

**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**")

RESPONDING MOTION RECORD

(Motion returnable September 29, 2021)

September 28, 2021

KOSKIE MINSKY LLP

20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Andrew J. Hatnay (LSO# 31885W)
(t) 416-595-2083 / (f) 416-204-2872
(e) ahatnay@kmlaw.ca

Barbara Walancik (LSO# 62062U)
(t) 416-542-6288 / (f) 416-204-2906
(e) bwalancik@kmlaw.ca

Lawyers for certain terminated NAFA employees

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

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(the "Applicants")

SERVICE LIST

TO:	<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East, Suite 1500 Toronto ON M5C 3G5</p> <p>David T. Ullmann Tel: 416-596-4289 Fax: 416-594-2437 Email: DUllmann@blaney.com</p> <p>Stephen Gaudreau Tel: 416-596-4285 Email: SGaudreau@blaney.com</p> <p>Natasha Rambaran Tel: 416- 593-3924 Email: NRambaran@blaney.com</p> <p>Lawyers for the Applicants</p>
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AND TO:	<p>MILLER THOMSON LLP Barristers and Solicitors 40 King Street West, Suite 5800 Toronto, Ontario M5H 3S1</p> <p>Kyla Mahar Tel: 416-597-4303 Fax: 416-595-8695 Email: kmahar@millerthomson.com</p> <p>Asim Iqbal Tel: 416-597-6008 Fax: 416-595-8695 Email: aiqbal@millerthomson.com</p> <p>Lawyers for the Monitor</p>
AND TO :	<p>DELOITTE RESTRUCTURING INC. Bay Adelaide Centre, East Tower Suite 200, 22 Adelaide Street West Toronto, Ontario M5H 0A9</p> <p>Phil Reynolds Tel: 416-956-9200 Fax: 416-601-6151 Email: philreynolds@deloitte.ca</p> <p>Todd Ambachtsheer Tel: 416-607-0781 Fax: 416-601-6151 Email: tambachtsheer@deloitte.ca</p> <p>Jorden Sleeth Tel: 416-775-8858 Fax: 416-601-6151 Email: jsleeth@deloitte.ca</p> <p>The Monitor</p>

AND TO:	<p>THORNTON GROUT FINNIGAN LLP Barristers & Solicitors Suite 3200, 100 Wellington Street West Toronto, Ontario M5K 1K7</p> <p>Leanne M. Williams Tel: 416-304-0060 Fax: 416-304-1313 Email: lwilliams@tgf.ca</p> <p>Puya Fesharaki Tel: 416-304-7979 Fax: 416-304-1313 Email: pfesharaki@tgf.ca</p> <p>Lawyers for the Business Development Bank of Canada</p>
AND TO:	<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, Ontario M5L 1A9</p> <p>Milly Chow Tel: 416-863-2594 Fax: 416-863-2653 Email: milly.chow@blakes.com</p> <p>Chris Burr Tel: 416-863-2400 Fax: 416-863-2653 Email: chris.burr@blakes.com</p> <p>Aryo Shalviri Tel: 416-863-2962 Fax: 416-863-2653 Email: aryo.shalviri@blakes.com</p> <p>Lawyers for Canadian Imperial Bank of Canada (CIBC)</p>

AND TO:	<p>KPMG CORPORATE FINANCE 199 Bay Street Suite 4000, Commerce Court West Toronto, Ontario M5L 1A9</p> <p>Nick Brearton Tel: 416-777-3768 Fax: 416-777-3364 Email: nbrearton@kpmg.ca</p> <p>Katherine Forbes Tel: 416-777-8107 Fax: 416-777-3364 Email: katherineforbes@kpmg.ca</p> <p>The Financial Advisor of the Company</p>
AND TO:	<p>ALVAREZ & MARSHAL Royal Bank Plaza, South Tower 200 Bay Street, Suite 2900, P.O. Box 22 Toronto, Ontario M5J 2J1</p> <p>Doug McIntosh Tel: 416-847-5150 Fax: 416-847-5201 Email: dmcintosh@alvarezandmarsal.com</p> <p>Greg Karpel Tel: 416-847-5170 Fax: 416-847-5201 Email: gkarpel@alvarezandmarsal.com</p> <p>The Financial Advisor for CIBC</p>
AND TO:	<p>AIRD & BERLIS LLP Brookfield Place, 181 Bay Street, Suite 1800 Toronto, Ontario Canada M5J 2T9</p> <p>Sam Babe Tel: 416-865-7718 Fax: 416-863-1515 Email: sbabe@airdberlis.com</p> <p>Lawyers for Waygar Capital Inc.</p>

AND TO:	<p>FOGLER, RUBINOFF LLP Lawyers 77 King Street West Suite 3000, PO Box 95 TD Centre North Tower Toronto, ON M5K 1G8</p> <p>Artem Miakichev Tel: 416-365-3722 Fax: 416-941-8852 Email: amiakichev@foglers.com</p> <p>Maurice Fleming Tel: 416-941-8812 Fax: 416-941-8852 Email: m Fleming@foglers.com</p> <p>Counsel for W. Brown Farm</p>
AND TO:	<p>KOSKIE MINSKY LLP 20 Queen Street West Toronto, OM M5H 3R5</p> <p>Andrew J. Hatnay Tel: 416-595-2083 Fax: 416-204-2872 Email: ahatnay@kmlaw.ca</p> <p>Demetrios Yiokaris Tel: 416-595-2130 Fax: 416-204-2810 Email: dyiokaris@kmlaw.ca</p> <p>Lawyers for the Employees</p>

	<p>BENNETT JONES LLP 3400 One First Canadian Place P.O. Box 130 Toronto, ON M5X 1A4</p> <p>Sean Zweig Tel: 416-777-6254 Fax: 416-863-1716 Email: zweigs@bennettjones.com</p> <p>Joey Blinick Tel: 416-777-4828 Fax: 416-863-1716 Email: blinickj@bennettjones.com</p> <p>Lawyers for the Applicants, Directors And Officers</p>
AND TO:	<p>COX & PALMER 1 Germain Street, Suite 1500 Saint John, NB E2L 4V1</p> <p>Josh JB. McElman Tel: 506-633-2708 Fax: 506-632-8809 Email: jmcelman@coxandpalmer.com</p> <p>Lawyers for Farm Credit Canada</p>
AND TO:	<p>MINDEN GROSS LLP 145 King Street West, Suite 2200 Toronto, ON M5H 4G2</p> <p>Timothy Dunn Tel: 416-369-4335 Fax: 416-864-9223 Email: tdunn@mindengross.com</p> <p>Lawyers for Meadowvale Land Limited and Rebecca's Gift Holdings Limited</p>

AND TO:	<p>DE ANGELIS LAW PROFESSIONAL CORPORATION 675 Cochrane Drive East Tower – Suite 304 Markham, On L3R 0B8</p> <p>Vincent J. De Angelis Tel: 905 -752-0408 Fax: 905- 752-0409 Email: vince@deangelislaw.ca</p> <p>Lawyers for the Purchaser of the Carlingview Property</p>
AND TO:	<p>DICKINSON WRIGHT Commerce Court West 199 Bay Street Suite 2200 Toronto, ON, M5L 1G4</p> <p>Lisa S. Corne Tel: 416-646-4608 Fax: 1-844-670-6009 Email: lcorne@dickinsonwright.com</p> <p>Lawyers for VAG</p>
AND TO:	<p>CANADA MINK BREEDERS ASSOCIATION P.O. Box 68 Arcadia, Nova Scotia, B0W 1B0</p> <p>Matthew Moses President Tel: : 902.824.4593 Email: mattmoses17@hotmail.com</p> <p>Marianne Patten Executive Secretary Tel: 416.675.9400 Fax: 647.560.3829 Email: canadamink@outlook.com</p> <p>Creditor</p>

AND TO:	<p>AUDAX LAW PC 3300 Bloor Street West, Suite 670 West Tower Toronto, Ontario M8X 2X2</p> <p>Frank Spizzirri Tel: 416.862.8329 Fax: 416.862.8330 Email: frank.spizzirri@audaxlaw.com</p> <p>Lawyers for Fur Commission USA</p>
AND TO:	<p>PETKER CAMPBELL POSTNIKOFF 295 Weber Street North Waterloo, ON N2J 3H8</p> <p>Peter Campbell Tel: 519-886-1204 Fax: 519-886-5674 Email: info@petkerlaw.com</p> <p>Lawyers for CNH Industrial Capital Canada Ltd.</p>
AND TO:	<p>CORESTONE LAW Construction & Property Law 117 Peter Street Suite 310 Toronto, ON, M5V 0M3</p> <p>Harp Khukh Tel: 416-591-2222 Fax: 416-591-2221 Email: harp@corestone.ca</p> <p>Counsel for EXP Services Inc.</p>
AND TO:	<p>CHAITONS LLP 5000 Yonge Street, 10th Floor Toronto, ON M2N 7E9</p> <p>Sanee Tanvir Tel: (416) 218-1128 Fax: (416) 218-1853 Email: stanvir@chaitons.com</p> <p>Lawyers for International Fur Trade Federation, IFF Americas and Fur Europe</p>

AND TO:	<p>FARM CREDIT CANADA 4-5 Lower Malpeque Rd. Charlottetown, PE C1E 1R4</p> <p>Jason Inman Tel: 902.393.4543 Fax:613.271.1352 Email: jason.inman@fcc-fac.ca</p> <p>First mortgagee (on the Mink Farm Properties owned by 3306319 Nova Scotia Ltd)</p>
AND TO:	<p>FOGLER, RUBINOFF LLP 77 King Street West Suite 3000 TD Centre Toronto, ON M5K 1G8 Martin Kaplan</p> <p>Martin Kaplan Tel: 416-941-8822 Fax: 416-941-8852 Email: mkaplan@foglers.com</p> <p>Larry Winton Tel: 416-365-3709 Fax: 416-941-8852 Email: lwinton@foglers.com</p> <p>Counsel to the Niche Bakers Properties Inc.</p>
AND TO:	<p>WEISZ FELL KOUR LLP 100 King Street West, Suite 5600 Toronto, ON M5X 1C9</p> <p>Steven Weisz Email: sweisz@wfklaw.ca Tel: 416.613.8281</p> <p>Christopher McGoey Email: cmcgoey@wfklaw.ca Tel: 416.613.8284 Fax: 416.613.8290</p> <p>Lawyers for Michael’s Furs/ Montana Fur Traders (Creditor)</p>

AND TO:	<p>DEPARTMENT OF JUSTICE Ontario Regional Office 130 King Street West Suite 3400, P.O. Box 36 Toronto, Ontario M5x 1k6</p> <p>Diane Winters Tel: 416-973-3172 Fax: 416-973-0810 Email: diane.winters@justice.gc.ca</p> <p>Lawyers for the Minister of National Revenue</p>
AND TO:	<p>MINISTRY OF FINANCE Office of Legal Services 33 King Street West, 6th Floor Oshawa, ON L1H 8H5</p> <p>Kevin J. O'Hara Tel: 905-433-6934 Fax: 905-436-4510 Email: kevin.ohara@fin.gov.on.ca</p>
AND TO:	<p>RECIPE UNLIMITED CORPORATION General Counsel c/o Tyler Lane 199 Four Valley Drive Vaughan, ON L4K 0B8</p> <p>Email: tlane@recipeunlimited.com</p> <p>Subtenant to Skyway Property, Montana's BBQ and Bar</p>
AND TO:	<p>CITY OF TORONTO</p> <p>Emily Ng/ Michele Wright Legal Services Division Station 1260, 23rd Floor, Metro Hall 55 John Street, Toronto, ON, M5V 3C6 Emails: emily.ng@toronto.ca michele.a.wright@toronto.ca</p> <p>City of Toronto, Landlord to the Skyway Property</p>

AND TO:	<p>DICKINSON WRIGHT LLP 199 Bay Street, Suite 2200 Toronto, ON, M5L 1G4</p> <p>Lisa S. Corne Tel: 416-646-4608 Fax: 1-844-670-6009 Email: LCorne@dickinsonwright.com</p> <p>Lawyers for Maatschap Kanters, H.A.J. Kanters, and M.A.J. Katers</p>
AND TO:	<p>MINDEN GROSS LLP Barristers and Solicitors 2200 - 145 King Street West Toronto, ON M5H 4G2</p> <p>Catherine Francis Tel: 416-369-4137 Fax: 416-864-9223 Email: cfrancis@mindengross.com</p> <p>Lawyers for Meadowvale Land Limited, Rebecca's Gift Holdings Limited, 1350739 Ontario Limited and The Estate of Joseph Black</p>
AND TO: (By courier)	<p>NATIONAL LEASING GROUP INC. 1525 Buffalo Place Winnipeg, Manitoba R3T 1L9</p>

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EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA
POLSKA SP. Z OO**

**AFFIDAVIT OF SHEILA ANNE COOPER
(sworn September 28, 2021)**

I, **SHEILA ANNE COOPER** of the City of Brampton, in the Province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

1. I am a former employee of North American Fur Auctions Inc. ("**NAFA**"). I worked for NAFA for 30 years until I was terminated on October 31, 2019, the same day that NAFA applied to court for protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 ("**CCAA**").

2. I swear this affidavit in respect of the motion by NAFA served on September 24, 2021 for an order to extend the CCAA stay of proceedings, and the Monitor's 7th Report delivered on September 27, 2021 to bring additional information to the Court's attention with respect to the claims of the terminated Canadian employees.

3. I, along with the other terminated NAFA employees explained herein (collectively, "**Employees**"), did not receive prior notice of termination nor were we paid severance pay in lieu of notice and other amounts owing to us.

4. I started with NAFA on January 31, 1989 as an Executive Assistant. I continued to gain responsibilities over the years and was also promoted to the positions of the Corporate Office Manager and Auction Services Manager by the time I was terminated.

NAFA's background and its CCAA filing

5. NAFA and its related entities is headquartered in Toronto from where it runs the business of marketing, financing, preparing, grading and auctioning of fur products in Canada, Europe and the United States. It was originally founded in 1670 as part of the Hudson's Bay Company and became a separate entity named NAFA in 1992. The operational control of NAFA and its related entities is in Toronto, where the main auction location and fur grading facilities are located. When it was operating, I believe there were approximately 100 Canadian employees individuals employed at the NAFA Toronto headquarters. NAFA also had satellite offices in China, Poland, and the United States. In addition to full-time Employees, NAFA hired approximately 300 seasonal workers worldwide from December to June every year.

6. I believe NAFA currently has only four employees left who are overseeing its liquidation activities during its CCAA protection, including Douglas Lawson, the Chief Executive Officer ("CEO").

7. NAFA operates in a consignment relationship with the fur farmers. NAFA's revenues were primarily generated by holding fur auctions on behalf of fur farmers at three auctions a year.

8. In early 2019, NAFA attempted to reduce its operational expenses after the first auction in March, 2019. In April 2019, about six months prior to its CCAA application, NAFA terminated approximately thirteen Employees who it placed on salary continuance for their notice period. I understand that these Employees' termination packages averaged approximately 18-24 months of salary continuance. After the company's CCAA filing on October 19, 2019, the company stopped making further salary continuance payments to these employees. These terminated Employees would have claims for the outstanding amounts owing to them by the company under their termination packages.

NAFA's mass termination of Employees

9. On October 23, 2019, Doug Lawson, the CEO of NAFA, held a meeting with Employees and announced that as a result of significant financial difficulties, NAFA was applying to the Court for CCAA protection and that the Employees were being terminated.

10. On October 29, 2019 I received a letter from Doug Lawson confirming what we were told in the October 23, 2019 meeting. In the letter given to me, which I understand was also given to other Employees, Mr. Lawson said that my employment was terminated effective immediately and that while NAFA planned "to pay out any remaining vacation days owing", but

that "NAFA is not able to pay any severance amounts, statutory or otherwise". Attached hereto and marked as **Exhibit "A"** a copy of the letter dated October 29, 2019.

11. My last day of work was two days later, on October 31, 2019. I was paid my salary up to October 31, 2019 and my outstanding vacation days.

12. I have not been paid any amount for termination pay which, due to my 30 years of employment service, is a significant amount. I have spoken with many other NAFA Employees who were also terminated without being paid termination pay and other amounts owing to them. Many of the other terminated Employees also have long employment service with NAFA and are owed significant amounts for severance pay.

13. I subsequently received a letter from Deloitte Restructuring Inc., the CCAA Monitor, shortly after my last day of work advising me of the commencement of the company's CCAA proceedings on October 31, 2019. Attached hereto and marked as **Exhibit "B"** is a copy of the letter from the CCAA Monitor dated November 7, 2019.

14. In addition, there may be amounts owing to certain Employees as a result of contributions owing during the notice period under the a) the company's defined contribution pension plan administered by Sun Life Financial and/or b) the HBC Legacy Fund which I understand is a retirement savings vehicle, and which need to be confirmed.

The Employees' Claims remain unpaid and they cannot access WEPPA

15. The Employees have not received any payment from NAFA in respect of their claims, nor have they been able to obtain a payment from the Wage Earner Protection Program ("**WEPPA**") since NAFA remains in CCAA protection and is not under a bankruptcy or receivership. I am advised by my counsel that WEPPA currently pays each terminated employee

up to \$7,296.17 for amounts owing to the employee in a receivership or bankruptcy proceeding, including for unpaid termination pay, but WEPPA does not pay in a CCAA proceeding. I am also advised by my counsel and believe that these payments are made independent of the estate of NAFA and have no prejudice to other creditors.

16. I have reviewed the motion by NAFA served on September 24, 2021 for an order to extend the CCAA stay of proceedings, and the Monitor's 7th Report. In the affidavit of Douglas Lawson sworn September 24, 2021 he states:

Repayment of Agent and Other Creditors

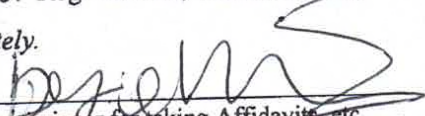
53. The Applicants believe there are sufficient remaining assets and opportunities for NAFA such that there will be funds available to provide some recovery to creditors after repayment of the Agent. NAFA views on the values of its remaining assets have not materially changed since my Last Affidavit. However, the timing of the sale of assets continues to be slower than hoped for in earlier projections.

17. NAFA has been under CCAA protection for almost two years. While under CCAA protection, NAFA is undergoing a gradual liquidation of its assets, collections of receivables and pursuing litigation in eastern Europe for amounts it claims to be owed, all of which appear could take a long time to resolve.

18. In the meantime, there is no indication when a claims process will commence and distributions to unsecured creditors, and the Employees cannot obtain WEPPA payments from the government.

19. I swear this Affidavit in good faith and for no improper purpose.

SWORN by **SHEILA ANNE COOPER**, via video-conference from the City of Brampton, in the Province of Ontario, before me in the City of Toronto, in the Province of Ontario, on this 28th day of September, 2021, in accordance with O. Reg. 431/20, ~~Administering Oath or Declaration~~ Remotely.


A Commissioner for taking Affidavits, etc.

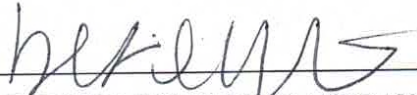
Barbara Watanuk #62062U



SHEILA ANNE COOPER

This is **Exhibit "A"**

referred to in the Affidavit of Sheila Anne Cooper
sworn before me this 28th day of September 2021.

A handwritten signature in black ink, appearing to read 'Heidi M. S.', written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

NORTH AMERICAN FUR AUCTIONS



October 29, 2019

Dear Shan Cooper:

As I basically warned everyone last Wednesday at our employee meeting, NAFA is now in the process of being wound down due to the lack of financing for our business going forward.

Unfortunately for you, this means that NAFA can no longer offer you employment beyond October 31, 2019 as we have only very limited resources to continue to pay staff going forward. Therefore, this letter is to inform you that, it is with sincere and deep regret, that the Company will be formally terminating your employment effective immediately.

It is our plan to pay out any remaining vacation days owing to you on the November payroll. You are also owed a severance benefit. However, the Company's lawyers have indicated that this is an unsecured liability and given our financial situation, NAFA is not able to pay any severance amounts, statutory or otherwise, to you at this time. You are welcome to consult a lawyer about this so that you are better informed about your actual employment rights in this regard.

There is no way to express how much I regret having to terminate your employment with NAFA under these circumstances. Everyone has put everything they have into making this Company successful in the past and this is no way for any of us to end our story.

In the way of housekeeping, we are happy to offer you, your company mobile phone, if you have one, however you are required to have the number transferred to a personal account. You will have until November 15th, in which to do so. When transferring the number you will need to reference our Corporate Account #524654235). Please also return a Company credit card, keys and security pass to your Manager.

I want to thank you for your loyal and dedicated service to NAFA and I wish you all the best with your future endeavours.

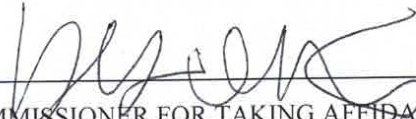
Sincerely,


Douglas Lawson
President & CEO

19-10-29

This is **Exhibit "B"**

referred to in the Affidavit of Sheila Anne Cooper
sworn before me this 28th day of September 2021.

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

A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.



Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

November 7, 2019

To Whom It May Concern:

RE: North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc. ("NAFA"), 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, NAFA Polska SP. Z oo (collectively, the "Applicants").

Take notice that on October 31, 2019, the Applicants sought and obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") before the Ontario Superior Court of Justice (Commercial List) (the "Court").

Deloitte Restructuring Inc. has been appointed as monitor in the Applicants' CCAA proceedings (the "Monitor") pursuant to the Initial Order of the Court dated October 31, 2019 (the "Initial Order").

Copies of the Initial Order and the Applicants' application materials have been posted on the Monitor's website at: <http://www.insolvencies.deloitte.ca/en-ca/NAFA> (the "Website").

The Initial Order provides, among other things, for a stay of proceedings until November 29, 2019 (the "Stay Period") in respect of the Applicants. The Stay Period may be extended by the Court from time to time.

During the Stay Period, all parties, other than certain secured lenders specifically identified in the Initial Order, are prohibited from commencing or continuing legal or enforcement actions against the Applicants and all rights and remedies of any party against or in respect of the Applicants or its assets are stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of the Court.

A further hearing in respect of the Initial Order has been scheduled for November 8, 2019. Material with respect to this hearing, if any, will be made available on the Monitor's Website.

Creditors are not required to file a proof of claim at this time.

NAFA has included a separate communication to its stakeholders as part of this package (see reverse).

Persons requiring further information should email the Monitor at nafa@deloitte.ca or call the Monitor's telephone hotline at 416-867-8366.

Deloitte Restructuring Inc.,
In its capacity as Court-appointed Monitor of
NAFA and not in its personal capacity

Per:

Todd Ambachtsheer, LIT
Vice-President

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20 Queen Street West, Suite 900, Box 52
Toronto, ON M5H 3R3

Andrew J. Hatnay (LSO# 31885W)
(t) 416-595-2083 / (f) 416-204-2872
(e) ahatnay@kmlaw.ca

Barbara Walancik (LSO# 62062U)
(t) 416-542-6288 / (f) 416-204-2906
(e) bwalancik@kmlaw.ca

Lawyers for certain terminated NAFA employees