

7.1 Distributions Generally

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

7.2 Payment to Affected Creditors with Proven Claims

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

7.3 Payments of Unaffected Claims

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

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

7.4 De Minimis Proven Claim Amount for Distribution

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

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

7.5 Distributions in Respect of Unresolved Claims

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

7.6 Treatment of Undeliverable Distributions

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

7.7 Withholding Rights

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

7.8 Cancellation of Certificates and Notes, etc.

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

7.9 Calculations

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

7.10 Currency Matters

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

7.11 Assignment of Proven Claims Subsequent to the Meeting

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

7.12 Binding Effect of the Plan

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

As at the Effective Time:

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

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

7.13 Notice of Final Distribution

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

ARTICLE 8 **RELEASES**

8.1 Plan Releases

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

- (a) any Unaffected Claim;

- (b) the Applicants of or from any of their obligations under the Plan, under any Order, or under any document delivered by the Applicants on the Plan Implementation Date pursuant to the Plan; or
- (c) Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct.

8.2 Injunctions

From and after the Effective Time as set out in Section 4.1 hereof all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, application, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

8.3 Knowledge of Claims

Each Person to which Section 8.1 hereof applies shall be deemed to have granted the releases set forth in Section 8.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 9 **COURT SANCTION**

9.1 Application for Sanction Order

If the Plan is approved by the Required Majority of Affected Creditors, the Applicants shall apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

9.2 Sanction Order

The Sanction Order will, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of the Affected Creditors in accordance with the CCAA; (ii) the activities of the Applicants and the Monitor have been in compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceedings in all respects; (iii) neither the Applicants nor the Monitor have done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated in connection therewith are fair and reasonable, and are sanctioned and approved by the Court pursuant to section 6 of the CCAA and shall be binding and effective as set out herein;
- (b) declare that the Plan, subject to the terms and conditions herein, including the Plan Implementation Conditions described in Section 9.1 and all associated steps, compromises, transactions, arrangements and releases effected thereby are sanctioned and approved, and at the Effective Time as set out in Section 4.1 hereof will be binding and effective upon and with respect to the Applicants, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order;
- (c) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, compromise, discharge and release the Applicants from any and all Affected Claims in accordance with the Plan, and declare that the ability of any Person to proceed against the Applicants in respect of or relating to any Affected Claims, whether directly, derivatively or otherwise will be forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims (to the extent they become Proven Claims);
- (d) as of the Effective Time discharge and release the Released Parties from any and all Released Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties, or any of them, in respect of or relating to any Released Claim will be forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to such Released Claims be permanently stayed;
- (e) as of the Effective Time as set out in Section 4.1 hereof, bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing of any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Released Claims and any matter which is released pursuant to Article 8 hereof;
- (f) declare that any Affected Claim that is not a Proven Claim or Unresolved Claim is forever barred and extinguished;

- (g) declare that any Claim for which a Proof of Claim has not been filed by the applicable Claims Bar Date in accordance with the Claims Process Order is forever barred and extinguished and order the release of all such Claims;
- (h) authorize the Applicants and the Monitor to perform their respective obligations and functions under the Plan and to perform all such other acts and execute such documents as may be required in connection with the foregoing;
- (i) declare that each of the CCAA Charges will be terminated, discharged, expunged and released, with the exception of the Administration Charge which shall continue until the termination of the CCAA Proceedings;
- (j) declare that, notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Applicants and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Applicants, the transactions and releases contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants or their assets and will not be void or voidable by creditors of the Applicants, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- (k) declare that, subject to the performance by the Applicants of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Applicants, or any of them, are a party and that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and the related provisions of the CCAA will be and remain in full force and effect, unamended as of the Effective Time as set out in Section 4.1 hereof, and no Person who is a party to any such contractual arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
 - (i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);
 - (ii) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA; or
 - (iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; and

- (l) declare that the stay of proceedings under the Initial Order continues until the earlier of (i) one month after the Final Distribution Date, and (ii) September 30, 2026;
- (m) approve all conduct of the Monitor in relation to the Applicants and bar all claims against it arising from or relating to the services provided to the Applicants up to and including the date of the Sanction Order; and
- (n) declare that the Applicants and the Monitor may apply to the Court for advice and directions in respect of any matters arising from or in relation to the Plan or the implementation thereof.

ARTICLE 10
PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION

10.1 Conditions Precedent to Plan Implementation

- (1) The Plan is subject to the satisfaction of the following conditions (the “**Plan Implementation Conditions**”):
 - (a) the Amended and Restated Claims Process Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
 - (b) the Meeting Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
 - (c) the Plan shall have been approved by the Required Majority of the Affected Creditors of the Applicants;
 - (d) the Sanction Order shall have been issued by the Court, consistent with the terms of Section 9.1 and shall be a Final Order; and
 - (e) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants and the Monitor, are necessary to implement the provisions of the Plan or the Sanction Order.

10.2 Plan Implementation Date

Upon satisfaction of the Plan Implementation Conditions, the Applicants will proceed to implement the Plan. In consultation with the Monitor, the Applicants will designate the Plan Implementation Date and will implement the Plan on that date in accordance with the terms and conditions hereof.

10.3 Monitor’s Certificate – Plan Implementation

As soon as practicable after of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings and post on the Monitor’s Website a certificate confirming that the Plan Implementation Date has occurred (the “**Plan Implementation Certificate**”) and will file such certificate with the Court as soon as practicable after it has been delivered.

ARTICLE 11
GENERAL

11.1 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.2 Modification of the Plan

- (1) The Applicants reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of Claims subject to the Claims Process Order), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Monitor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meeting, consented to by the Agent and communicated to the Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meeting, approved by the Court and following notice to the Affected Creditors.
- (2) Notwithstanding this Section 11.2, after the Meeting, the Applicants may amend, restate, modify and/or supplement the Plan with the consent of the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court, (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Affected Creditors, (iii) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the legal, financial or economic interests of Affected Creditors, in each case as determined by the Monitor, and (iv) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist.
- (3) Notwithstanding this Section 11.2, any amendment, restatement, modification or supplement to the Plan may be made by the Applicants at any time and from time to time, provided that it is made with the consent of the Monitor and: (i) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan; or (ii) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the legal, financial or economic interests of the Affected Creditors.
- (4) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section 11.2, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

11.3 Paramountcy

From and after the Effective Time, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or

supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

11.4 Severability of Plan Provisions

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants and with the consent of the Monitor and the Agent, will have the power to either:

- (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan; or
- (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

11.5 Protections of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, and any other Order made in the CCAA Proceedings. The Monitor will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Applicants to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of the Monitor. The Monitor will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

11.6 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

11.7 Notices

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary

mail or e-mail addressed to the respective parties as follows:

If to the Applicants:

BLANEY MCMURTRY LLP

2 Queen Street East
Suite 1500
Toronto, Ontario, M5C 3G5

Attention: David Ullmann
e-mail: dullmann@blaney.com; sgaudreau@blaney.com

If to an Affected Creditor:

To the mailing address, or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Applicants or the Monitor.

If to the Monitor:

**DELOITTE RESTRUCTURING INC.,
MONITOR OF NAFA FUR AUCTIONS INC.,
ET AL**

8 Adelaide Street West, Suite 200
Toronto, Ontario, M5H 0A9

Attention: Todd Ambachtsheer and Jordan Sleeth
e-mail: tambachtsheer@deloitte.ca; jsleeth@deloitte.ca

With copies to (which will not constitute notice):

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario, M5H 3S1

Attention: Kyla Mahar and Gina Rhodes
e-mail: kmahar@millერთhompson.com; grhodes@millერთhompson.com

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Applicants or the Monitor, by posting notice of such address change on the Monitor's website (www.ey.com/ca/agmedica). Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

11.8 Further Assurances

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan or any other events or transactions contemplated herein, notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

11.9 Language

The Plan, as well as any notices, Schedules or other documents related thereto has been and will be prepared in the English language only.

11.10 Acts to Occur on Next Business Day

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

11.11 Non-Consummation of the Plan

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person; (b) prejudice the rights of the Applicants or any other Person in any further proceeding involving the Applicants; or (c) constitute an admission of any sort by the Applicants or any Person.

DATED as of the 11th day of January, 2024.

SCHEDULE "A"

SECURED CREDITOR CLAIMS AS AT THE DATE OF THE PLAN

PROVEN CLAIMS OF SECURED SHAREHOLDERS

<u>Secured Shareholder</u>	<u>Amount of Proven Claim</u>
AMC:	USD\$630,626
CMBA:	USD\$1,182,423
WFSC:	USD\$788,282
CFBA:	USD\$307,430

PROVEN CLAIMS OF SYNDICATED LENDERS

Affected Secured Syndicate Claim	
<u>Syndicated Lender</u>	<u>Amount of Proven Claim</u>
Canadian Imperial Bank of Commerce	USD \$1,368,000.00
HSBC Bank Canada	USD \$792,000.00
Export Development Canada	USD \$240,000.00
Total	USD \$2,400,000.00

Unaffected Secured Syndicate Claim	
Amount of Proven Claim	USD \$1,260,772.68

PROVEN CLAIM OF FCC

<u>Amount of Proven Claim</u>
USD \$1,631,586

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US)
INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC),
NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PLAN OF COMPROMISE AND ARRANGEMENT
pursuant to the *Companies' Creditors Arrangement Act*
affecting and involving the Applicants**

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

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Counsel for the Applicants

SCHEDULE “B”

Plan Implementation 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**”)

**CERTIFICATE OF DELOITTE RESTRUCTURING INC. AS THE COURT-
APPOINTED MONITOR OF THE APPLICANTS**

(Plan Implementation)

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order of the Honourable Madam Justice Conway made in these proceedings on April 12, 2024 (the “**Sanction Order**”), including by reference therein.

Pursuant to paragraph 8 of the Sanction Order, Deloitte Restructuring Inc., solely in its capacity as Court-appointed monitor of the Applicants (the “**Monitor**”), delivers to the Applicants this certificate and hereby certifies that:

1. The Monitor has received written confirmation from the Applicants that all of the Plan Implementation Conditions have been satisfied and that the Plan Implementation Date has been designated as ** and the Effective Time is 12:00 a.m. (Toronto time) on such date.

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

**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., NAFFRO LLC (WISCONSIN LLC),
NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

Email of the recipients: See the Service List

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER
Dated April 12, 2024
(Re: Sanction Order)

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