

NORTH AMERICAN FUR AUCTIONS INC.

Wild Fur FAQs: NAFA in CCAA



5 December 2019

Q: What is the current situation and what is going to happen with NAFA?

A: On October 31, 2019, NAFA entered creditor protection, under the *Companies' Creditors Arrangement Act* (CCAA). The CCAA proceeding (similar to Chapter 11 in the USA), gives us the breathing room and the operational ability that we need to complete the sale of our ranched mink loan portfolio to Saga Furs, organize the proper and appropriate sale of all furs held by NAFA, and subsequently enter into a restructuring period so that we can develop a plan to settle our liabilities and payables to all of our customers and creditors, and explore future opportunities for the Company.

Q: Is NAFA bankrupt?

A: NAFA is NOT bankrupt or in receivership, the Company is under creditor protection and in control of its operations. The Company is still managed by NAFA management with the oversight of a Court-Appointed Monitor. NAFA is not yet able to offer to receive any goods for the upcoming season for processing, although it is exploring if this may be possible. Similarly, NAFA is considering as part of its restructuring efforts if it can hold its own auction in March 2020, a joint auction or host an auction for third parties.

Q: What is the process for paying Consignors' returned checks?

A: There is currently a "stay" in place that prevents NAFA from making payments for obligations incurred prior to the commencement of the CCAA process (October 31, 2019). As the CCAA process unfolds, a plan to settle the Company's obligations owed to people and companies (known as Creditors), will be developed. Unfortunately, there is no specified timeline established for such a plan to be developed and communicated at this time. Deloitte, the Court-Appointed Monitor, has sent Creditors with amounts owing of over \$1,000 (based on NAFA's records) a mailer with more details on the process and a statement of what is in the Company's records as amounts owing by the Company. The Deloitte website for NAFA Creditors is: <https://www.insolvencies.deloitte.ca/en-ca/pages/NorthAmericanFurAuctionInc.aspx>. Information and court documents about NAFA's CCAA proceeding can be found on this website.

Q: How do I notify NAFA and the Court-Appointed Monitor (Deloitte) of additional bank charges incurred on my returned cheque?

A: Any individuals who were charged an additional bank fee for a returned cheque should keep a record of these charges, and be prepared to submit a claim once the process to address

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claims has been set up. There is no need to submit a proof of claim at this time as the court has not yet approved a claims process. Watch the Deloitte website for further updates:
<https://www.insolvencies.deloitte.ca/en-ca/pages/NorthAmericanFurAuctionInc.aspx>

Q: My name was not included in the online Creditor List published by Deloitte. Why?

A: The Creditor list, as published by Deloitte, includes only creditors who are corporations that are owed over \$1,000 and it is based on NAFA's records at a point in time. This list is not determinative of any claim amount and creditors may be required to prove their claims at a later date. Any creditors owed under \$1,000 have been included in the list under the entry *Trade Payables and Other Liabilities under \$1000.00*. Deloitte did not include any identifiable individuals in accordance with its usual practice. If you wish to confirm that your name is included in NAFA's list of Creditors, you may contact the Monitor at nafa@deloitte.ca or by phone, 1-888-221-0622, referencing North American Fur Auctions CCAA proceeding.

Q: How long will this process take?

A: Getting through this CCAA process is expected to take a number of months. The Company attended court on November 28, 2019 and received an order extending the CCAA process until at least January 31, 2020. This date can be extended again by further order of the court. Detailed information about the Company's efforts to date and public plans were filed with the court in support of the extension and can be viewed on the Deloitte/NAFA website at:
<https://www.insolvencies.deloitte.ca/en-ca/pages/NorthAmericanFurAuctionInc.aspx>

Q: I am a wild fur dealer with full-lotted/intact goods, can I withdraw them and if so, how do I do that?

A: On November 28, 2019, the Company received an order recognizing that consigned goods do not belong to NAFA and certain non-intersorted goods can be returned when requested, subject to certain requirements. NAFA is also able to continue to store these goods during the CCAA process which currently goes at least until January 31, 2020. If the goods are left with NAFA, they could be considered to be included in an auction in March, if NAFA is able to conduct one. As such, we encourage you to consider whether or not you require the return of consigned goods at this time. Goods can only be returned if the requirements ordered by the court are met, which include that accounts must be settled in full, including the payment of all storage and grading costs to NAFA. Return freight is ex-NAFA warehouse. To make a request to have your goods returned, you can send an email to: dealerservices@nafa.ca with a copy to nafa@deloitte.ca. Please note that a withdrawal fee will apply for full-lotted/intact goods that were sorted and offered for sale, on a labour cost recovery basis.

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Q: What is going to happen to inter-sorted wild fur?

A: Inter-sorted wild fur is not currently being offered for sale and will continue to be held by NAFA at this time, as NAFA develops a plan to sell these furs at fair market value. You will be informed of further developments.

Q: Is NAFA running pick-up routes to collect wild fur this year?

A: NAFA is not in a position to receive fresh goods at this time. We are very sorry to our long time, loyal shippers.

Q: In the event NAFA is not collecting, where can I ship my fur for sale?

A: There are a number of outlets for your fur. We suggest you contact your local, Provincial or State's Trappers Association for more details.