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Wild Fur Market Update

Having just finished a wild fur season that saw ups and downs, where some articles like Muskrat did much better than expected and other articles like Beaver underperformed, we, as your auction company, realize that in general it has been a so-so year.

Forecasting next year this early in the season is not easy. We will be once again depending very much on China as our most important customer. You may remember that in the Fall of 2009 NAFA undertook the single largest Wild Fur promotional program ever in Asia, under the name of Northern Lights. Fortunately, this campaign produced immediate results for us, helping us greatly in both percentage of sale and price, especially in our March sale. The Northern Lights campaign is ongoing and is helping our Asian manufacturers and retailers through Wild Fur promotion. Basically, under Northern Lights the buyer/manufacturer commits to buying the product from NAFA and in return, NAFA helps them in the promotion of the Wild Fur product at the retail consumer level.

The launch of Northern Lights was staged at the Beijing Fur Fair Gala in January 2010. Over 1,500 trade and VIP guests, along with major China media, witnessed the opening presentation of design competition finalists. The garments were produced solely in NAFA Northern Wild Furs. In the show that followed, a scene from the Northern Lights collections was highlighted as well and featured in fashion shoots and television clips later in the week.

We understand how important it is to make our Wild Fur product profitable for our trappers so that we will have a sustainable and ongoing harvest. Without this program we would have had a much more difficult selling season. Never before have we committed so many resources and funds to a single project, but it was needed and will continue to be needed for a number of years to come.

In this same time frame, NAFA created the Gen Y program, which is earmarked for the generation born between the years 1980 and 2000. In this program we have worked with young designers to produce samples of very fashionable, inexpensive Wild Fur products, many of which are accessories. Please read Diane Benedetti's Wild Fur Promotions Report posted on our website for more details on this and other promotional programs.

Looking ahead, we see short-haired articles like Muskrat, Otter and Wild Mink, which are sold primarily to China, continuing to do well. Unfortunately, an important item like Beaver continues to be a problem, and dressing capacity does not seem to have improved sufficiently to make it a profitable item for most trappers. Raccoon, particularly better sections and bigger sizes should be in good demand, however, off colours remain somewhat problematic. Higher-end articles with limited quantities such as Fisher, Sable, Lynx and Western Lynx cats have very good potential to improve.

We recognize that as the world's largest handler on Wild Fur, we have a leadership responsibility in securing the best market conditions for your Wild Fur. We fully accept this challenge and we will do everything we possibly can to ensure that every promotional dollar we spend on your behalf will enhance the value of the fur of NAFA shippers.

We will update you on our website in the Fall, once we have more facts and figures.



Herman Jansen
Managing Director