CANADA

PROVINCE OF QUEBEC
REGISTRY OF MONTREAL

C.A.M 500-09-
(S.C.M. 500-11-048114-157)

COURT OF APPEAL

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF BLOOM LAKE GENERAL PARTNER LTD. *et al.*:

0778539 B.C. LTD.

APPLICANT (Respondent)

v.

BLOOM LAKE GENERAL PARTNER LIMITED *et al.*

RESPONDENTS (Petitioners)

- and -

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP *et al.*

MISES-EN-CAUSE (Mises en cause)

- and -

FTI CONSULTING CANADA INC., in its capacity as Monitor

MONITOR

LIST OF APPLICANT'S ANNEXES

Motion for Leave to Appeal of the Judgment on Wabush Iron Co. Ltd.'s and Wabush Resources Inc.'s Amended Motion for Directions and the Issuance of a Safeguard Order (#607)

Annex 1 Judgment of the Superior Court rendered on March 14, 2018.

Annex 2 Amended Motion for Directions and for the Issuance of a Safeguard Order, dated December 4, 2017.

Annex 3 Contestation dated April 5, 2017.

Annex 4 Amendment and Consolidation of Mining Leases, entered into as of September 2, 1959 (Exhibit R-5).

Annex 5 Amendment of Amendment and Consolidation of Mining Leases, entered into as of August 8, 1961 (Exhibit R-11).

Annex 6 Memorandum of Agreement entered into in 1987 (Exhibit R-13).

Annex 7 First Amendment to Memorandum of Agreement entered into in 1989 (Exhibit R-14).

Annex 8 National Policy Statement No. 2-A, entitled "Guide for Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators" (Exhibit D-4).

Annex 9 Forty-Fourth Report to the Court Submitted by FTI Consulting Canada Inc., in its Capacity as Monitor, dated March 22, 2018 (including only the Report, the Plan and its Schedule "A" Definitions).

MONTREAL, this April 4, 2018

LCM Attorneys Inc.

LCM ATTORNEYS INC.
Attorneys for the Applicant
0778539 B.C.LTD.

SUPERIOR COURT
(*Commercial Division*)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No: 500-11-048114-157

DATE: March 14, 2018

PRESIDED BY: THE HONOURABLE STEPHEN W. HAMILTON, J.S.C.

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

BLOOM LAKE GENERAL PARTNER LIMITED
QUINTO MINING CORPORATIOIN
8568391 CANADA LIMITED
CLIFFS QUÉBEC IRON MINING ULC
WABUSH IRON CO. LIMITED
WABUSH RESOURCES INC.
Petitioners

and
THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP
BLOOM LAKE RAILWAY COMPANY LIMITED
WABUSH MINES
ARNAUD RAILWAY COMPANY
WABUSH LAKE RAILWAY COMPANY LIMITED
Mises en cause

and
FTI CONSULTING CANADA INC.
Monitor

and
0778539 B.C. LTD
Respondent

JH5439

JUDGMENT ON WABUSH IRON CO. LIMITED AND WABUSH RESOURCES INC.'S AMENDED MOTION FOR DIRECTIONS AND THE ISSUANCE OF A SAFEGUARD ORDER (#607)

INTRODUCTION

[1] The parties have a dispute as to whether any Minimum Royalty Payments were payable under the mining lease dated September 2, 1959, for the period after the mine was permanently idled.

CONTEXT

1. The contracts

[2] As part of its plan to develop the natural resources of Labrador, the government of Newfoundland and Labrador created a Crown corporation called the Newfoundland and Labrador Corporation Limited ("Nalco") in 1951 and granted it a number of concessions, including a mineral concession over 21,900 square miles of land in Newfoundland and Labrador.[1] The mineral concession included the area known as the Wabush Deposit, an area rich in iron ore.

[3] There were a series of contracts starting in the 1950's involving the following parties:

- The government of Newfoundland and Labrador;
- Nalco (which transferred its rights to Knoll Lake Minerals Limited on June 17, 1964[2]);
- Canadian Javelin Foundries & Machine Works Limited (later known as Canadian Javelin Limited, Javelin International Ltd., Nalcap Holdings Inc., MFC Industrial Ltd., MFC Bancorp Ltd., and now 0778539 B.C. Ltd.) ("MFC"); and
- Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Mines, as well as their predecessors in title and their partners.

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1 *The Newfoundland and Labrador Corporation Limited Act, 1951*, S.N.L. 1951, c. 88 as amended.
2 Exhibit R-12.

[4] The relevant contracts can be summarized as follows:

- On March 11, 1954, Nalco granted MFC exploration rights and the right to obtain mineral leases in 2,900 square miles of land in Labrador, including the Wabush Deposit;
- On May 26, 1956, the government of Newfoundland and Labrador leased the Wabush Deposit to Nalco for 99 years;[3]
- On the same date, Nalco sub-leased the Wabush Deposit to MFC, also for 99 years;[4]
- On June 28, 1957, MFC entered into mining leases with Pickands Mather & Co and the Steel Company of Canada ("Stelco") for the westerly portion of the Wabush Deposit, and with Wabush Iron for the easterly portion of that deposit. Pickands Mather, Stelco and Wabush Iron also had options to lease further land;
- On September 2, 1959, Pickands Mather and Stelco assigned their mining lease to Wabush Iron, and Wabush Iron entered into an Amendment and Consolidation of Mining Leases with MFC covering all of the Wabush Deposit (the "1959 Lease");[5]
- On September 4, 1959, the government of Newfoundland and Labrador, Nalco, MFC and Wabush Iron entered into a statutory agreement which formalized the prior contracts;[6]
- On June 28, 1960, the government of Newfoundland and Labrador, Nalco, MFC, Pickands Mather, Stelco and Wabush Iron entered into a Statutory Lease Agreement that amended the various leases between the parties;[7]
- MFC and Wabush Iron further amended the 1959 Lease on July 19, 1960[8] and August 8, 1961;[9]
- On November 27, 1987[10] and on June 8, 1989,[11] Nalcap Holdings and the then owners of the Wabush mine (Wabush Iron, Stelco and Dofasco Inc.) changed certain royalty provisions in the September 2, 1959 mining lease.

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3 Exhibit R-6.
4 Exhibit R-7.
5 Exhibit R-5.
6 Exhibit R-8.
7 Exhibit R-9.
8 Exhibit R-10.
9 Exhibit R-11.

[5] Under the September 2, 1959 lease, Wabush Iron was required to pay the following amounts to MFC:[12]

- An annual rent of $ 360;
- Earned Royalties payable on a quarterly basis for each Gross Ton of Iron Ore Products shipped from the Mine; and
- A quarterly Minimum Royalty calculated as follows:

> Provided, however, that, for each calendar quarter during which this Indenture remains in effect after January 1, 1960, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called 'Minimum') equal to one-quarter of an amount calculated at the rate of thirty cents (30¢), Canadian Funds, per Gross Ton on the following tonnages:

During 1960-1964, inclusive	1,500,000 Gross Tons per year
During 1965-1966, inclusive	6,000,000 Gross Tons per year
During 1967-1968, inclusive	8,000,000 Gross Tons per year
During 1969 and each year thereafter	10,000,000 Gross Tons per year

[6] The schedule of tonnages was amended on August 8, 1961 as follows:[13]

During 1960-1964, inclusive,	1,500,000 Gross Tons per year
During 1965-1966, inclusive,	6,000,000 Gross Tons per year
During 1967	8,000,000 Gross Tons per year
During 1968	8,333,000 Gross Tons per year
During 1969-1972, inclusive,	10,333,000 Gross Tons per year
During 1973 and each year thereafter	10,833,000 Gross Tons per year

[7] This provision was renumbered as Section A.3 and the introductory paragraph was replaced by amendment on November 27, 1987:

> 3. For each calendar quarter during which this Indenture remains in effect, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called 'Minimum') equal to one-quarter of an amount calculated at the rate of thirty cents ($.30), Canadian Funds, per Gross Ton on the following tonnages.[14]

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10 Exhibit R-13.
11 Exhibit R-14.
12 Exhibit R-5, Section A.1.
13 Exhibit R-11, Section 1(a).
14 Exhibit R-13, Section III.

[8] The payment of the Minimum Royalty is subject to a number of conditions. The condition which is relevant to the present dispute is as follows:

> (f) When the Lessee shall have paid to the Lessor Minimum for which it has not taken credit, and such payments equal or exceed that figure determined by multiplying the tonnage of Iron Ore Products which can be produced from the remaining proven ore in the Demised Premises by the rate of thirty (30¢) per Gross Ton thereof, then, and in that event, the Lessee shall be under no further obligation to pay Minimum to the Lessor. The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry. Any dispute which may arise hereunder with respect to the rights and limitations herein set forth, shall be submitted to arbitration as hereinafter provided.[15]

[9] In the event that the lessee is in default to pay any rents or royalties, the 1959 Lease terminates after a 60 day notice:

> 4. That if and whenever any of the rents or royalties hereby reserved or any part thereof shall be in arrears for thirty (30) days or if any covenant or condition herein contained shall not have been duly performed or observed, the Lessor, upon giving sixty (60) days' notice in writing to the Lessee that such rents or royalties have not been paid and demanding payment thereof or that any covenant or condition has not been performed or observed, may, at any time thereafter, if such payment is not made or such covenant or condition is not performed or observed within such period of notice, enter into and upon the Demised Premises or any part thereof and thereupon this demise shall absolutely determine subject to the same obligations on the part of the Lessee as if such determination had been effected by the Lessee pursuant to the provisions of Clause 1 of this Part C and without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants herein contained.[16]

[10] Further, the 1959 Lease provides that the leased area reverts to the lessor if the lessee brings a mine into production and then ceases to operate it for ten consecutive years:

> 9. That where the Lessee has brought a mine into production in the Demised Premises, the Demised Premises shall revert to the Lessor if the mine has ceased to operate for ten (10) consecutive years.[17]

[11] This clause was amended on June 28, 1960 as follows:

> 9. Where the Lessee has brought a mine into production on the Demised Premises, the Demised Premises shall revert to the Lessor if operations at such

[15] Exhibit R-5, Section A.1 (f).
[16] Exhibit R-5, Section C.4.
[17] Exhibit R-5, Section C.9.

> mine are discontinued and thereafter in and during any period of ten (10) consecutive years no substantial mining operations are carried on anywhere on the Demised Premises.'[18]

[12] The consequences of the termination of the 1959 Lease include the lessor's right to purchase buildings, plant, machinery, articles and things of the lessee on the property :

> 3. That it shall be lawful for the Lessee to remove all buildings, plant, machinery and all articles and things of the Lessee in and upon or under the Demised Premises at any time within six (6) months after the determination of the tenancy; provided that the Lessor shall have the right by notice in writing to the Lessee to purchase all or any part of the said properties, articles and things at the then reasonable market price, to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided.[19]

2. The facts

[13] The Wabush mine began its operations in 1965.

[14] One portion of the property was leased by Wabush Iron in 1959. The other portion was leased by Pickands Mather and Stelco, who transferred the lease to Wabush Iron. Wabush Iron later transferred the lease to Wabush Mines, which was initially an unincorporated joint venture of Wabush Iron, Pickands Mather (later Dofasco) and Stelco. The partners were bought out in 2010. The current partners of Wabush Mines are Wabush Iron and Wabush Resources.

[15] Mining operations at the Wabush mine were suspended in March 2014 on the basis that they were not economically sustainable. Mining operations were permanently idled in November 2014.

[16] On May 20, 2015, Wabush Iron and Wabush Resources applied for and were granted Court protection under the *Companies' Creditors Arrangement Act*.[20]

[17] On August 24, 2015, Wabush Mines paid by wire transfer an amount of $750,000 as the Minimum Royalty for the period from April 1, 2015 to June 30, 2015.[21] This is the amount that Wabush Mines had been paying since it suspended operations in March 2014.

[18] MFC sent a notice of default on September 3, 2015.[22]

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18 Exhibit R-9, Section 2(d).
19 Exhibit R-5, Section C.3.
20 R.S.C. 1985, c. C-36 as amended.
21 Exhibit R-16.
22 Exhibit R-15.

[19] The subsequent correspondence back and forth between the parties and with the Monitor shows that the dispute at this time related to two issues:

1. MFC argued that Wabush Mines underpaid on August 24, 2015 because it did not take into consideration the amendment on August 8, 1961 which increased the tonnage on which the Minimum Royalty Payments were calculated from 10,000,000 Gross Tons to 10,833,000 Gross Tons,[23] which had the effect of increasing the quarterly Minimum Royalty Payments from $750,000 to $812,250.[24]

2. The Monitor argued that Wabush Mines was only required to pay the *pro rata* portion of the Minimum Royalty Payment for the period straddling the Initial Order on May 20, 2015, and that the portion for the period prior to the Initial Order was a pre-filing debt that would be dealt with in the plan.[25]

[20] Wabush Mines paid the difference of $62,250 to MFC to resolve the first issue.[26] It has since abandoned the second issue.

[21] On November 23, 2015, Wabush Mines served its Motion for Directions and the Issuance of a Safeguard Order (#247) in which it sought:

1. A declaration that (a) the expression "remaining proven ore" in the 1959 Lease means "iron ore that could be extracted in an economically viable or profitable manner" and that (b) in light of the current market condition, there is no "remaining proven iron ore" at the Wabush mine, such that (c) Wabush Mines is not required to pay any Minimum Royalty; and

2. A safeguard order effectively suspending any obligation to pay the Minimum Royalty until 21 days after the Court issues its judgment on the Motion for Directions.

[22] The Motion for Directions was contested by MFC.

[23] The parties came to an agreement with respect to the safeguard order requested by Wabush Mines. Pursuant to that agreement, the Court issued the following safeguard orders on December 4, 2015:

> **ORDERS** that until such time as the Court renders judgment with respect to the Motion, the Wabush CCAA Parties shall give 14 day prior notice to MFC before dismantling or destroying the infrastructure or fixtures at the Wabush mine, in

23 Exhibit R-11, par. 1(a), amending Exhibit R-5, Section A.1.
24 Exhibit R-17. The actual calculation should be ¼ x $0.30 x 10,833,000 = $812,475, but the parties acted on the basis that the proper amount was $812,250.
25 Exhibit R-18. This argument has been abandoned by Wabush Mines.
26 Exhibit R-18.

order to allow MFC to take whatever proceedings it considers appropriate to protect its rights;

ORDERS the Wabush CCAA Parties to deposit the sum of $812,250 per quarter with the Monitor in respect of the quarters ending October 25th, 2015 and following, to be held pending final judgment by the Court on the Motion;

ORDERS that MFC is required to seek an order to lift the stay of proceedings prior to taking any action to terminate the Sublease or enforce any right thereunder.

[24] Starting with the October 25, 2015 payment, the Monitor set aside $812,500 per quarter and as of December 1, 2017 it held the sum of $6,543,349.42 including interest.[27]

[25] Further, Wabush Mines gave notice to MFC with respect to its attempts to sell the assets on the Wabush mine site. MFC did not exercise its right to purchase any assets.

[26] On September 19, 2016, MFC filed a Motion to Partially Lift the Stay of Proceedings, to Vary a Court Order, to Obtain Payment of Sums of Money Held in Trust by the Monitor, to Terminate a Sub-Lease and for Additional Relief (#380). In its motion, MFC asks the Court to do the following:

1. Declare that the 1959 Lease is terminated;
2. Order the Monitor to pay to MFC the amounts that it holds as Minimum Royalties;
3. Reserve the rights of MFC to acquire assets of Wabush Mines in accordance with its existing contractual rights;
4. Order the Monitor to provide MFC with copies of the proofs of claim filed by Cliffs Natural Resources (the ultimate parent of Wabush Mines) and related parties; and
5. Order the Monitor to suspend consideration of any liquidation proposals until final judgment on the motion.

[27] The issue with respect to the proofs of claim was resolved. Moreover, the Monitor considered liquidation proposals but, as mentioned above, advised MFC of any developments in that regard so that MFC could exercise its rights.

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[27] This represents eight quarterly payments of $812,250 plus interest. The eight quarterly payments are those which may be due from October 25, 2015 (covering the period July 1, 2015 to September 30, 2015) to July 25, 2017 (covering the period from April 1, 2017 to June 30, 2017).

[28] MFC filed its Contestation of Wabush Mines' Motion for Directions on April 5, 2017 (#492). It asks for the dismissal of the Motion for Directions and for the payment to MFC of all amounts paid in trust to the Monitor since December 4, 2015.

[29] On June 2, 2017, the Wabush Iron and Wabush Resources signed an Asset Purchase Agreement for the sale of the Wabush mine to Tacora Resources Inc., a subsidiary of MagGlobal LLC.[28] The Court issued an order approving the sale on June 26, 2017 and the sale closed on July 18, 2017.

[30] On July 25, 2017, the Monitor transferred the quarterly Minimum Royalty payment of $812,250 for the period from April 1, 2017 to June 30, 2017 to its trust account. On the same date, Tacora paid $812,475 directly to MFC under protest.[29]

[31] Tacora assumed the 1959 Lease and resolved whatever issues it had with MFC. In particular, MFC agreed to credit Tacora with the sum of $812,475 if MFC is paid the full amount it is claiming in this litigation.[30]

[32] As a result, the dispute between Wabush Mines and MFC is now limited to the question of who is entitled to the amounts held in trust by the Monitor as Minimum Royalties for the period from July 1, 2015 to June 30, 2017.

[33] Since MFC asks in its Contestation for an order that the Monitor pay to MFC the amounts that it holds as Minimum Royalties, it is no longer necessary to proceed on the MFC Motion to Partially Lift the Stay.

[34] Similarly, Wabush Iron and Wabush Resources filed an Amended Motion for Directions at the hearing to seek a declaration that the amounts held in trust by the Monitor are not due to MFC and should be transferred by the Monitor to its general trust account. Further, they argue that the payment on July 25, 2017 should be reimbursed even if the Court concludes that Wabush Mines is generally obliged to pay the Minimum Royalty Payments, because the sale to Tacora closed on July 18, 2017.

ISSUES IN DISPUTE

[35] The Court has identified the following issues:

1. What is the proper interpretation of the cap on Minimum Royalties under Article A.1(f) of the 1959 Lease?

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28 Exhibit R-28.

29 Tacora appears to have calculated the amount correctly.

30 MFC produced an extract from its contract with Tacora.

2. What was the amount of the cap in the period between July 1, 2015 and June 30, 2017?

3. Is Wabush Mines responsible for all or a portion of the Minimum Royalty Payment paid on July 25, 2017?

ANALYSIS

1. Proper interpretation of the cap on Minimum Royalties under Article A.1(f) of the 1959 Lease

[36] Section 11 of the 1959 Lease Agreement provides as follows:

> 11. This Indenture shall be construed and interpreted in accordance with the laws of the Province of Newfoundland, Canada.

[37] Wabush Mines produced the report of Kevin F. Stamp, Q.C., who is licensed and qualified to practice law in the Province of Newfoundland and Labrador since 1978.[31] His report was not contested by MFC and he did not testify at the trial.

[38] Stamp came to the following conclusion on the applicable principles of contractual interpretation under the law of Newfoundland and Labrador:

> The meaning to be attributed to the term "remaining proven ore", undefined in the 1959 Amendment and Consolidation, may be informed and established by evidence of the history of the transaction, the factual matrix surrounding and the genesis and aim of the agreement. Clearly, the existence and prevalence of mining industry terms of art, trade practices, standards or usages, all of which are outside the mandate of this opinion, may also be aids to interpretation of the term including whether the term incorporates or implies an element of economic viability.[32]

[39] His report focused on the interpretation "remaining proven ore", but the principles he set out are of general application.

a. *Language of the 1959 Lease*

[40] The first step in the analysis is the language of Article A.1(f) and the way that it operates, in the context of the 1959 Lease as a whole.

[41] Article A.1(f) of the 1959 Lease provides as follows:

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[31] Exhibit R-22.

[32] *Id.*, p. 3.

> (f) When the Lessee shall have paid to the Lessor Minimum for which it has not taken credit, and such payments equal or exceed that figure determined by multiplying the tonnage of Iron Ore Products which can be produced from the remaining proven ore in the Demised Premises by the rate of thirty (30¢) per Gross Ton thereof, then, and in that event, the Lessee shall be under no further obligation to pay Minimum to the Lessor. The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry. Any dispute which may arise hereunder with respect to the rights and limitations herein set forth, shall be submitted to arbitration as hereinafter provided.
>
> [Emphasis added]

[42] It creates a cap on the Minimum Royalties paid and not credited under the 1959 Lease. The cap is equal to 30¢ per Gross Ton of "Iron Ore Products which can be produced from the remaining proven ore in the Demised Premises".

[43] MFC argues that the cap is reached when the quantity of "remaining proven ore" falls below the quantities set out in Article A.1, as amended in August 1961 (i.e. 10,833,000 today).[33] That is not how the cap operates. Those quantities are used to calculate the Minimum Royalties and are not relevant to the cap.[34]

[44] What does the expression "Iron Ore Products which can be produced from the remaining proven ore" mean?

[45] The expression uses the present tense "can be produced" which suggests a present ability to produce, as opposed to "could be produced" which is conditional or "will be produced" which is future. This suggests that the expression "Iron Ore Products which can be produced from the remaining proven ore" is limited to products that can be produced in present circumstances.

[46] It is not enough to say that there is iron ore in the ground and therefore that Iron Ore Products can be produced. The present ability to produce must necessarily include economic factors. No one will produce Iron Ore Products from the remaining proven ore if they will not make a profit doing so. This supports the proposition that no Iron Ore Products can be produced from the remaining ore if it is not profitable to do so.

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33 Paragraphs 47 to 52 of the MFC Plan of Arguments dated December 4, 2017.

34 As an example, if 60 million Gross Tons of Iron Ore Products can be produced from 200 million Gross Tons of remaining proven ore, then the cap is 30¢ per Gross Ton times 60 million Gross Tons or $18 million. If nothing is being produced, the lessee would be required to pay Minimum Royalties of 30¢ per Gross Ton per year on 10,833,000 Gross Tons, or $3,249,900 per year, for 5.5 years until it had paid a total of $18 million.

[47] There are a number of other provisions in the 1959 Lease which relate to the economics of the deal and thereby provide the context in which the cap in Article A.1(f) must be interpreted:

- It is a long term arrangement. The 1959 Lease expires on May 20, 2055, which is the balance of the 99 year term under the sub-lease in favour of MFC (Preamble);

- The annual rent is only $360 per year, less sums expended on the prospecting, exploration, development or mining of the Demised Premises (Preamble). This amount is paid on a regular basis and is not subject to any cap, although the amounts paid are not significant;

- The Earned Royalty is based on the quantity of Iron Ore Products shipped during the quarter. The rate is 7% of the Seven Islands Price or 75¢ per Gross Ton, whichever is higher (Article A.1).[35] "Iron Ore Products" are defined as follows:

  > "Iron Ore Products" shall mean and include iron ore, crude iron-bearing material and any metal, material or composition produced from iron ore or crude iron-bearing material.

- The Minimum Royalty is based on a defined number of Gross Tons, increasing to 10,000,000 by 1969 (Article A.1).[36] The number of Gross Tons on which the Minimum Royalty is payable is reduced proportionately if U.S. steel production falls below 85% of the rated capacity for that year (Article A.1(d));

- The rate for the Minimum Royalty is 30¢ per Gross Ton per year or ¼ of 30¢ (7½¢) per Gross Ton per quarter (Article A.1);

- The Minimum Royalty payable any quarter is reduced by any Earned Royalty paid for the quarter (Article A.1(a));

- The lessee is given a credit for any Minimum Royalties paid against future Earned Royalties (Article A.1(c)). It is only the paid and uncredited Minimum Royalties which are counted against the cap;

- The lessee can terminate the lease on 60 days' notice and on payment of all amounts due plus an amount increasing to $1,600,000 in 1964, less sums expended on the prospecting, exploration, development or mining of the Demised Premises and amounts paid as royalties or otherwise (Article C.1);

35 This amount was amended by the November 1987 agreement (Exhibit R-13).
36 These amounts were amended in 1961 (Exhibit R-11).

- The landlord can terminate the lease on 60 days' notice for failure to pay the rents or royalties (Article C.4); and

- Where the lessee has brought a mine into operation and the mine has ceased to operate for ten consecutive years, the Demised Premises shall revert to the landlord (Article C.9).

[48] These provisions all work together:

- If the lessee suspends operations while Iron Ore Products can be produced from the remaining proven ore, there are a number of consequences:

  - the lessee has the option of terminating the lease on 30 days' notice;

  - if the lessee does not terminate the lease, it must pay Minimum Royalties (up to the cap) until it resumes operations;

  - the amount of the Minimum Royalty may be adjusted if the lessee has suspended operations because of a decline in demand;

  - if the lessee resumes operations, it gets credit for the Minimum Royalties paid against future Earned Royalties;

  - if operations remain suspended for 10 years, the lease terminates.

- If the lessee ceases operations when no Iron Ore Products can be produced from the remaining proven ore, then the cap is zero. This means that the lessee is not required to pay Minimum Royalties, and may continue to occupy the premises for 10 years without paying any royalties.

[49] It makes sense that the Minimum Royalties are only payable when Iron Ore Products can be produced from the remaining proven ore but they are not being produced or are not being produced in sufficient quantities. When those Iron Ore Products are produced in the future, they will attract Earned Royalties. Article A.1(c) gives the lessee a credit for any Minimum Royalties paid against future Earned Royalties. That credit is meaningless if there are no Earned Royalties in the future.

[50] Moreover, the combined effect of Articles A.1(f) and A.1(c) is to ensure that the lessee only pays the royalty once. The lessee gets credit for the Minimum Royalty paid against future Earned Royalties and does not have to pay any Minimum Royalty beyond the Iron Ore Products that will attract Earned Royalties in the future. The Minimum Royalty is not meant to be paid instead of Earned Royalties but rather in anticipation of Earned Royalties.

[51] MFC objects to the idea that the lessee can occupy the premises for 10 years without paying any royalties. However, this result is not unreasonable in the context where (1) it is a 99 year lease, so 10 years is not that long, (2) the lessee continues to pay the agreed rent, and (3) the mine cannot be operated profitably, so no one else would be prepared to pay royalties. Moreover, if iron ore prices increase and operations become profitable again, the lessee will either resume operations and pay Earned Royalties or remain closed and pay Minimum Royalties. If the lessee resumes operations without having paid any Minimum Royalties, MFC ends up in the same situation as if Minimum Royalties had been paid, because any Minimum Royalties paid would be offset against Earned Royalties that become due.

[52] MFC also argues that the 1959 Lease guaranteed it a revenue stream for the duration of the 1959 Lease, or at least as long as Wabush Mines was in possession of the mine. The Court does not agree. Rent was guaranteed. Earned Royalties are only payable if there is production. Minimum Royalties are payable if there is no production, but only up to the cap. Once the lessee reaches the cap, it continues in possession of the mine without paying any royalties for the remainder of the 10 years.[37]

[53] The Court therefore concludes on a review of the 1959 Lease that the cap at any point in time is based on the quantity of Iron Ore Products that can produced in the circumstances existing at that time. That notion includes both that there must be remaining proven iron ore and that the production of Iron Ore Products from the remaining proven ore must be profitable in the circumstances at that time.

b. Extrinsic Evidence

[54] The only extrinsic evidence presented to the Court which could be relevant to the interpretation of the 1959 Lease was evidence as to the pricing of iron ore.

[55] This evidence is relevant in that the pricing of iron ore prior to 1959 might give some sense for what the parties anticipated might happen after 1959.

[56] The U.S. Geological Survey data shows that the price for iron ore (in constant dollars) was volatile. It fluctuated between 1900 and 1945, with a high of $47.45 in 1900 and a low of $23.03 in 1926. The price increased every year from 1947 to 1958 before leveling off, with the result that the price almost doubled from 1947 to 1959.[38]

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[37] See the example in footnote 34, where the Minimum Royalties reach the cap after 5.5 years. In that scenario, the lessee stays in possession of the mine without paying any royalties for another 4.5 years.

[38] Exhibit R-26. See also Crédit Suisse, "Long Run Commodity Prices: Where Do We Stand?", 27 July 2011 (Exhibit R-25).

[57] It is likely that the parties assumed that the price of iron ore would continue to rise, although they would have been aware that the price had fluctuated in the past and might fluctuate in the future. The 1959 Lease recognizes that the lessee may suspend production at the mine for a period of up to 10 years. It also includes a mechanism to adjust the Minimum Royalties if demand for steel fell by more than 15%.

[58] This evidence is consistent with the Court's interpretation of the clause.

c. *Expert evidence on "remaining proven ore"*

[59] In interpreting Article A.1(f), both parties focused on the term "remaining proven ore" and more specifically the word "ore".

[60] The 1959 Lease uses the term "remaining proven ore" only twice, both in Article A.1(f). It does not define the term, and provides only that:

> The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry.

[61] Moreover, there was no applicable statutory or regulatory definition in 1959.

[62] The principal arguments at trial focused on how the term "remaining proven ore", as a term of art in the mining industry, would have been understood in 1959. The reference in Article A.1(f) that "The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry" certainly makes evidence from industry experts relevant in the interpretation of the term "remaining proven ore".

[63] Both parties called industry experts to testify at the trial. They focused on the expression "remaining proven ore" and not on how the expression is used in the 1959 Lease. Wabush Mines argued that "ore" meant "a body of rock containing iron minerals which could be mined and processed at a profit", whereas MFC argued that "ore" does not include any reference to profitability and means only "a natural mineral compound, of the elements of which one at least is a metal". Put simply, the debate is whether the definition of "ore" includes only geological factors, or whether it includes both geological and economic factors.

[64] Christopher J. Lattanzi, P. Eng., was called by Wabush Mines. He produced a report dated October 11, 2016[39] and a second report dated December 20, 2016.[40]

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[39] Exhibit R-23.
[40] Exhibit R-24.

[65] In his first report, Lattanzi reviewed the relevant literature and referred to his personal experience. His analysis focused on the words “ore” and “proven”. The word “remaining” is clear and does not give rise to any controversy. He concluded that the word “ore” meant a body of mineralized rock which could be mined and processed at a profit:

> 15. From a review of the relevant literature, it is evident that, between 1900 and 1959, there was no universally accepted definition of the word "ore" within the mining industry in North America. It is equally clear, however, that the preponderance of opinion favoured a definition that embodied the concept of profit, under which "ore" would be defined as a body of mineralized rock which could be mined and processed at a profit. The strongest proponent of such a definition was J.F. Kemp, who wrote, in 1909: "The test of yielding a metal or metals at a profit seems to me, in the last analysis, to be the only feasible one to employ."[41]

[66] He also concluded that the word “proven” meant that the estimates of tonnage and grade were accurate to within reasonably close limits such that there was little risk that those estimates would not be realized in practice:

> 17. A review of the relevant literature also reveals that there was no universally accepted system of classifying reserves, in terms of the degree of confidence or reliability to be placed in the estimates of tonnage and grade. Following the publication by the U.S. Geological Service of a proposed three-tiered classification system in 1943, however, much of the discussion seems to have centred around nomenclature. There appears to have been general agreement that the terms "measured reserves", "proved reserves" or "proven reserves" meant that the estimates of tonnage and grade were accurate to within reasonably close limits and, hence, that there was little risk that those estimates would not be realized in practice.[42]

[67] Lattanzi came to the following overall conclusion as to the meaning of “remaining proven ore”:

> 18. On the basis of the discussion contained in this report, it is my opinion that, 1959, the majority of practitioners within the mining industry would have construed the term "Proven Iron Ore" to mean:
>
> > "A body of rock containing iron minerals which could be mined and processed at a profit, and for which the tonnage and grade have been estimated to a high level of confidence, such that there is reasonable commercial assurance that those estimates will be realized in practice to a low margin of error."[43]

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[41] Exhibit R-23, par. 15.
[42] *Id.*, par. 17.
[43] *Id.*, par. 18.

[68] MFC called Eugene J. Puritch, P. Eng. He filed a report dated November 3, 2016.[44]

[69] Puritch took a very similar approach to Lattanzi: he reviewed much of the same literature and he applied his personal experience.

[70] He concluded as follows with respect to the word "ore":

> 13. Based on a review of relevant literature between 1900 and 1959, there was no widely accepted evident definition of the word "ore" within the mining industry in North America. It is also apparent that during this period the word "ore" was a loosely defined term that generally meant a natural mineral compound, of the elements of which one at least is a metal. [...]
>
> 14. It is evident that during 1956 to 1959, the generally accepted definitions for the words "proven" and "ore" were not clear and any inference that these terms meant a definition of profitability is unsupported. In that era, there was no direct link between the word "ore" and profitability. One must have been surely aware that all mining operations were in business with the goal of being profitable while they pursued the extraction of ore. It was not until 1984 in National Policy 2-A, Guide for Mining Engineers, Geologists and Prospectors, where the term "ore" was specifically defined as "a natural aggregate of one or more minerals, which at some specified time and place may be mined and sold at a profit, or from which some part may be profitably separated."[45]

[71] He added the following with respect to the word "proven";

> 15. The misinterpretation by Mr. Lattanzi of the term "proven" to infer profitability prior to 1960 is unfounded. At no place in his referenced documents during that era does the term proven apply directly to profitability. The definition of the term "proven" instead, is properly interpreted to mean metalliferous continuity established by sampling in mine workings, trenches and bore-holes. [...][46]

[72] He therefore came to a different conclusion with respect to the term "remaining proven ore":

> 17. On the basis of the discussion contained in this report, it is my opinion that, in 1959, the majority of mining professionals would have interpreted the term "proven ore" to mean:

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44 Exhibit D-1.
45 *Id.*, par. 13-14.
46 *Id.*, par. 15.

> "A natural mineral compound, of the elements of which one at least is a metal where there is practically no risk of failure of continuity"[47]

[73] Lattanzi filed his second report to respond to Puritch's report. He reviews the Puritch report and concludes:

> 54. [...] I conclude, therefore, that the continuous preponderance of professional opinion, from 1920 to 1970, was that "ore" meant material that could be mined and processed at a profit. There is nothing in the Puritch report which, to my mind, gainsays that opinion.[48]

[74] The Court concludes that there is little dispute as to the word "proven". Both experts agree that "proven" refers to a high degree of certainty that the iron ore is present. Further, both experts agree that "proven" does not incorporate any notion of profitability. Puritch is mistaken when he states in paragraph 15 of his report that Lattanzi concludes that "proven" implies profitability. As Lattanzi states in paragraph 44 of his second report:

> 44. Paragraph 15 of the Puritch report states: "The misrepresentation by Mr. Lattanzi of the term "proven" to infer profitability prior to 1960 is unfounded." Nowhere, however, does the Lattanzi report assert that "proven" implies profitability, and the criticism at paragraph 15 of the Puritch report is misplaced. There is no dispute that the word "proven", in the context of "proven ore", denotes the highest level of geological confidence and, hence, the lowest risk, in the estimates made of the tonnage and grade of the mineral deposit in question. It is the word "ore" which, in my opinion, as of 1959, denoted profitability.[49]

[75] The issue, therefore, is whether the word "ore" includes the notion of profitability.

[76] Both experts agree that, between 1900 and 1959, there was no universally accepted definition of the word "ore" within the mining industry in North America. The difference between the two experts is that Lattanzi concludes that the majority of practitioners within the mining industry would have included the notion of profit whereas Puritch concludes that the majority would not have included the notion of profit.

[77] The Court notes as a preliminary matter that it is not necessary to establish a universally accepted definition or even a generally accepted one. The standard for the interpretation of the contract remains the civil standard of balance of probabilities, and any evidence that helps the Court decide which interpretation is more likely is admissible. As such, evidence that a majority of industry participants thought that the expression meant one thing or the other is relevant. Evidence that everyone thought it meant one thing would obviously carry more weight.

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[47] *Id.*, par. 17.
[48] Exhibit R-24, par. 54.
[49] *Id.*, par. 44.

[78] Further, National Policy Statement 2-A includes the following definition of "Ore":

> "Ore" means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.[50]

[79] However, National Policy Statement 2-A was adopted in 1982, almost 25 years after the 1959 Lease. Moreover, the adoption of a definition by a regulatory body does not necessarily mean that the definition was the majority view prior to its adoption. As such, National Policy Statement 2-A has very limited relevance in interpreting the language in the 1959 Lease.

[80] The Court is satisfied, based on a review of the reports and the testimony of Lattanzi and Puritch and the authorities that they cite, that the majority view in 1959 was that the word "ore" included the notion that it could be mined at a profit. That conclusion is based on the following elements:

- Albert H. Fay, in the 1920 edition of his *Glossary of the Mining and Mineral Industry* first published in 1918, compiles four definitions of the "ore" from different sources. Three of the four definitions include the notion of profit, including J.F. Kemp, who proposed the following definition of "ore" in 1909:

  > A metalliferous mineral or an aggregate of metalliferous minerals, more or less mixed with gangue, which from the stand point of the miner, can be won at a profit, or from the stand point of the metallurgist can be treated as a profit. The test of yielding a metal or metals at a profit seems to me, in the last analysis, to be the only feasible one to employ.

- In his 1956 *Dictionary of Geological Terms*, C.M. Rice defines "ore" by reproducing three of Fay's definitions (including two that include the notion of profit);

- Herbert Cox sent a questionnaire to a group of Canadian mining companies to get information about current usage in Canada of the term "ore" in or shortly before 1968 and published his findings in 1968 in a paper entitled "Definition of Ore and Classification of Ore Reserves". Since there is nothing that suggests a change in the definition between 1959 and 1968, the Court will treat the results of the Cox survey as relevant to the interpreting what the parties meant in 1959. Cox reports that all 29 replies received chose a definition that included the notion of profit. Based on his findings, Cox proposed the following definition that he hoped would be generally acceptable:

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[50] Exhibit D-4.

> Ore is a natural aggregate of one or more minerals, which may be mined and sold at a profit or from which some part may be profitably extracted.

[81] The Court concludes that, on the balance of probabilities, the expert evidence favours the interpretation of the word "ore" that includes the notion of profit.

d. Conclusion

[82] In the final analysis, it does not matter whether the Court adopts the Lattanzi definition or the Puritch definition of "ore":

- On the Lattazi definition, there is no "remaining proven ore" if it cannot be mined profitably; or
- On the Puritch definition, it is "remaining proven ore" whether or not it is profitable to mine it, but, on the Court's interpretation of "can be produced", no Iron Ore Products can be produced from the "remaining proven ore" if it is not profitable to do so.

[83] On either definition, the question of whether it is profitable to mine the iron ore is relevant to the cap.

[84] The result is as follows:

- If the mine is closed because the iron ore deposit is exhausted, there is no Minimum Royalty payable because there is no remaining proven ore.
- If the mine is closed temporarily for economic or other reasons but it can be mined profitably, the Minimum Royalty is payable during the closure because there is remaining proven ore and Iron Ore Products can be produced from the remaining proven ore. The Minimum Royalty paid will be credited against the Earned Royalties payable when operations resume.
- If the mine is closed in circumstances where it cannot be mined profitably, then no Minimum Royalty is payable either because there is no remaining proven ore or because no Iron Ore Products can be produced from the remaining proven ore. If circumstances change and the mine is reopened, then the Earned Royalties will be payable in full, and the landlord will end up in exactly the same position as if the Minimum Royalties had been paid.
- In any of these scenarios, if the mine remains closed for 10 years, the landlord has the right to terminate the lease and take the premises back.

2. Amount of the cap in the period between July 1, 2015 and June 30, 2017

[85] There is no debate as to the quantity of mineral material in the ground.

[86] A revised ore estimate was prepared in July 2010 which gave estimated ore reserves as of July 1, 2010 of 208,464,200 metric tonnes of proven reserves and 22,400,000 metric tonnes of probable reserves, for a total of 230,864,200 metric tonnes.[51]

[87] The estimate was updated based on the annual depletion of the proven reserves. The updated estimates as of December 31, 2014 are 176.7 million metric tonnes of proven (measured), and 22.8 million metric tonnes of probable (indicated), for a total of 199.5 million metric tonnes.[52]

[88] Wabush Mines pleads that it was not economically viable to mine the material, and it cites its own experience and its decision to first suspend and then permanently cease operations of the mine. As a result, either (1) the material is not remaining proven ore, or (2) no Iron Ore Products can be produced from the remaining proven ore.

[89] Wabush Mines produced the Cliffs Eastern Canadian Iron Ore Quarterly Business Reviews for the fourth quarter of 2012 and 2013 and the first quarter of 2014[53] to show the financial information that was relied upon in making the decision to discontinue operations at the Wabush mine:

- Loss on sales of $58.2 million before selling, general and administrative and other expenses of $21.5 million in 2012;[54]
- Loss on sales of $75.6 million before selling, general and administrative and other expenses of $196.7 million in 2013;[55] and
- Loss on sales of $24.8 million before selling, general and administrative and other expenses of $38.3 million in the first quarter of 2014.[56]

[90] Clifford Smith of Wabush Mines testified that the main factor contributing to these losses was the depressed price of iron ore in the global market. The data on the pricing of iron ore shows that iron ore reached its highest level on record in 2012 before falling precipitously.[57] Smith testified that the price dropped from a high of $150 per tonne

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51 Exhibit D-2.
52 Exhibit D-2A.
53 Exhibit R-27.
54 *Id.*, 4Q12, p. 19.
55 *Id.*, 4Q13, p. 18.
56 *Id.*, 1Q14, p. 17.
57 Exhibits R-25 and R-26.

down to $30 per tonne. He also testified that the quality of the ore body was deteriorating after 50 years of mining and that Wabush Mines had a high cost structure. Wabush Mines had been working on cost reduction over the prior three years, but it was not enough. Wabush Mines had also invested in some new mining equipment and had installed a manganese separator on a trial basis on one processing line in 2009 or 2010.

[91] As a result of these losses, the operations were idled in March 2014 and Wabush Mines began its attempts to sell the mine or to attract a new investor. The mine was closed in November 2014 when the initial attempts to sell were unsuccessful. The sales process continued after the mine was closed. It was not successful in finding a buyer until June 2017.

[92] These financial difficulties are reflected in the reclassification of the reserves as mineralized material in February 2014.

[93] Cliffs Natural Resources Inc. is the ultimate parent of Wabush Mines. It is an international mining and natural resources company incorporated in Ohio with its headquarters in Cleveland. It is a public company and its shares are traded on the New York Stock Exchange. As such, it is governed by the rules of the U.S. Securities and Exchange Commission ("SEC").

[94] Industry Guide 7 of the SEC requires issuers to use the following definition of "Reserve":

> That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.[58]

[95] In its 2013 Annual Report, which was signed on February 14, 2014, Cliffs used the following definitions:

> Reserves are defined by SEC Industry Standard Guide 7 as that part of a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination. All reserves are classified as proven or probable and are supported by life-of-mine plans.[59]
>
> ...
>
> "Mineralized material" is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. Mineralized material has been delineated by appropriate sampling to

58 "SEC Industry Guide 7: Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" (Exhibit R-29), par. (a)(1).

59 Exhibit R-19, p. 36.

> establish continuity and support an estimate of tonnage with an average grade of the selected metals, minerals or quality. We have various properties in either advanced exploration, development or operational stages that contain considerable amounts of mineralized material that could eventually be converted into reserves given favorable operating and market conditions. Future production from mineralized material would require additional economic and engineering studies, permitting and significant capital expenditures before any potential value could be realized. A deposit of mineralized material does not qualify as a reserve until a comprehensive evaluation, based upon unit costs, grade, recoveries and other material factors, concludes both economic and legal feasibility. Further, for new projects a "final" or "bankable" feasibility study is required prior to the reporting of mineral reserves.
>
> Readers are cautioned not to assume that any of these mineralized materials will ever be converted into mineral reserves. Our mineralized material estimates contain only material classified as measured or indicated. Materials classified as inferred have a greater amount of uncertainty as to their future ability to be upgraded and are not included in the estimates reported.[60]

[96] With respect to Wabush, the reserves were reclassified as mineralized material:

> In the second quarter of 2013, we idled the pellet plant at Pointe Noire and decided to produce only an iron ore concentrate from our Wabush facility. Subsequently, on February 11, 2014, we announced that we made the decision to idle all production at our Wabush mine by the end of the first quarter of 2014. As a result, the reserves previously reported for Wabush are now included in our Mineralized Material estimates.[61]

[97] In other words, Cliffs downgraded the Wabush mine from "a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination" to a mineral deposit that "has reasonable prospects for economic extraction". While it is true that the decision to close the mine was subjective and unilateral, the decision to reclassify the mineral deposit was made pursuant to Cliffs' legal obligation in accordance with SEC rules. Moreover, it goes against the interest of Cliffs. The Court accepts that it was done in good faith and not as an attempt to avoid paying the Minimum Royalty.

[98] MFC argues that the reclassification under SEC rules adopted in 1981 "is clearly contrary to what the parties to the Sublease agreed to in 1959" and "cannot amend the terms of the valid and binding Sublease".[62] These arguments miss the point. MFC is right that the subsequent securities rules in Canada and the United States are of little use in interpreting the 1959 Lease. But the reclassification cannot be contrary to the 1959 Lease and does not amend it. The reclassification is merely a fact in 2014 which

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60 *Id.*, p. 40.
61 *Id.*, p. 38.
62 MFC Plan of Arguments, *supra* note 33, par.59-60.

provides evidence as to the economic viability of the mining operations in February 2014. The economic viability of the mining operations in 2014 is relevant to the application of the 1959 Lease, interpreted independently of the reclassification.

[99] The reclassification was done after the announcement in February 2014 that the operations would be idled in March 2014. At the same time, Wabush Mines began its attempts to sell the mine or to attract a new investor. The mine was closed in November 2014 when the initial attempts to sell were unsuccessful. The prospects for economic extraction were further lowered when the mine was closed.

[100] MFC reclassified the Wabush mine as a discontinued operation in November 2015. The MFC press release recognized that the short term outlook for iron ore prices was not favourable but that the mine remained an interesting long-term opportunity:

> Iron ore prices have declined globally and the short-term outlook is not favorable. But, most importantly, we do not have any debt on this property. While we believe that the mine presents an interesting longt-term opportunity, now is the time for conservatism and prudence while we focus on our efforts. As such, we have initiated a rationalization process and, therefore, have reclassified the mine and our interest in another iron ore property as discontinued operations. We will be responsible stewards of our capital.[63]

[101] All of this evidence confirms that iron ore could not be economically extracted from the Wabush mine in the period between July 1, 2015 and June 30, 2017, which is the focus of this litigation. Lattanzi concluded in his testimony that it was "highly highly unlikely" that Wabush Mines can extract ore at a profit during the relevant period.

[102] MFC pleads that the sale to Tacora in July 2017 disproves all of this. Tacora was willing to pay $70 million[64] for the Wabush mine and it has announced plans to resume production.

[103] MFC produced an analysis of the Wabush mine prepared by Maptek NA for MagGlobal, Tacora's parent, dated March 18, 2017, which estimates the total proven mineral reserves at 333.2 million tonnes and concludes as follows:

> The Scully mine in Newfoundland-Labrador Canada has had significant historical production. The property was closed in 2013 due to supressed iron ore prices and limited low manganese ore remaining within the existing pits. MagGlobal's potential acquisition of the property along with the installation of the manganese reduction circuit will open up significant iron resources that could not be

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63 "MFC Industrial Reports Results for the First Nine Months Of 2015", press release dated November 16, 2015 (Exhibit R-20), p. 3.

64 Tacora paid cash of $2,050,000, assumed Cure Costs valued at $18,745,926.76, and became responsible for the Environmental Liabilities estimated at $49.7 million (Exhibit R-28 and the Monitor's 37th Report).

> considered as ore historically at the operation. Maptek's review of the geology, mineral resource model, as well as new pit designs have proven that significant, economic mineral reserves remain on the property.[65]

[104] Tacora anticipates making a $250 million capital investment, including the installation of the remaining manganese reduction lines. Tacora has also renegotiated the collective agreement to make it more flexible. The other factor that is relevant to the reopening of the mine is that iron ore prices have rebounded from a low of $30 per tonne to $71 per tonne.

[105] The Court is satisfied that the economics changed from the July 2015 to June 2017 period to the present, and that what was not economically viable between July 2015 and June 2017 now is.

[106] Therefore, the Court is satisfied, on the basis of the Lattanzi definition of "ore", there was no "remaining proven ore" between July 1, 2015 and June 30, 2017, or, using the Puritch definition of "ore", no Iron Ore Products can be produced from the "remaining proven ore" between July 1, 2015 and June 30, 2017. Either way, no Minimum Royalties were payable between July 1, 2015 and June 30, 2017.

[107] Further, the Court notes that if Minimum Royalties were payable between July 1, 2015 and June 30, 2017, the result would be that Wabush Mines would pay over $6.5 million in Minimum Royalties for the period between July 1, 2015 and June 30, 2017 on the iron ore reserves and that Tacora would pay Earned Royalties on the same iron ore reserves when they are extracted. Tacora would get no credit for the Minimum Royalties paid by Wabush Mines, with the result that MFC would receive both the Minimum Royalties and the Earned Royalties on the same iron ore. That was never the intention under the 1959 Lease. Moreover, it would be particularly inequitable for MFC to receive this double payment in an insolvency where other creditors of Wabush Mines are receiving substantially less than they are owed.

3. Wabush Mines' responsibility for the Minimum Royalty Payment due July 25, 2017

[108] Given the conclusion to which the Court has come on the main issue in this litigation, the Minimum Royalty payment made on July 25, 2017 will be remitted by the Monitor to Wabush Mines.

[109] Had the Court concluded that Wabush Mines was required to pay the Minimum Royalty, it would have been invited to consider the additional issue of whether Wabush

[65] Exhibit D-6. This document was not filed as an expert report and its author did not testify. Larry Lehtinen, the CEO of MagGlobal and Tacora, testified. The Court treats this report as a document received by MagGlobal on which MagGlobal based its decision to purchase the Wabush mine, but it does not prove its contents.

Mines was responsible for the Minimum Royalty payment on July 25, 2017, given that the sale to Tacora closed on July 18, 2017.

[110] The Minimum Royalty payment on July 25, 2017 was for the period from April 1, 2017 to June 30, 2017, prior to the sale to Tacora, so it would appear that Wabush Mines would be responsible for that payment.

[111] However, the issue involves the determination of the respective obligations of Wabush Mines and Tacora under the Asset Purchase Agreement. It would not be appropriate for the Court to comment further on that issue without the participation of Tacora in the litigation.

FOR THESE REASONS, THE COURT:

[112] **GRANTS** the Amended Motion for Directions (#607);

[113] **DECLARES** that the terms "remaining proven ore" used in Section C.5 of the Wabush Sublease mean:

> "Iron ore that could be extracted in an economically viable or profitable manner"

[114] **DECLARES** that in light of the market conditions between July 1, 2015 and June 30, 2017, there was no "remaining proven iron ore" at the Wabush mine and no Iron Ore Products can be produced from the “remaining proven ore”;

[115] **DECLARES** that Wabush Mine was entitled not to pay the Minimum Royalty Payment set forth in the 1959 Lease for the period between July 1, 2015 and June 30, 2017;

[116] **DECLARES** that the Deposit Amounts, including any interest since December 1, 2017, are not due to MFC;

[117] **ORDERS** the Monitor to transfer the Deposit Amounts, including any interest since December 1, 2017, to the general trust account opened by the Monitor in connection with the restructuring of the Wabush CCAA Parties;

[118] **THE WHOLE WITH COSTS,** including the fees of the expert Christopher J. Lattanzi, P. Eng.

Stephen W. Hamilton, J.S.C.

Me Bernard Boucher
BLAKE, CASSELS & GRAYDON LLP
For Wabush Iron Co. Limited and Wabush Resources Inc.

Me Gary Rivard
BCF Business Law
For 0778539 B.C. Ltd.

Dates of hearing: December 4 and 5, 2017

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF **MONTRÉAL**

N°: **500-11-048114-157**

SUPERIOR COURT
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

BLOOM LAKE GENERAL PARTNER LIMITED

QUINTO MINING CORPORATION

8568391 CANADA LIMITED

CLIFFS QUÉBEC IRON MINING ULC

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP

BLOOM LAKE RAILWAY COMPANY LIMITED

WABUSH MINES

ARNAUD RAILWAY COMPANY

WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

MFC INDUSTRIAL LTD.

Respondent

AMENDED MOTION FOR DIRECTIONS AND THE ISSUANCE OF A SAFEGUARD ORDER
(Paragraph 65 of the Rectified Wabush Initial Order dated May 28, 2015)

TO MR. JUSTICE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONORABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE WABUSH CCAA PARTIES (AS DEFINED BELOW) SUBMIT:

1. BACKGROUND

1.1 The Bloom Lake CCAA Parties

1. On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial Order (as subsequently amended, rectified and/or restated, the "Bloom Lake Initial Order") commencing these proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of the Petitioners Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC, and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake Railway Company Limited (collectively, the "**Bloom Lake CCAA Parties**"), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record and is filed herewith for convenience as **Exhibit R-1**.

1.2 The Wabush CCAA Parties

2. The Petitioners, Wabush Iron Co. Limited ("**Wabush Iron**") and Wabush Resources Inc. ("**Wabush Resources**") (collectively, the "**Wabush Petitioners**"), are debtor companies under the CCAA.

3. Wabush Mines ("**Wabush Mines JV**") is an unincorporated contractual joint venture of Wabush Iron and Wabush Resources. Like the Bloom Lake Mises-en-cause, it is not a petitioner in these CCAA Proceedings. However, it forms an integral part of the business, operations and/or assets of certain of the Wabush Petitioners and more specifically, the iron ore mine and processing facility located near the Town of Wabush and Labrador City, Newfoundland and Labrador (the "**Wabush Mine**") and the Pointe-Noire Port (both as defined and described more fully below).

4. On May 20, 2015, Mr. Justice Hamilton, issued an Initial Order (as subsequently amended, rectified and/or restated the "**Wabush Initial Order**") extending the scope of the CCAA Proceedings to the Wabush Petitioners and the Mises-en-cause Wabush Mines, an unincorporated contractual joint venture, Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively, the "**Wabush CCAA Parties**"), as appears from the Wabush Initial Order which forms part of the Court record and is filed herewith for convenience as **Exhibit R-2**.

5. The Wabush Initial Order was rectified on May 28, 2015, as appears from the Rectified Wabush Initial Order which forms part of the Court record and is filed herewith for convenience as **Exhibit R-3**.

6. Various market and economic factors, such as the significant fall in global commodity prices, have affected the value and feasibility of the Wabush Mine.

2. THE WABUSH CCAA PARTIES' BUSINESSES AND AFFAIRS

7. The Wabush Mine is an iron ore mine and processing facility located near Wabush City and Labrador City, Newfoundland and Labrador in the Labrador Trough. A map showing the geographical location of the Wabush Mine and the site is filed herewith as **Exhibit R-4**.

8. The Wabush Mine had been in operation since 1965. Since 2009 until it was idled in 2014, the Wabush Mine had annual productions of between 2.7 million and 3.9 million metric tonnes of iron ore pellets and concentrate.

9. Cliffs Natural Ressources Inc. ("**CNR**"), the ultimate parent of the Wabush Petitioners, has indirectly invested approximately USD $221.2 million in the Wabush Mine since February 2010.

10. As a result of the depressed global market for steel, particularly in Asia, the corresponding significant decline in the price for iron ore, and the high cost structure of the Wabush Mine, operations at the Wabush Mine were not economically sustainable. Therefore, mining operations at the Wabush Mine were suspended in March 2014.

11. Subsequently, the Wabush Mines JV moved to permanently idle the Wabush Mine. This process was completed in November 2014 and a Wabush Mine closure plan has been filed with and accepted by the Newfoundland and Labrador Department of Natural Resources, the implementation of which is subject to an environmental assessment review process.

12. The right of Wabush Mines JV to conduct mining operations at the Wabush Mine arises primarily under a mining sub-sublease with the Respondent, MFC Industrial Ltd. ("**MFC**"). That sub-sublease is the September 2, 1959 Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited, as lessor (now MFC) and Wabush Iron, as lessee, as amended (the "**Wabush Sublease**"), copy of the Wabush Sublease is filed as **Exhibit R-5**.

13. Operations at the Wabush Mine consisted of an open pit truck and shovel mine and a concentrator that utilizes single stage crushing, autogenous grinding mills and gravity separation to produce iron ore concentrate.

14. Similar to the Bloom Lake Mine, iron ore concentrate from the Wabush Mine was transported by rail by the Wabush Lake Railway, and then transferred to the Northern Land Railway, the QNS&L Railway and the Arnaud Railway for delivery to and shipment from the Pointe-Noire Port.

3. HISTORY AND DETAIL OF MFC INDUSTRIAL LTD.'s CONTRACTUAL RIGHTS

15. MFC's rights include contractual rights stemming from various Indentures, Agreements and Amendments thereto, being collectively the Mining Lease Documents (the **"Mining Lease Documents")** which include the following, among others:

    a) Indenture made and entered into on May 26, 1956 between the Lieutenant-Governor of the Province of Newfoundland **("Newfoundland")** as Lessor and

the Newfoundland and Labrador Corporation Limited **("Nalco")** as Lessee (the **"Mining Lease")** regarding a certain parcel of land occasionally referred to as Lot 1 of the Wabush iron ore mine (the **"Demised Premises")** which is described as follows:

> "Beginning at a point being the intersection of Meridian sixty-six degrees fifty-four minutes thirty seconds West Longitude and the south shore of Little Wabush Lake, thence running south along the said Meridian sixty-six degrees fifty-four minutes thirty seconds of West Longitude to its intersection with the south shore of Knoll Lake; thence running by a line south seventy-two degrees thirty minutes west to its intersection with the eastern shore of Long Lake at the mouth of a small stream flowing from a small lake; thence running along the said western shore of Long Lake and a river flowing north from Long Lake in a general northwesterly direction to a point being the intersection of parallel fifty-two degrees fifty-four minutes thirty seconds north Latitude with the Meridian sixty-six degrees fifty-nine minutes of West Longitude; thence running by a line north seventy degrees east to a point on the western shore of Little Wabush Lake at the mouth of a small stream; thence running along the said western shore of Little Wabush Lake in a general southeasterly direction to the point of beginning, all bearings being referred to the True Meridian and containing an area of approximately five square miles; and being more particularly described and delineated in red upon the plan annexed to this Indenture: Excepting nevertheless from the above described land the right of way of Wabush Lake Railway Company Limited."

as appears from a copy of said Indenture (Mining Lease) filed as **Exhibit R-6**;

b) Indenture made and entered into on May 26, 1956 between Nalco as Lessor and Canadian Javelin as Lessee regarding the Demised Premises, as appears from a copy of said Indenture filed as **Exhibit R-7**;

c) Indenture R-5 (Amendment and Consolidation of Mining Leases) made and entered into on September 2, 1959, between Canadian Javelin as Lessor and WIC as Lessee, effecting a consolidation of (eases regarding *inter alia* the Demised Premises) and to which reference has already been made above;

d) Statutory Agreement dated September 4, 1959 between Newfoundland, Nalco, Canadian Javelin and WIC, as appears from a copy thereof filed as **Exhibit R-8**;

e) Statutory Lease Agreement dated June 28, 1960 between Newfoundland, Nalco, Canadian Javelin, WIC and other parties, as appears from a copy thereof filed as **Exhibit R-9**;

f) Agreement between Canadian Javelin and WIC dated July 19, 1960, as appears from a copy thereof filed as **Exhibit R-10**;

g) Amendment of Amendment and Consolidation of Mining Lease dated August 8, 1961 between Canadian Javelin and WIC, as appears from a copy thereof filed as **Exhibit R-11**;

h) Statutory Partition Agreement dated June 17, 1964 between Newfoundland, Nalco, Knoll Lake Minerals Limited and Canadian Javelin, as appears from a copy thereof filed as **Exhibit R-12**;

i) Memorandum of Agreement entered into in 1987, between Javelin International Limited (formerly Canadian Javelin), WIC and others, as appears from a copy thereof filed as **Exhibit R-13**; and

j) First Amendment to Memorandum of Agreement dated 1988 between Naicap Holdings Inc. (formerly Canadian Javelin), WIC and others, as appears from a copy thereof filed as **Exhibit R-14**.

16. MFC's contractual rights by virtue of the Mining Lease Documents remain in full force and have not been re-amended since 1988;

4. CURRENT DIFFICULTY WITH RESPECT TO THE AMOUNT PAYABLE TO MFC BY THE WABUSH CCAA PARTIES AS MINIMUM ROYALTY PAYMENT

17. Section A.1 of the Wabush Sublease R-5 creates for Wabush Iron the obligation to pay to MFC, on a quarterly basis, a minimum royalty payment (the "**Minimum Royalty Payment**").

18. On August 24, 2015, within thirty days of the payment date, the Wabush CCAA Parties made payments in the aggregate amount of $750,000 in respect of the Minimum Royalty Payment purportedly owing under the Wabush Sublease. Such payments were made on a without prejudice basis with the Wabush CCAA Parties reserving their rights and remedies to assert or claim that all or some of the Minimum Royalty Payment was not due and owing.

19. On September 3, 2015, MFC issued a notice of default with respect to the Wabush Sublease (the "**MFC Notice of Default**") alleging that the Minimum Royalty Payment had not been paid in full, as appears from a copy of said notice filed as **Exhibit R-15**. The MFC Notice of Default was disputed by the Wabush CCAA Parties by way of a letter from counsel to the Wabush CCAA Parties to counsel to MFC dated September 10, 2015, as appears from said letter a copy of which is filed as **Exhibit R-16**.

20. On September 11, 2015, counsel to the Monitor requested that MFC confirm the amount of the Minimum Royalty Payment allegedly outstanding and provide the justification or particulars of that position.

21. Counsel to MFC responded to that request on September 18, 2015 asserting that under the terms of the Wabush Sublease, the minimum tonnage used to calculate the Minimum Royalty Payment and mentioned in Section A.1 of the Wabush Sublease R-5 had increased in 1973 from 10,000,000 gross tons per year to 10,833,000 gross tons per year and, accordingly, the Minimum Royalty Payment payable on July 25, 2015 was $812,250 (i.e. 3% of $10,833,000 instead of 3% of $10,000,000) and not $750,000, as appears from a copy of the letter dated September 18, 2015 filed as **Exhibit R-17**.

22. On October 1, 2015, counsel to the Monitor replied to the letter dated September 18, 2015 noting that notwithstanding that mining activities at Wabush Mine had ceased in February 14, 2014 (and which would therefore be the latest date that the minimum tonnage provisions came into effect), MFC had never alleged prior to September 18, 2015 that there had been an underpayment in any of the quarterly Minimum Royalty Payments since that time. An offer was made on a without prejudice basis for the Wabush CCAA Parties to pay the alleged underpayment of $62,250 in consideration of MFC confirming that there was no continuing or post-filing default under the Mining Sublease, as appears from a copy the letter dated October 1, 2015 filed as **Exhibit R-18.**

23. To date, no response has been received to the letter dated October 1, 2015.

24. Despite the obligation created by Section A.1 of the Wabush Sublease R-5, it is the view of the Wabush CCAA Parties that this obligation is subject to various conditions, including the one set out in paragraph A.1(f) of the Wabush Sublease which reads as follows:

> "A.1(f) **When the Lessee shall have paid to the Lessor Minimum for which it has not taken credit, and such payments equal or exceed that figure determined by multiplying the tonnage of Iron Ore Products which can be produced from the *remaining proven ore* in the Demised Premises by the rate of thirty cents (30¢) per Gross Ton** thereof, then, and in that event, **the Lessee shall be under no further obligation to pay Minimum to the Lessor**. The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry. Any dispute which may arise hereunder with respect to the rights and limitations herein set forth, shall be submitted to arbitration as hereafter provided."

25. With respect to the terms "remaining proven ore", to which reference is made in the above section A.1(f) of the Wabush Sublease R-5, it shall be understood as referring only to those mining resources that could be extracted in an economically viable or profitable manner.

26. To date, it is Wabush CCAA Parties' view that there is no "remaining proven ore" which can be extracted at the Wabush Mine on a profitable basis.

27. It is this situation that led CNR to requalify the description of this asset in its 2013 Annual Report, as appears from pages 36 and 38 of the CNR 2013 Annual Report filed as **Exhibit R-19**. At that time, the Wabush Mine ore which was initially described as forming mineral reserves (reserves being defined by SEC Industry Standard Guide 7 as that part of a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination), were declassified to be included in the mineralized material estimates.

28. This point of view is clearly shared by MFC as appears from a press release issued by MFC on November 16, 2015, a copy of which is filed as **Exhibit R-20**, where it states the following while disclosing its intent with respect to the Wabush Mine:

> "As such, we have initiated a rationalization process and, therefore, have reclassified the mine and our interest in another iron ore property as discontinued operations."

29. As appears from Section A.1 of the Wabush Sublease, the calculation of the Minimum Royalty Payment was based on the fact that there should be at least 10,000,000 gross tons of proven iron ore at the Wabush Mine, which entails that the Minimum Royalty Payment was to be $3,000,000.

30. In light of the above, and since the payment that is to be made, i.e. $3,000,000 per year, equals or exceeds the figure determined by multiplying the tonnage of iron ore which can be produced from the remaining proven ore in the demised premises by the rate of thirty cents (30¢) per gross ton thereof, the Wabush CCAA Parties shall be under no further obligation to pay the Minimum Royalty Payment to MFC.

5. PAYMENTS MADE BY THE WABUSH CCAA PARTIES TO MFC

31. As noted above, on August 24, 2015, the Wabush CCAA Parties made payments in the aggregate amount of $750,000 in respect of the Minimum Royalty Payment purportedly owing under the Wabush Sublease.

32. An additional payment of $62,250 was subsequently made by the Wabush CCAA Parties.

33. Such payments were subsequently remitted to the Monitor to be held in-trust pending the decision on the present motion.

34. On December 4, 2015, this Court issued, *inter alia*, the following interim orders with regards to the present Motion:

    a) **ORDERS** the Wabush CCAA Parties to deposit the sum of $812,250 per quarter with the Monitor in respect of the quarters ending October 25th, 2015 and following, to be held pending final judgement by the Court on the Motion;

    b) **ORDERS** that MFC is required to seek an order to lift the stay of proceedings prior to taking any action to terminate the Sublease or enforce any right thereunder.

    (the "**Interim Order**"), the whole as appears from the Court record.

35. Therefore, pursuant to the Interim Order, the Wabush CCAA Parties have made deposits of $812,250 with the Monitor on the following dates:

    a) October 25, 2015;

    b) April 25, 2016;

    c) July 25, 2016;

    d) October 25, 2016;

    e) January 25, 2017;

f) April 25, 2017.

36. On, June 2, 2017, the Wabush Petitioners and Wabush Lake Railway Company Limited, as vendors, entered into an asset purchase agreement with Tacora Resources Inc. ("**Tacora**"), as purchaser, regarding the sale of the assets related to the operation of the Wabush Mine (the "**Wabush APA**", and the "**Wabush Mine Transaction**"), as appears from a copy of the asset purchase agrement, which is filed as **Exhibit R-28**.

37. On June 26, 2017, the Wabush APA was approved by this Court, as appears from the Court record.

38. On July 18, 2017, the Wabush Mine Transaction closed, as appears from the Court record.

39. On July 25, 2017, under protest, Tacora made a payment of $812,250 to MFC pursuant to the Wabush Sublease.

40. Concurrently, on July 25, 2017, the Monitor, on behalf of the Wabush CCAA Parties, transferred an amount of $812,250 from its general trust account opened in connection with the restructuring of the Wabush CCAA Parties to the specific trust account used for the deposits made pursuant to the Interim Order.

41. In light of the foregoing, the Monitor is currently holding the following amounts pursuant to the Interim Order (the "**Deposit Amounts**"):

Deposits	$ 6,498,000.00
Interest on the deposits	$ 45,449.42
Service charge	$ - 100
NET AMOUNTS	**$ 6,543,349.42**

42. Considering that no amount whatsoever is payable as Minimum Royalty Payment to MFC, the Petitioners are justified to ask that this Court: (i) declare that the Deposit Amounts are not due to MFC and (ii) order the Monitor to transfer the Deposit Amounts to the general trust account opened by the Monitor in connection with the restructuring of the Wabush CCAA Parties.

6. CONCLUSIONS

43. The Petitioners are well founded to ask this Court to declare that no amount whatsoever is payable as Minimum Royalty Payment to MFC pursuant to the Wabush Sublease R-5 in light of the wording of Section A.1(f) of the Wabush Sublease.

44. The Wabush Sublease (C.5) provides that whenever the amount of rents or royalties is in dispute between the parties, that such rents or royalties shall only be deemed due and payable within sixty (60) days of a third-party determination of the dispute. The Wabush Sublease (C.5 and C.7) provides that such a dispute is to be resolved by way of arbitration. Despite the fact that such is the case, and given the current CCAA

Proceedings, the Wabush CCAA Parties submit that this dispute is properly subject to the jurisdiction of this Court.

45. In light of the foregoing, the Petitioners hereby seek the issuance of an Order substantially in the form of the draft Order a copy of which is filed as **Exhibit R-21**.

46. The present Motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Motion;

ISSUE a safeguard order stating that the non-payment by Wabush Iron to the Respondent of the Minimum Royalty Payment that would have been otherwise payable pursuant to the Wabush Sublease shall not be deemed to constitute an event of default pursuant to said agreement until 21 days after the issuance by this Court of the order that will establish the amount payable by Wabush Iron to MFC pursuant to the Wabush Sublease R-5, if any;

DECLARE that the terms "remaining proven ore" used in Section C.5 of the Wabush Sublease shall mean:

> "Iron ore that could be extracted in an economically viable or profitable manner"

DECLARE that in light of the current market condition and subject to any further order of this Court, there is no "remaining proven iron ore" at the Wabush Mine;

DECLARE that, until further order of this Court, Wabush Iron shall be entitled not to pay the Minimum Royalty Payment set forth in the Wabush Sublease R-5;

DECLARE that the Deposit Amounts are not due to MFC;

ORDER the Monitor to transfer the Deposit Amounts to the general trust account opened by the Monitor in connection with the restructuring of the Wabush CCAA Parties;

THE WHOLE WITHOUT COSTS save and except in case of contestation.

Montréal, December 4, 2017

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Wabush CCAA Parties

CANADA

PROVINCE OF QUÉBEC
District of Montréal

N°: **500-11-048114-157**

SUPERIOR COURT

(Commercial division)

(Sitting as a court designated pursuant to the Companies' *Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF :

BLOOM LAKE GENERAL PARTNER LIMITED;

QUINTO MINING CORPORATION;

8568391 CANADA LIMITED;

CLIFFS QUÉBEC IRON MINING ULC;

WABUSH IRON CO. LIMITED;

WABUSH RESOURCES INC.;

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP;

BLOOM LAKE RAILWAY COMPANY LIMITED;

WABUSH MINES;

ARNAUD RAILWAY COMPANY;

WABUSH LAKE RAILWAY COMPANY LIMITED;

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.;

Monitor

-and-

MFC BANCORP LTD. (formerly known as MFC Industrial Ltd);

Respondent

CONTESTATION
(Motion for Directions and the Issuance of a Safeguard Order, proceeding number 247 of the Plumitif)

IN SUPPORT OF ITS CONTESTATION, RESPONDENT MFC BANCORP LTD. RESPECTFULLY SUBMITS:

INTRODUCTION

1. MFC Bancorp Ltd., formerly known as MFC Industrial Ltd. ("**MFC**") files this written contestation ("**Contestation**") further to its Notice of Objection dated November 30, 2015, regarding The Wabush CCAA Parties' *Motion for Directions and the Issuance of a Safeguard Order* (the "**Motion**");

2. In accordance with paragraph 57 of the Rectified Wabush Initial Order a Notice of Objection was filed and served by MFC within the appropriate delays;

3. It was subsequently agreed between the parties that a detailed written contestation to the Motion would be filed by MFC;

CONTESTATION

4. As far as the Motion is concerned, It admits paragraphs 1 to 5 of the Motion;

5. It ignores paragraph 6 of the Motion;

6. It admits paragraph 7 of the Motion;

7. As far as paragraph 8 of the Motion is concerned it admits the allegations regarding the years duration of the period of operation of the Wabush Mine but ignores the allegations regarding the annual production of iron ore pellets and concentrate;

8. As far as paragraph 9 of the Motion is concerned it admits that Cliffs Natural Resources ("**CNR**") is the ultimate parent of the Wabush CCAA Parties/Petitioners but ignores the allegations made regarding the amounts invested in the Wabush Mine by CNR since 2010;

9. It ignores the allegations made in paragraph 10 regarding global market conditions but admits that operations at the Wabush Mine were suspended in March 2014;

10. It admits paragraph 11 of the Motion;

11. It admits paragraph 12 of the Motion and notes the admission by the Wabush CCAA Parties that the right to occupy the Wabush Mine property and conduct mining operations thereon stems from the Wabush Sublease in force between it and MFC and which is filed as exhibit R-5;

12. It admits paragraphs 13 and 14 of the Motion;

13. Regarding MFC's rights, it admits subparagraphs 15 a) to j) of the Motion and refers to said documents denying anything not in conformity therewith;

14. It admits paragraph 16 of the Motion and takes note of the Petitioners' admission that the Mining Lease Documents remain in full force and have not been re-amended since 1988;

15. It admits paragraph 17 of the Motion;

16. It denies as drafted paragraph 18 of the Motion adding that the payments that the Wabush CCAA Parties purported to make were incomplete and insufficient;

17. As far as paragraph 19 of the Motion is concerned it refers to Exhibits R-15 and R-16 denying anything not in conformity therewith;

18. As far as paragraphs 20 and 21 of the Motion are concerned, it refers to Exhibit R-17, denying anything not in conformity therewith;

19. As far as paragraph 22 of the Motion is concerned, it admits having received letter R-18 but denies the allegations contained in said paragraph;

20. It admits paragraph 23 of the Motion;

21. As far as paragraph 24 is concerned it refers to the Wabush Sublease (R-5) denying anything not in conformity therewith;

22. It denies paragraph 25 of the Motion;

23. It takes note of the position expressed by the Wabush CCAA Parties in paragraph 26 of the Motion;

24. As far as the allegations contained in paragraph 27 of the Motion are concerned, it denies that the facts alleged are well founded but takes note of the position taken by the Wabush CCAA Parties regarding CNR's decision to requalify the description of its mining assets and refers to Exhibit R-19, denying anything not in conformity therewith;

25. It denies paragraph 28 of the Motion;

26. It denies paragraph 29 of the Motion adding that the calculation should be based on 10,833,000 Gross Tons per year as per the Amendment of amount and consolidation of mine lease filed by the Wabush CCAA parties as Exhibit R-11 and therefore refers to said exhibit, denying anything not in conformity therewith;

27. It denies paragraphs 30 and 31 of the Motion;

28. As far as paragraph 32 of the Motion is concerned, it takes note of the position expressed by the Wabush CCAA Parties that notwithstanding the terms of the Wabush Sublease it is appropriate that the dispute be submitted to the Superior Court of Québec, Commercial Division given the current CCAA Proceedings;

29. It ignores paragraph 33 of the Motion;

30. It denies paragraph 34 of the Motion;

AND IN FURTHER CONTESTATION OF THE MOTION, MFC SUBMITS:

31. Contrary to what is alleged by the Petitioners, there is no current difficulty that justifies the intervention of the Court to interpret the terms of the Wabush Sublease;

32. Furthermore, notwithstanding the title of the Motion, the relief sought by the Petitioners do not constitute directives which should normally be sought by the Monitor, but are of a declaratory nature in relation with the interpretation of the terms of a contract (Sublease) which is not specifically provided for in the CCAA;

33. In this case the alleged difficulty results from a unilateral business decision taken by the Petitioners' parent company and dates back to 2014 whereas the Motion was instituted only at the end of November, 2015 after MFC issued default notices in relation with the non-payment of the Minimum Royalties ("**Minimum**") provided for in the Wabush Sublease;

34. The issue was therefore known by the Wabush CCAA Parties and its parent CNR since at least 2014;

35. The delay to institute the Motion is unreasonable and indicates that the Petitioners suggested interpretation was only a recently developed strategy to avoid making required payments to MFC. The interpretation sought does not constitute a current difficulty, the Motion should therefore be dismissed;

INTERPRETATION OF THE WABUSH SUBLEASE

36. Notwithstanding the foregoing, and in the event where the Motion is not dismissed for unreasonable delay, MFC believes that the Motion should still be dismissed as the interpretation proposed by the Petitioners is unfounded in fact and in law;

37. The alleged difficulty, which according to Petitioners necessitates an interpretation of the Sublease, stems from an unilateral action of the Wabush CCAA Parties and their parent CNR and results in a desire to suspend any payments under the Wabush Sublease as a result of their decision to cease operations of the Wabush Mine and their desire to simply cease honouring current post-filing obligations after having been put in default under the terms of the Wabush Sublease;

38. Even if the market conditions for Iron Ore Products were less than ideal in 2014, other factors influenced the decision by CNR to leave the Canadian Market and to cease operation of the Wabush Mine, including the high-cost structure of the Wabush CCAA Parties and CNR and their general operational inefficiencies;

39. A high cost structure and other internal business factors were cited in support of CNR's decision in 2014;

40. The Wabush CCAA Parties argue that the fact that CNR chose to requalify its "reserves" for the Wabush Mine to "mineralized material" is somehow determinative as to the quantity of "proven iron ore" is present at the Wabush Mine. MFC contends that this is incorrect and that the SEC *Industry Guide 7* standards utilized for the purposes of CNR's public disclosure has no bearing on the issue and, further, utilizes modern industry

definitions that were not in existence until many years after the date of the Wabush Sublease;

41. Even under the protection of the CCAA, the Wabush CCAA Parties must continue to fulfill their valid contractual obligations unless ordered otherwise in application of the CCAA;

42. The Wabush CCAA Parties cannot unilaterally modify the terms of any existing contract or, as in this case of an existing and valid Sublease, which as admitted by the Wabush CCAA Parties currently remains in full force;

43. As mentioned in subparagraphs 15 a) to J) of the Motion, MFC's contractual rights are based on various Indentures, Agreements and Amendments thereto, defined in the Motion as being the Mining Lease Documents which are filed by Petitioner as Exhibits R-6 to R-14;

44. Of particular interest for the purpose on the present proceedings are the Wabush Sublease (R-5) and also the Amendment of Agreement and Consolidation of Mining Lease (R-11);

45. The interpretation sought by the Wabush CCAA Parties to the effect that Minimum is no longer payable because there is no "remaining proven ore" as provided for in Section A.1(f) of the Wabush Sublease is baseless and unfounded in the circumstances;

46. More particularly, their conclusion that there is "no remaining proven ore" is based on their proposed interpretation of the terms of the Wabush Sublease as suggested in the conclusions of the Motion as follows:

> "Iron ore that could be extracted in an economically viable or profitable manner"

47. MFC strongly disagrees with that interpretation of the terms of the Wabush Sublease;

48. As appears from the Wabush Sublease there are no definitions of the terms "ore", "remaining ore" or "proven ore";

49. The Wabush Sublease only provides for a definition of Iron Ore Products:

> "Iron Ore Products" shall mean and include iron ore, crude iron-bearing material and any metal, material or composition produced from iron ore or crude iron-bearing material."

50. The Petitioners have obtained expert's reports on the meaning of "remaining proven ore" which have been filed as Exhibits R-23 and R-24 (the "**Lattanzi Reports**");

51. The Lattanzi Reports do not support the position that the term "ore" is material that could be mined and processed at a profit as per the interpretation suggested by Petitioners. At best, they show that such interpretation was not universal at the time of the Wabush Sublease;

52. MFC has obtained the expert opinion of Mr. Eugene Puritch (the "**Puritch Report**"), mining engineer, which has been duly communicated to the Petitioners and filed as an Expert report and which is also filed in support herewith as **EXHIBIT D-1;**

53. Puritch, as appears from D-1, concludes "that in 1959, the majority of mining professionals would have interpreted the term "Proven Ore" is "A natural mineral compound, of the elements of which one at least is metal where there is practically no risk of failure of continuity.";

54. Both experts generally agree that between 1900 and 1959 there was no widely accepted evident definition of the word "ore" within the mining industry in North America;

55. The main distinction between the position of the experts is the notion of profit or economic interest of the party conducting the mining operations;

56. MFC contends that at the time of the signing of the Wabush Sublease and more particularly of the clauses regarding Minimum, that it was not the intention of the parties that economic factors be taken in consideration in the meaning of ore and that only geological factors should be taken in consideration when determining the existence of "remaining proven ore";

57. MFC further contends that at the time of the singing of the Wabush Sublease that it was not accepted in the mining industry that the term "remaining proven ore" did not equate to the standard used by CNR in its SEC reporting, which is of economic "reserves" nor did it require economic factors be taken into consideration.

58. The intent of the Parties at the time of signing the Wabush Sublease and ever since was that the Wabush Iron Co Limited or any authorized successor would have the necessary rights to exploit the Wabush Mines while MFC (and its processors) would benefit from a revenue stream for as long as the Wabush Mine was is possession of the demised property or during the duration of the Wabush Sublease;

59. The Wabush Sublease provides for royalty payments to be made to MFC so long as the Wabush Sublease remains in force;

60. The royalties payable are either Earned Royalties or quarterly minimum royalty or "Minimum" both of which are provided for in Paragraph A.1 of the Wabush Sublease;

61. The Earned Royalties, in an amount calculated in accordance with the Wabush Sublease, as amended from time to time, are payable in connection with "each Gross Ton of Iron Ore Products shipped from the demised premises";

62. Earned Royalties are therefore directly related to mining operations being carried out at the Wabush Mine;

63. The payment of Minimum is not in any way related to the carrying out of mining operations as paragraph A.1 clearly states "regardless of whether the lessee shall conduct on the demised premises any mining or other operations";

64. A unilateral business decision by Lessee to suspend mining operations does not lead to a suspension of the obligation to pay Minimum under the Wabush Sublease;

REQUALIFICATION OF WABUSH MINERAL RESERVES

65. Clause A.1(f) may in certain circumstances allow for the suspension of the Minimum payment if the quantity of "remaining ore" falls bellow the levels provided for in Clause A.1 as amended;

66. In the present case it has been admitted by the Petitioners, both in official filings and by their Attorneys that their remains approximately 200 Million Metric Tons of Mineralized Material at 35.1% FE, the whole as appears from Exhibit R-19;

67. This was also admitted in a letter from Mtre Bernard Boucher, acting for the Wabush CCAA Parties to the undersigned attorneys dated January 12, 2016 and attached documents filed in support hereof as **Exhibit D-2**;

68. As appears from the Depletion Report included in D-2, as at December 31, 2014, there was 176.7 Million Metric Tones of "proven" Iron Ore Mineralized Material remaining at the Wabush Mine property;

69. Based on the above, the calculation provided for at paragraph A.1(f) of the Wabush Sublease would exceed the Minimum and therefore Lessee would remain under obligation to pay Minimum to the Lessor;

70. It is not denied that economic factors are to be taken in consideration in any mining company's decision to pursue or continue the operation of any mine; and this is no doubt what influenced CNR's decision to cease operating the Wabush Mine;

71. CNR decided to abandon mining operations at the Wabush Mine, and consequently reclassified the Mineral Reserves which were undoubtedly "remaining proven ore" to the lessor category of Mineralized Material Estimates;

72. Not only is this operation unilateral and unrelated to the terms of the Wabush Sublease but it is clearly contrary to what the parties to the Wabush Sublease intended in 1959;

73. The decision taken by CNR, which is not a party to the Wabush Sublease, to requalify what had been Mineral Reserves to Mineralized Material cannot amend the terms of the valid and binding Wabush Sublease;

74. Said decision based on reporting requirements developped within the mining industry in connection with securities laws accounting practices adopted decades after the conclusion of the Wabush Sublease and cannot for the basis for an interpretation by the Court that requires the addition of terms or concepts terms that were not foreseen by the Parties;

75. In this specific case the requalification was done by CNR in application of the United States' Securities and Exchange Commission ("**SEC**") Industry Guide 7 which was only adopted in 1981 as appears from a copy filed in support hereof as **EXHIBIT D-3**;

76. Similar reporting requirements were adopted in Canada as National Policy Statement 2-A, which was first published on or about January 13, 1984, the whole, as appears from a copy filed in support hereof as **EXHIBIT D-4**;

77. Similar definitions and principles have since been integrated in National Policy Instrument 43-101, which was adopted in 2001, which integrate by way of reference the Canadian Institute of Mining ("**CIM**") Definition Standards for Mineral Resources and Mineral Reserves ("**CIM Definition Standards**"), the whole as appears from said documents filed *en liasse* in support hereof as **EXHIBIT D-5**;

78. The concepts and definitions provided for in the above mentioned policy documents cannot be used to properly interpret the Wabush Sublease even if Paragraph A.1(f) states that the quantity of the remaining proven ore id to be established in accordance with operating estimates customary in the iron ore industry;

79. Interestingly, the definition of Mineralized Material used by CNR as appears from R-19 is the following:

> "Mineralized Material" is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such grade or quality that it has the reasonable prospects for economic extraction."
>
> [emphasis added]

80. Therefore, the Mineralized Material remaining at Wabush Mine, as admitted by CNR and by the Respondents still has, in their opinion and according to their own definitions, reasonable prospect of economic extraction;

81. The Wabush Sublease does not provide for the consequence on the payment of minimum of an indefinite suspension of production or end of production but provides for the automatic termination of the Sublease after ten (10) consecutive years without operations;

82. Termination of the Wabush Sublease should therefore be the normal consequence of the cessation of operations;

83. The interpretation of the Wabush Sublease put forth by the Wabush CCAA Parties does not conform to the spirit of such Agreement and would lead to odd and inconsistent outcomes. Based on the Wabush CCAA Parties' proposed interpretation, the Minimum would permanently cease to be payable anytime a steep decline in iron prices resulted in the operator idling the mine. However, if iron prices increased thereafter, resulting in mining operations re-commencing, the Minimum would no longer apply. This would be a nonsensical outcome and could not have been the intent of the parties at the time of the Wabush Sublease;

84. For all the reasons mentioned above, the Respondent believes that he proposed interpretation of the Sublease should not be retained and Minimum should continue to be paid whether or not there are mining operations so long as the Wabush CCAA Parties remain in possession of the Wabush Mine;

85. Only termination of the Wabush Sublease should allow for the cessation of payment of Minimum as of the effective date of termination;

86. All amounts payable to MFC after the date of the Wabush Initial Order and prior to the termination of the Wabush Sublease are therefore due and payable to MFC in application of the terms said Wabush Sublease;

87. The Motion should therefore be dismissed and as a consequence the Safeguard Order issued on December 4, 2015 should be vacated;

88. This Contestation is well founded in facts and in law;

FOR THE REASONS SET FORTH ABOVE, MAY IT PLEASE THE COURT TO:

GRANT this Contestation;

DISMISS the interpretation proposed by Petitioners of the terms "remaining proven ore" used in Section A.1 (f) of the Wabush Sublease;

DISMISS Petitioners' *Motion for directions and the issuance of a safeguard order*;

LIFT or **VACATE** the Safeguard Order made on December 4, 2015;

ORDER the payment to MFC Bancorp Ltd of all amounts paid in trust to the Monitor FTI Counsulting Canada Inc. since December 4, 2015;

THE WHOLE with legal costs.

MONTREAL, this 5th day of April, 2017

BCF LLP

BCF LLP
Me Gary Rivard
Gary.rivard@bcf.ca
1100 René-Lévesque Blvd West
25th Floor
Montreal, Quebec H3B 5C9
Tel. : 514 397-6838
Fax : 514 397-8515
Our file: 39724-1

Attorneys for Respondent
MFC BANCORP LTD.

TRUE COPY
BCF LLP
BCF LLP

CANADA

PROVINCE OF QUÉBEC
District of Montréal

N°: **500-11-048114-157**

SUPERIOR COURT

(Commercial division)

(Sitting as a court designated pursuant to the Companies' *Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF :

BLOOM LAKE GENERAL PARTNER LIMITED;

QUINTO MINING CORPORATION;

8568391 CANADA LIMITED;

CLIFFS QUÉBEC IRON MINING ULC;

WABUSH IRON CO. LIMITED;

WABUSH RESOURCES INC.;

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP;

BLOOM LAKE RAILWAY COMPANY LIMITED;

WABUSH MINES;

ARNAUD RAILWAY COMPANY;

WABUSH LAKE RAILWAY COMPANY LIMITED;

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.;

Monitor

-and-

MFC BANCORP LTD. (formerly known as MFC Industrial Ltd);

Respondent

LIST OF EXHIBITS

EXHIBIT D-1: Copy of Expert Report of Mr. Eugene Puritch;

EXHIBIT D-2: Copy of a letter from Mtre Boucher dated January 12, 2016 and attached documents;

EXHIBIT D-3: Copy of Industry Guide 7 from United States' Securities and Exchange Commission;

EXHIBIT D-4: Copy of National Policy Statement 2-A;

EXHIBIT D-5: Copy of National Policy Instrument 43-101 and Canadian Institute of Mining Definition Standards for Mineral Resources and Mineral Reserves, *en liasse*.

MONTREAL, this 5th day of April, 2017

BCF LLP

BCF LLP
Me Gary Rivard
Gary.rivard@bcf.ca
1100 René-Lévesque Blvd West
25th Floor
Montreal, Quebec H3B 5C9
Tel. : 514 397-6838
Fax : 514 397-8515
Our file: 39724-1

Attorneys for Respondent
MFC BANCORP LTD.

TRUE COPY
BCF LLP
BCF LLP

AMENDMENT AND CONSOLIDATION OF MINING LEASES

THIS INDENTURE made and entered into as of the 2nd day of September, 1959, by and between CANADIAN JAVELIN LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's, Province of Newfoundland, Canada (hereinafter called the "Lessor"), and WABUSH IRON CO. LIMITED, a corporation duly organized under the laws of the State of Ohio, United States of America, and duly qualified to transact business in the Province of Newfoundland, Canada (hereinafter called the "Lessee"),

W I T N E S S E T H :

WHEREAS, under and pursuant to a certain Mining Lease dated June 28, 1957, by and between the Lessor and the Lessee (which Mining Lease, as amended by Agreement dated April 2, 1958, and by Agreement dated January 30, 1959, is hereinafter called the "Wabush Iron Lease"), the Lessor demised unto the Lessee that piece or parcel of land (hereinafter called the "Wabush Iron Premises") described in Schedule A to this Indenture and generally delineated in gray upon a plan (captioned "Plan Annexed to Schedule to Lease No. 2") annexed to said Schedule A; and

WHEREAS, under and pursuant to a certain Mining Lease dated June 28, 1957, by and between the Lessor and Pickands Mather & Co. and The Steel Company of Canada, Limited as lessees (which Mining Lease is hereinafter called the "PM - Stelco Lease"), the Lessor demised unto said lessees that piece or parcel of land (hereinafter called the "PM - Stelco Premises") described in Schedule B to this Indenture and generally delineated in gray upon a plan (captioned "Plan Annexed to Schedule to Lease No. 1") annexed to said Schedule B; and

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[illegible]
(A)

WHEREAS, Pickands Mather & Co. and The Steel Company of Canada, Limited, by Assignment of even date herewith assigned the PM - Stelco Lease and the leasehold estate created thereby to the Lessee with the written consent of the Lessor thereto appended; and

WHEREAS, The Lessor and the Lessee desire to modify and amend certain of the provisions of the Wabush Iron Lease and of the PM - Stelco Lease, and to consolidate said Leases into one Lease covering both the Wabush Iron Premises and the PM - Stelco Premises (the two said premises being hereinafter together called the "Demised Premises");

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings and agreements of the parties hereinafter set forth IT IS AGREED that effective from and after the date hereof the following articles, terms and provisions shall be substituted for the Wabush Iron Lease in its entirety and shall also be substituted for the PM - Stelco Lease in its entirety, such articles, terms and provisions being as follows:

NOW THEREFORE THIS INDENTURE WITNESSETH THAT for and in consideration of the rents and royalties and of the covenants and conditions to be paid, observed, performed and fulfilled by the Lessee hereunder, the Lessor hereby demises unto the Lessee all that piece or parcel of land hereinbefore defined as the Demised Premises, as more particularly described in the Schedules to this Indenture and generally delineated in gray upon the plans annexed thereto (which descriptions and plans are to be taken as a part hereof), TOGETHER WITH the exclusive right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all Iron Ore Products, as hereinafter defined, on, in or under the Demised Premises, TO HOLD the same unto the Lessee for the term extending to and including the 20th day of May 2055, YIELDING AND PAYING therefor yearly on the 20th day of December in each and every year the rental of Three

Hundred Sixty Dollars ($360.00), less such sum as shall be expended by the Lessee after the execution of this Indenture on the prospecting, exploration, development or mining of the Demised Premises or any part thereof.

The following terms whenever used in this Indenture shall have the respective meanings hereinbelow set forth:

(a) "Canadian Funds" shall mean the lawful money of Canada which at the time is the legal tender for public and private debts in Canada.

(b) "Iron Ore Products" shall mean and include iron ore, crude iron-bearing material and any metal, material or composition produced from iron ore or crude iron-bearing material.

(c) "Gross Ton" shall mean two thousand two hundred forty (2,240) pounds avoirdupois.

(d) "Nalco" shall mean Newfoundland and Labrador Corporation Limited, a Newfoundland corporation.

(e) "Nalco Lease" shall mean that Indenture of Lease dated May 26, 1956, as amended by Indenture dated June 28, 1957, between Nalco and Canadian Javelin Limited, leasing the Demised Premises to Canadian Javelin Limited.

(f) "Seven Islands Price" shall mean the price determined by multiplying the number of units of iron, natural analysis, up to but not in excess of sixty-four (64), contained in each Gross Ton of Iron Ore Products by seventeen cents (17¢), Canadian Funds, and the number of units thereof in excess of sixty-four (64) by ten cents (10¢), Canadian Funds; provided, however, that if the published Lake Erie

price at Cleveland, Ohio, of Old Range non-Bessemer Ore analyzing 51.50% iron, natural analysis, at the time of any shipment exceeds eleven dollars and seventy cents ($11.70), United States Funds, per Gross Ton, then said seventeen cents (17¢), Canadian Funds, and said ten cents (10¢), Canadian Funds, for each such shipment, shall be increased in the same proportion as the amount of any such excess bears to eleven dollars and seventy cents ($11.70).

A. AND the Lessee hereby covenants with the Lessor as follows:

1. That the Lessee will, during the term of this Indenture, pay to the Lessor on or before the 25th day of January, April, July and October (hereinafter called "Quarterly Payment Dates") in each and every year or if such day falls on a Sunday or a holiday then on the next ensuing day, as royalty for each Gross Ton of Iron Ore Products shipped from the Demised Premises during the calendar quarter immediately preceding the first day of the month in which payment is to be made as aforesaid, an amount equal to seven per cent (7%) of the Seven Islands Price thereof, or the sum of seventy-five cents (75¢), Canadian Funds, whichever shall be greater (the royalty so paid or payable being hereinafter called "Earned Royalties");

Provided, however, that, for each calendar quarter during which this Indenture remains in effect after January 1, 1960, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called "Minimum") equal to one-quarter of an amount calculated at the rate of thirty cents (30¢), Canadian Funds, per Gross Ton on the following tonnages:

During 1960-1964, inclusive	1,500,000 Gross Tons per year
During 1965-1966, inclusive	6,000,000 Gross Tons per year
During 1967-1968, inclusive	8,000,000 Gross Tons per year
During 1969 and each year thereafter	10,000,000 Gross Tons per year

the whole subject to the following conditions, namely:

(a) If on any Quarterly Payment Date the amount payable by the Lessee to the Lessor hereunder as Earned Royalties for each Gross Ton of Iron Ore Products shipped from the Demised Premises during the immediately preceding calendar quarter shall be less than the Minimum for such quarter, the total amount payable by the Lessee to the Lessor hereunder as royalty on such Quarterly Payment Date shall be the amount of such Minimum.

(b) If and so soon as the total amount paid by the Lessee to the Lessor by way of royalty hereunder in any calendar year shall be equal to the total of the Minimums for all four calendar quarters in such year, the Lessee's obligation to pay royalties hereunder for the remainder of such calendar year shall be limited to the amount of any Earned Royalties which shall be payable hereunder in respect of such year and which are in excess of the total of such Minimums in such year.

(c) Any amount which the Lessee shall pay to the Lessor on any Quarterly Payment Date by way of royalty hereunder otherwise than in payment of Earned Royalties for shipments during the immediately preceding calendar quarter shall constitute a credit against future Earned Royalties and the Lessee shall be entitled to use and apply any such credit, so far as the same will go and may be required, to the satisfaction of any Earned Royalties which shall be payable in respect of shipments during any subsequent quarter of the same or any subsequent year to the extent that such Earned Royalties shall exceed the Minimum for such quarter.

(d) The tonnages specified above and which form the basis for the Minimum have been specified on the assumption that in each applicable year the total steel production in the United States will be equal to 100% of the total rated steel capacity of the United States. It is recognized that adverse business conditions may reduce the rate of the steel operations and, therefore, the said tonnages shall be reduced in each year by that percentage in each said year that actual steel production in the United States falls below the rated capacity for the year in question; provided, however, that in no event shall a reduction be made in said tonnages except when the United States steel production falls below 85% of the rated capacity for that year. In connection with the foregoing, it is agreed that the factors relating to the capacity of the United States steel industry shall be determined by reference to the statistical data published by the American Iron and Steel Institute and normally set forth on A.I.S. Form Number 7.

On or before January 31 of each calendar year, the Lessee shall give to the Lessor notice setting forth all relevant factors determined as aforesaid with respect to the United States rated steel capacity for the preceding calendar year and on the basis of such findings if it be determined that the Lessee has overpaid any minimum royalty in respect of such preceding calendar year the Lessee shall be entitled to withhold an amount equal to such overpayment from any subsequent payments of Minimum or Earned Royalties.

(e) In the event that the Lessee is required to pay any royalties to Nalco, the Lessor agrees that the Lessee shall have credit for any such payments so made against any amounts due to the Lessor hereunder.

(f) When the Lessee shall have paid to the Lessor Minimum for which it has not taken credit, and such payments equal or exceed that figure

determined by multiplying the tonnage of Iron Ore Products which can be produced from the remaining proven ore in the Demised Premises by the rate of thirty cents (30¢) per Gross Ton thereof, then, and in that event, the Lessee shall be under no further obligation to pay Minimum to the Lessor. The quantity of the remaining proven ore will be established in accordance with operating estimates customary in the iron ore industry. Any dispute which may arise hereunder with respect to the rights and limitations herein set forth, shall be submitted to arbitration as hereinafter provided.

(g) Earned Royalties upon any Iron Ore Products obtained from the Demised Premises by the Lessee shall accrue only from the date that such products are actually shipped and for the purposes hereof such products shall be deemed to be shipped when delivered to a carrier at the Demised Premises or from stockpile grounds or from the plant or plants, as the case may be, for shipment to the consumer thereof.

(h) The amount of Iron Ore Products shipped hereunder shall be determined by railroad weights in Gross Tons certified by the carrier transporting the same, which shall be accepted as prima facie correct, or by weightometers or such other weights as may be generally in use for such purposes, subject in any case to the right of inspection by either party and any errors discovered shall be corrected and settled for promptly. Seven Islands Price as to shipments during each quarter shall be based upon the average analyses (taken by the Lessee in the normal course of its operations) of the Iron Ore Products shipped in such calendar quarter, subject to verification by independent chemists from time to time at the request and at the expense of the Lessor if no error be found on such verification and otherwise at the expense of the Lessee and errors when discovered shall be corrected and settled for promptly.

(i) On each Quarterly Payment Date, the Lessee will submit to the Lessor a written statement of all tonnages and analyses of Iron Ore Products shipped by the Lessee during the immediately preceding calendar quarter.

2. That the working and getting of the Iron Ore Products shall be performed in a skillful and workmanlike manner according to the most approved practice for the time being adopted in similar mines and fields.

3. That the Lessee shall, before the 25th day of January in each year during the currency of this Indenture, submit a report to the Lessor showing

(i) the total tonnage mined or produced during the previous calendar year or any part thereof included in the term;

(ii) the Iron Ore Products obtained from the total tonnage mined or produced;

(iii) the average iron content of the Iron Ore Products produced or processed during the year;

(iv) the places of sale of all products of the mine;

(v) the total number of men employed;

(vi) the total wages and salaries paid during the year;

(vii) the gross value received from the sale of all Iron Ore Products; and

(viii) such other data and information as may be required of the Lessor by Nalco under the provisions of the Nalco Lease.

4. That the Lessee will permit the Lessor by its duly authorized agents or representatives at all reasonable times to enter upon and inspect

and examine the Demised Premises and every part thereof for the purpose of ascertaining the conditions thereof and the manner of working and managing the same, provided, however, that such inspection and examination shall in no way interfere with the working by the Lessee of the Demised Premises and shall be at the sole cost and risk of the Lessor.

5. That the Lessee will maintain throughout the term herein granted good and sufficient corner posts or mounds and boundary marks according to the most approved mining practice for the time being adopted in similar mines and fields and in accordance with The Crown Lands (Mines and Quarries) Act, Chapter 175 of The Revised Statutes of Newfoundland, 1952.

6. That except where it is necessary to employ technical experts, the Lessee shall at all times in the working and production of the iron ore employ Newfoundland workmen if they are available.

7. That if the Government of the Province of Newfoundland shall at any time be desirous of acquiring any vacant lands, being part of the Demised Premises, for the purpose of building, making or erecting railways, roads, bridges or public buildings or works or for townsites or for agricultural settlements, or for sites for tourist purposes, the Lessee shall, if it has not carried out or is not proposing to carry out development thereon, release such lands to the Lessor and if the Lessee shall have improved such lands they shall be surrendered upon payment by the Lessor of fair and reasonable compensation to be agreed upon between the parties and, if not agreed upon, to be settled by arbitration in the manner provided in Section 8 I of The Newfoundland and Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951 as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1953, the Act No. 64 of 1953, and by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1959, the Act No. 34 of 1959.

8. That the Lessee shall keep full and proper books of account and records of all Iron Ore Products produced or shipped hereunder and such books of account and records shall contain full particulars of all data and particulars necessary and proper for the compiling of the report referred to in Clause 3 of this Part A of this Indenture.

9. That the Lessor may by its duly authorized agents or representatives at all reasonable times inspect and audit the said books of account and records referred to in the foregoing Clause 8 and take extracts therefrom for the information of the Lessor.

B. AND the Lessor hereby covenants and warrants with the Lessee as follows:

1. That the Lessor is the owner and holder of a valid leasehold estate in and to the Demised Premises under a valid and subsisting lease in respect thereof fully effective in accordance with its terms; that the Lessor has good and full right to grant to the Lessee the rights and interests herein purported to be granted free and clear of all liens and encumbrances; that the Lessor will keep the Nalco Lease in respect of the Demised Premises in full force and effect for the term hereof; that the Lessee, paying the rent and royalties hereby reserved and observing and performing and fulfilling the several covenants and conditions herein contained and on the part of the Lessee to be paid, observed, performed and fulfilled, shall peaceably hold and enjoy the mines, premises, liberties and powers hereby demised and granted during the said term without any interruption by the Lessor or any person rightfully claiming under or in trust for it.

2. That the Lessee shall have the full and free right, liberty and license, during the continuance of this Indenture, by way of surface or subterranean operations, to work, mine, extract, remove, mill, smelt

or process and sell or dispose of for the benefit of the Lessee the Iron Ore Products on, in and under the Demised Premises and to do all other acts and things as are necessary for the purpose of mining or incidental thereto.

3. That the Lessee may waste or dispose of all tailings resulting from the production of the Iron Ore Products by the Lessee in such ways as the Lessee may from time to time see fit, subject to the condition that such wasting or disposal will not in any way interfere with the operations of the Lessor and subject to the further condition that if any Iron Ore Products are extracted from such tailings by the Lessee the Lessee shall pay to the Lessor in respect of such Iron Ore Products so extracted the royalty provided for in Part A of this Indenture.

C. AND it is hereby mutually agreed by and between the Parties hereto:

1. That the Lessee may at any time determine the tenancy hereby created by giving to the Lessor sixty (60) days' previous notice in writing to that effect and thereupon, provided the Lessee shall up to the time of such determination pay the rents and perform and fulfill the covenants and conditions on the part of the Lessee to be paid, performed and fulfilled, the present demise and everything herein contained shall cease and be void save in respect of any rents, royalties and other amounts which ought to be paid upon or before the determination of the tenancy.

The Lessee shall pay to the Lessor upon such determination of the tenancy:

THE AMOUNT OF	IF DETERMINATION SHALL OCCUR:
$ 300,000	During the Calendar Year 1959
$ 400,000	During the Calendar Year 1960
$ 500,000	During the Calendar Year 1961

THE AMOUNT OF	IF DETERMINATION SHALL OCCUR:
$ 600,000	During the Calendar Year 1962
$ 1,100,000	During the Calendar Year 1963
$ 1,600,000	During the Calendar Year 1964 or any Calendar Year thereafter during the term hereof;

provided, however, that there shall be deducted from any such amount so payable the aggregate of all amounts paid or incurred by the Lessee prior to the date of determination in respect of exploration, laboratory, development and improvement work upon or in connection with the Demised Premises and any other lands in Labrador in which exploration or mining rights are granted or leased to the Lessee by the Lessor, including all such amounts as are properly allocable thereto in accordance with good operating procedures and sound accounting principles, and all amounts theretofore paid to the Lessor hereunder as royalties or otherwise.

2. That if at the determination of the tenancy there shall be Iron Ore Products which have been mined or produced before the determination of the said tenancy and not removed from the Demised Premises, the Lessee shall have the right upon the payment of royalties thereon in accordance with the provisions hereof to remove the same within a period of six (6) calendar months from the date of the determination of the tenancy and shall have full right of access to the Demised Premises for the above purpose.

3. That it shall be lawful for the Lessee to remove all buildings, plant, machinery and all articles and things of the Lessee in and upon or under the Demised Premises at any time within six (6) months after the determination of the tenancy; provided that the Lessor shall have the right

by notice in writing to the Lessee to purchase all or any part of the said properties, articles and things at the then reasonable market price, to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided.

4. That if and whenever any of the rents or royalties hereby reserved or any part thereof shall be in arrears for thirty (30) days or if any covenant or condition herein contained shall not have been duly performed or observed, the Lessor, upon giving sixty (60) days' notice in writing to the Lessee that such rents or royalties have not been paid and demanding payment thereof or that any covenant or condition has not been performed or observed, may, at any time thereafter, if such payment is not made or such covenant or condition is not performed or observed within such period of notice, enter into and upon the Demised Premises or any part thereof and thereupon this demise shall absolutely determine subject to the same obligations on the part of the Lessee as if such determination had been effected by the Lessee pursuant to the provisions of Clause 1 of this Part C and without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants herein contained.

5. That, notwithstanding any other provisions of this Indenture, if the amount of any rents or royalties payable in any year under this Indenture or the performance or observance of any covenant or condition contained in this Indenture is in dispute between the Lessor and the Lessee, such rents or royalties shall be deemed due and payable and such covenant or condition shall be required to be performed or observed within sixty (60) days of the date of the award of the arbitrators appointed to decide such dispute in accordance with Clause 7 of this Part C of this Indenture;

provided that the Lessee shall not be entitled to the benefit of this clause unless it has been paid the amount which it considers is payable in respect of such rents and royalties within thirty (30) days of the date upon which the said rents and royalties are payable and provided, further, that if the full amount of such rents and royalties payable under the said award shall not be paid within the sixty (60) days after the date of such award then the Lessor may exercise the rights conferred on it by Clause 4 of this Part C of this Indenture and the Lessor shall not be obliged to give the notice required thereby.

6. That should the mining operations of the Lessee cause subsidence of or other injury to the surface land of the Demised Premises, the Lessee shall not be liable to pay any compensation therefor to the Lessor.

7. That if any dispute, question or difference shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising out of or in relation to this Indenture, or if the parties fail to agree upon any matter reserved for their mutual agreement, then such dispute, question, difference, or agreement shall be determined by arbitration in the manner following:

The Lessor shall appoint one arbitrator, the Lessee shall appoint another, and the two arbitrators so appointed shall appoint a third arbitrator or umpire, and in the event of the Lessor or the Lessee failing to appoint an arbitrator after seven (7) clear days' notice by the Lessor or the Lessee, as the case may be, so to do, the Lessor or the Lessee may apply to a Judge of the Supreme Court of Newfoundland who may, after due notice to the Lessor or

the Lessee, as the case may be, appoint such arbitrator, and the arbitrators so appointed by the Lessor or the Lessee or by the Judge shall thereupon appoint a third arbitrator or umpire, and in the event of the last mentioned arbitrators' failing to appoint a third arbitrator or umpire after seven (7) clear days' notice from the Lessor or the Lessee so to do, the Judge may, on the application of the Lessor or the Lessee, as the case may be, appoint such third arbitrator or umpire, and the award of such arbitrators or any two (2) of them shall be final and binding upon the parties.

The expense of any such arbitration, including reasonable compensation for the arbitrators, shall be borne and paid equally by the parties or as the arbitrators may otherwise direct.

8. That the Lessee shall not have the right to assign the demise hereby granted or any right or interest of the Lessee therein or to sublet the Demised Premises in whole or in part excepting with the consent in writing of the Lessor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Indenture shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

9. That where the Lessee has brought a mine into production in the Demised Premises, the Demised Premises shall revert to the Lessor if the mine has ceased to operate for ten (10) consecutive years.

10. That notices and communications in respect of this Indenture shall be deemed to have been sufficiently given and delivered three (3) days after being enclosed in a postage prepaid envelope addressed:

If to the Lessor:

Canadian Javelin Limited
Board of Trade Building
St. John's, Newfoundland
Canada

If to the Lessee:

Wabush Iron Co. Limited
2000 Union Commerce Building
Cleveland 14, Ohio
U. S. A.

and deposited in a station letter box or mail chute of a United States Post Office, if mailed within the United States, or a Canadian Post Office, if mailed within Canada; provided, however, that either party may change the address to which notices and other communications to it may be sent by giving to the other party written notice of such change, in which case notices and other communications to the party giving the notice of change of address shall not be deemed to have been sufficiently given or delivered unless addressed to it at the new address stated in said notice.

11. This Indenture shall be construed and interpreted in accordance with the laws of the Province of Newfoundland, Canada.

IN WITNESS WHEREOF, The Parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

In the presence of:

CANADIAN JAVELIN LIMITED

By ______________ President

And ______________ Secretary

WABUSH IRON CO. LIMITED

By ______________ President

Attest: ______________ Secretary

I, Harold L. Burk, of the City of New York, in the State of New York make oath and say:-

1. THAT John C. Doyle whose signature is affixed to the within document is the President of Canadian Javelin Limited and Maurice Lackman whose signature is also affixed thereto is the Secretary of the said Company and the seal affixed thereto is the corporate seal of said Company;

2. THAT I am well acquainted with the said John C. Doyle and Maurice Lackman and saw them execute the said document and I am a subscribing witness thereto.

SWORN before me at the City of NEW YORK, in the STATE of NEW YORK, this 2ND day of SEPTEMBER 1959.

H. L. Burk

Prospero J. DeSantis

PROSPERO J. De SANTIS
Notary Public, State of New York
No. 24-0930975
Qualified in Kings County
Term Expires March 30, 1961.

STATE OF OHIO)
) SS:
CUYAHOGA COUNTY)

BEFORE ME, a Notary Public, in and for said county, personally appeared John Sherwin and R. S. Rinson, known to me to be the persons who, as President and Secretary, respectively, of WABUSH IRON CO. LIMITED, the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its Board of Directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal at Cleveland Ohio this 1st day of Sept., 1959.

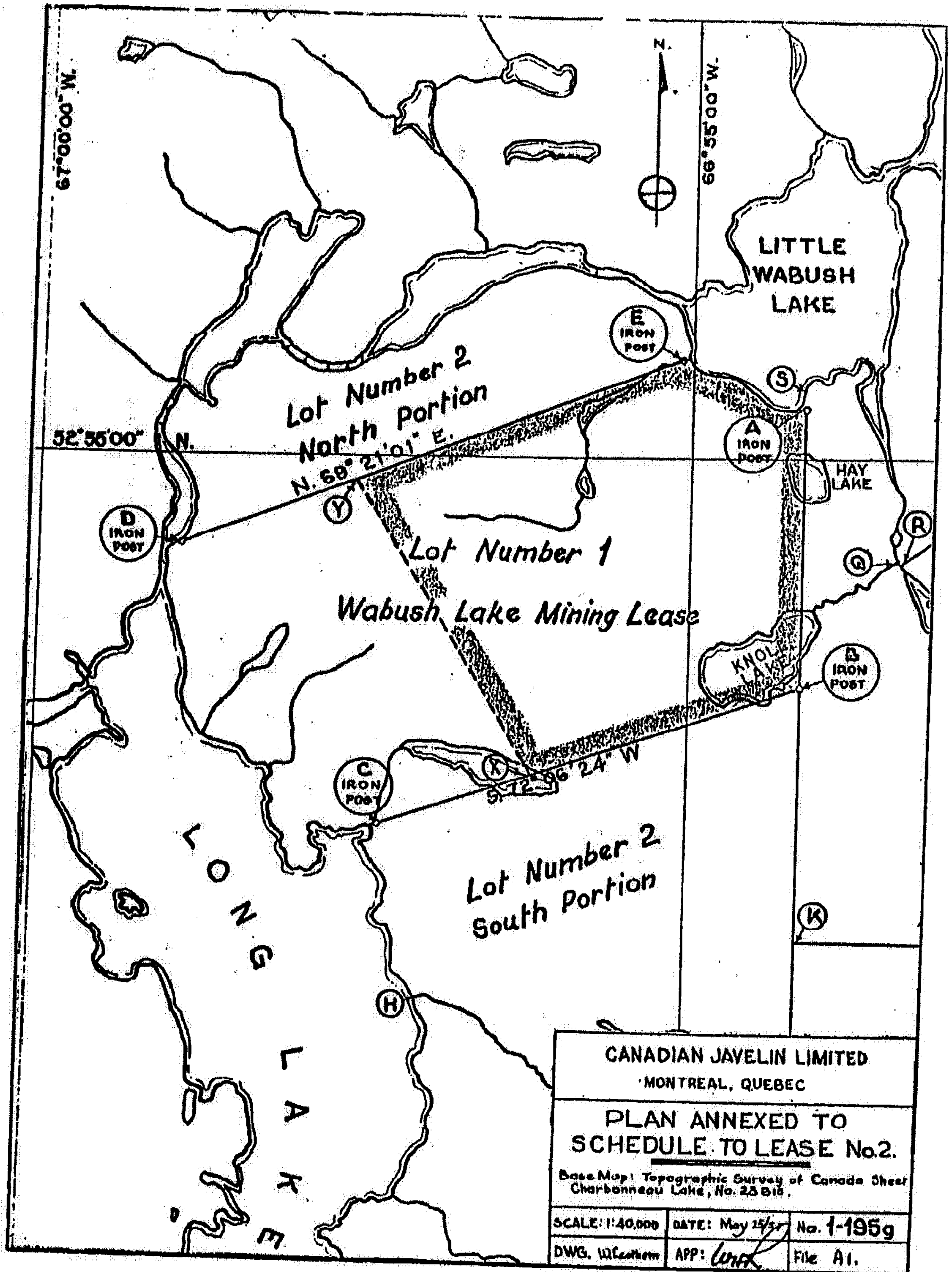
Eleanor R. Murphy
Notary Public

ELEANOR R. MURPHY
Notary Public, Cuyahoga County
My Commission Expires April 15, 1962

SCHEDULE A

A piece or parcel of land containing an area of approximately three and thirty-six hundredths (3.36) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this schedule and being more particularly described as follows:

Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running true South seven thousand five hundred ninety-six and fifty-eight hundredths (7,596.58) feet more or less to Point B (Point B being an iron pin approximately two hundred and sixty-seven (267) feet to the South of the south shore line of Knoll Lake); thence running in a Southwesterly direction along a line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of seven thousand eight hundred twenty-nine and forty-two hundredths (7,829.42) feet more or less to Point X; thence running in a Northwesterly direction along a line bearing North thirty-one degrees twenty-eight minutes ten seconds (31°28'10") West a distance of nine thousand three hundred thirty-four and sixty-five hundredths (9,334.65) feet more or less to Point Y; thence in a Northeasterly direction along a line bearing North sixty-nine degrees twenty-one minutes one second (69°21'1") East a distance of nine thousand six hundred and forty-five and seventeen hundredths (9,645.17) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running along said last mentioned line a distance of approximately forty (40) feet to its intersection with the shore line of Little Wabush Lake; thence running Southeasterly along the South shore line of Little Wabush Lake to a point true North of Point A; thence running a distance of approximately seventy (70) feet true South to Point A, the point of beginning; all bearings being referred to the True Meridian; and subject nevertheless to the right of way of The Wabush Lake Railway Company Limited.

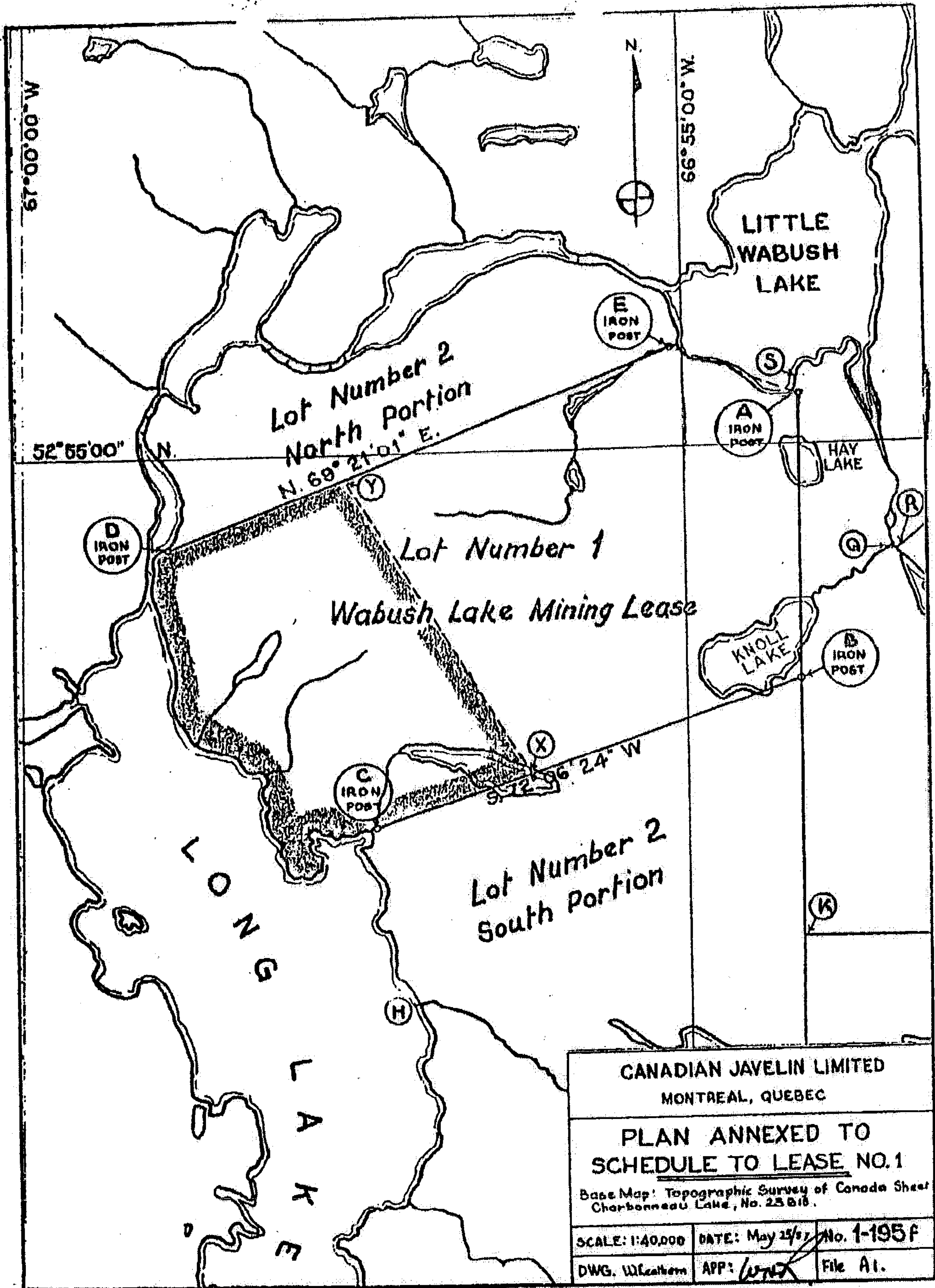

67°00'00" W.
66°55'00" W.
N.
LITTLE
WABUSH
LAKE
E
IRON
POST
S
Lot Number 2
North portion
52°55'00" N.
A
IRON
POST
HAY
LAKE
N. 69° 21' 01" E.
Y
D
IRON
POST
R
Lot Number 1
Q
Wabush Lake Mining Lease
KNOLL
LAKE
B
IRON
POST
X
C
IRON
POST
S. 72° 56' 24" W
Lot Number 2
South Portion
K
LONG LAKE
H
CANADIAN JAVELIN LIMITED
MONTREAL, QUEBEC
PLAN ANNEXED TO
SCHEDULE TO LEASE No.2.
Base Map: Topographic Survey of Canada Sheet
Charbonneau Lake, No. 23 B/6.
SCALE: 1:40,000
DATE: May 15/57
No. 1-195g
DWG.
APP:
File A1.

SCHEDULE B

A piece or parcel of land containing an area of approximately two and twenty four hundredths (2.24) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this schedule and being more particularly described as follows:

Referring to Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23B/15, Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running Northwesterly along a line bearing North sixty-seven degrees thirty-four minutes forty seconds (67°34'40") West a distance of three thousand five hundred sixty-eight and six hundredths (3,568.06) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running Southwesterly along a line bearing South sixty-nine degrees twenty-one minutes one second (69°21'1") West a distance of nine thousand six hundred forty-five and seventeen hundredths (9,645.17) feet more or less to Point Y (Point Y being the point of beginning); thence running in a Southeasterly direction along a line bearing South thirty-one degrees twenty-eight minutes ten seconds (31°28'10") East a distance of nine thousand three hundred thirty-four and sixty-five hundredths (9,334.65) feet more or less to Point X; thence running in a Southwesterly direction along a line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of four thousand seven hundred twenty-six and twenty-seven hundredths (4,726.27) feet more or less to Point C (Point C being an iron pin on the South bank of a stream flowing into Long Lake); thence running in a Southwesterly direction along said last mentioned line a distance of approximately twenty (20) feet to the intersection of said last mentioned line with the East shore line of Long Lake; thence running in a Northerly direction along the East shore line of Long Lake and the East shore line of a stream flowing from Long Lake into Little Wabush Lake to the point of intersection of the aforesaid shore line with a line running through Point D, hereinafter described, said last mentioned line having a bearing of South sixty-nine degrees twenty-one minutes one second (69°21'1") West; thence running Northeasterly along said last mentioned line a distance of approximately forty (40) feet to Point D (Point D being an iron pin); thence running in a Northeasterly direction on a line bearing North sixty-nine degrees twenty-one minutes one second (69°21'1") East a distance of five

thousand seven hundred thirty-six and twenty-four hundredths (5,736.24) feet more or less to Point Y, the point of beginning; all bearings being referred to the True Meridian; and subject nevertheless to the right of way of the Wabush Lake Railway Company, Limited.



PLAN

8/7/61

AMENDMENT OF AMENDMENT AND CONSOLIDATION
OF MINING LEASE

THIS AGREEMENT made and entered into as of the 8th day of August, 1961, by and between CANADIAN JAVELIN LIMITED, a company incorporated under the laws of Canada and having its head office in the City of St. John's, Province of Newfoundland, Canada (hereinafter called the "Lessor"), and WABUSH IRON CO. LIMITED, a corporation duly organized under the laws of the State of Ohio, United States of America, duly qualified to transact business in the Province of Newfoundland, Canada (hereinafter called the "Lessee");

W I T N E S S E T H :

WHEREAS, under and pursuant to a certain Amendment and Consolidation of Mining Leases dated September 2, 1959, by and between the Lessor and the Lessee, the Lessor demised unto the Lessee those certain pieces or parcels of land therein more fully described upon the terms and conditions therein set forth; and

WHEREAS, the Amendment and Consolidation of Mining Leases has been amended by instruments dated June 28, 1960, and August 31, 1960, respectively; and

WHEREAS, the Lessor and the Lessee desire to modify and amend certain provisions of the Amendment and Consolidation of Mining Leases as so amended (hereinafter called "Consolidated Lease");

NOW, THEREFORE, in consideration of the premises and the mutual undertakings and agreements of the parties hereinafter set forth, the parties hereto hereby covenant and agree as follows:

1. The Consolidated Lease is hereby amended

(a) by deleting the schedule of tonnages set out in Clause 1 of Part A thereof and replacing the same by the following:

"During 1960-1964, inclusive,	1,500,000 Gross Tons per year
During 1965-1966, inclusive,	6,000,000 Gross Tons per year
During 1967	8,000,000 Gross Tons per year
During 1968	8,333,000 Gross Tons per year
During 1969-1972, inclusive,	10,333,000 Gross Tons per year
During 1973 and each year thereafter	10,833,000 Gross Tons per year"

(b) by deleting Subclause (d) of Clause 1 of Part A thereof.

(c) by deleting Clause 8 of Part C and replacing the same by the following:

"8. That the Lessee shall not have the right to assign the demise hereby granted or any right or interest of the Lessee therein or to sublet the Demised Premises in whole or in part, excepting with the consent in writing of the Lessor, which consent shall not be unreasonably withheld; Provided, however, that without the consent of the Lessor, undivided interests in this Indenture and in the demise hereby granted may be assigned to any of, or to any company or companies representing some or all of, The Steel Company of Canada, Limited, Dominion Foundries and Steel, Limited, The Youngstown Sheet and Tube Company, Inland Steel Company, Interlake Iron Corporation, Pittsburgh Steel Company, Pickands Mather & Co., Societa Finanziaria Siderurgica, Mannesmann A. G., and Hoesch A. G. Westfalenhutte, or be granted, conveyed, sold, hypothecated, assigned, transferred, mortgaged, pledged and charged to or in favor of a trustee for holders of bonds and as security therefor issued in connection with the financing of any development of or in connection with the demised premises, or be further assigned or alienated by the said trustee in connection with the enforcement of such security. Subject to the foregoing, this Indenture shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto."

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the day and year first above written.

In the presence of:

CANADIAN JAVELIN LIMITED

By ______________, President.

And ______________, Sec'y/Treas.

WABUSH IRON CO. LIMITED

By ______________ Vice President

Attest ______________ Secretary

I, CHARLES W. KELLY, of the City of New York, in the State of New York, make oath and say:-

1. THAT John C. Doyle whose signature is affixed to the within document is the President of Canadian Javelin Limited and P. J. DeSantis whose signature is also affixed thereto is the Secretary Treasurer of the said Company and the seal affixed thereto is the corporate seal of said Company;

2. THAT I am well acquainted with the said John C. Doyle and P. J. DeSantis and saw them execute the said document and I am a subscribing witness thereto.

SWORN before me at the City of New York in the State of New York this 8th day of August, 1961.

Charles W. Kelly

Leo [illegible]

LEO [illegible]
NOTARY PUBLIC, State of New York
No. [illegible]
Qualified in Queens County
Term Expires March [illegible]

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, in and for said county, personally appeared E. C. Jackson and M. S. Benson, known to me to be the persons who, as Vice President and Secretary, respectively, of WABUSH IRON CO. LIMITED, the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its Board of Directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal at Cleveland, Ohio, this 8th day of August, 1961.

R. L. Oldenburg
Notary Public

R. L. OLDENBURG
NOTARY PUBLIC, STATE OF OHIO
[illegible]
COMMISSION EXPIRES NOV. [illegible]

November 27, 1987

Pickands, Mather & Co.
1100 Superior Avenue
Cleveland, Ohio 4414

Attention: Frank Hartman

Dear Frank,

I attach executed copies of the memorandum of agreement and the amendment of the mining lease. The name of the company has been changed to Nalcap Holdings Inc. and I have added that to the signature pages.

We recognize that the reduction contemplated in clause four of the agreement has initially been rejected and will wait the results of your attempt to receive the reduction before renewing our own endeavours.

Yours truly,

NALCAP HOLDINGS INC.

J.D. Hamilton
President

JDH/dlp
attachment

SUITE 260 McFARLANE TOWER, 700 4th AVENUE S.W. CALGARY, ALBERTA T2P 3J4 TEL.: 403-266-4750 FAX: 269-6691

FLH15
051987

MEMORANDUM OF AGREEMENT

This Agreement entered into this ____ day of ______________, 1987, by and among Javelin International Limited (hereinafter "Javelin"), Wabush Iron Co. Limited (hereinafter "WIC"), Stelco Inc. (hereinafter "Stelco"), Dofasco Inc. (hereinafter "Dofasco"), WIC, Stelco and Dofasco hereinafter collectively referred to as "Wabush Owners".

1. Wabush Owners and Javelin agree that they shall cause the annexed Amendment to the Amendment and Consolidation of Mining Lease dated September 2, 1959, to be executed on their behalf subject to the satisfaction of the conditions set out in paragraphs 2 through 4 below.

2. Wabush Owners and Javelin, all as shareholders of Knoll Lake Minerals Limited, agree to vote in favor of a Knoll Lake Shareholders Resolution which will approve a C$.10 reduction in the royalty rate payable by Javelin to Knoll Lake pursuant to the agreement between Newfoundland and Labrador Corporation Limite (NALCO) and Javelin, dated May 26, 1956, as assigned by Nalco to Knoll Lake Minerals Limited at June 17, 1964.

3. Javelin agrees to waive its claim, and forever release the Wabush Owners and Wabush Mines therefrom, that it is entitled to be

paid at a royalty rate determined by reference to the Amendment and Consolidation of Mining Lease dated September 2, 1959 as that Agreement provided prior to the date of the Amendment of Lease annexed hereto, with respect to Wabush Mines production years 1984-1986.

4. The annexed Amendment shall be approved by the Board of Javelin and by the Wabush Owners, and the Government of Newfoundland shall grant a comparable royalty reduction (approximately 20%) in the royalty rate currently payable by Javelin to the Province of Newfoundland.

In entering into the annexed Lease Amendment, the parties hereto recognize that such Lease Amendment has been agreed upon to reflect the present circumstances where the Wabush Mines production costs are higher than the market value of Wabush pellets and it is therefore agreed between the Wabush Owners and Javelin that at such time as such production costs shall be lower over the period of 12 consecutive months than the market value of such pellets during that period, they shall jointly review the base royalty rate as then determined pursuant to the annexed Amendment for purposes of reaching an agreement on a new royalty rate to be then equitable to Javelin and the Wabush Owners in those circumstances.

IN WITNESS WHEREOF, the parties hereto have caused their representatives to execute this Agreement as of the date first above written.

JAVELIN INTERNATIONAL LIMITED
NALCAP HOLDINGS INC.

By________________________

WABUSH IRON CO. LIMITED

By [signature]

STELCO INC.

By________________________

DOFASCO INC.

By [signature]

JAVELIN INTERNATIONAL LIMITED
NALCAP HOLDINGS INC.

By____________________

WABUSH IRON CO. LIMITED

By____________________

STELCO INC.

By____________________

DOFASCO INC.

By____________________

FLH02

061987

AMENDMENT OF MINING LEASE

THIS INDENTURE, made and entered into as of the first day of January, 1987, by and among Javelin International Ltd., a company duly incorporated under the laws of Canada and having its head office in the City of Montreal, Province of Quebec (hereinafter "Lessor"), Wabush Iron Co. Limited, an Ohio corporation, having its head office in Cleveland, Ohio, Stelco Inc., a company duly incorporated under the laws of Canada and having its head office in the City of Toronto, in the Province of Ontario, and Dofasco Inc., a company duly incorporated under the laws of Canada and having its head office in the City of Hamilton in the Province of Ontario (hereinafter collectively called "Lessees"),

W I T N E S S E T H:

WHEREAS, pursuant to an agreement entitled "Amendment and Consolidation of Mining Lease" dated September 2, 1959, as thereafter amended and assigned (hereinafter called the "Wabush Lease"), Lessees hold a leasehold interest in the Demised Premises described therein;

WHEREAS, Lessor and Lessees wish to amend the Wabush Lease to resolve certain differences which have arisen thereunder and to change the manner in which royalties are determined;

NOW, THEREFORE, in consideration of the premises and the mutual undertakings and agreements of the parties hereinafter set forth, IT IS AGREED that, effective from and after the date hereof, the Wabush Lease is amended as set out below:

I. Subparagraph (f) of the granting clause is hereby deleted and the following substituted therefor:

(f) "Current Seven Island Price" shall mean the arithmetical average of the metric ton iron unit blast furnace pellet prices in U.S. currency published in the last issue of Skillings prior to the date on which Earned Royalties shall be due and payable hereunder of the following merchant sellers; CVRD (FOB Tubarao), Samarco (FOB Ponta Ubu), Cartier (FOB Port Cartier), Carol (FOB Sept-Iles) and KPBO (FOB Narvik), adjusted to gross ton units, subtracting therefrom the Wabush Penalty (.035), and the result thereof multiplied by the average iron units contained in each Gross Ton of Iron Ore Product. For example, prices published in Skillings, January 3, 1987 issue, were CVRD - $.356 + KPBO - $.3815 + Samarco - $.340 + Cartier - $.365 + Carol - $.365. The average of those is $.3615, adjusted to gross ton unit (1.016) = $.3673. The Current Seven Island Price is, therefore, in this example, ($.3673 - .035) x the average iron units contained in each Gross Ton of Iron Ore Product (assumed 63.5 for this example) = $21.1011. In the event any one or more designated merchant seller shall hereafter fail to publish a price and at least two shall publish a price, the average of those prices which are published shall be used to determine the Seven Island Price.

If Skillings shall publish a designated merchant seller's price incorrectly, or fails to publish at all, any other generally recognized similar trade publication which publishes such prices may be referred to for purposes of this subparagraph. For purposes of this subparagraph, all calculations shall be made to the fourth decimal place.

II. A new subparagraph (g) is hereby added to the granting clause as follows:

(g) "Base Seven Islands Price" shall mean U.S.$21.1011. "The Producer Price Index, Iron and Steel Subgroup", shall mean such index referred to as Code 101 (1967 = 100) published in the monthly Producer Prices and Price Indexes by the Bureau of Labor Statistics, United States Department of Labor, and the current index value shall be the average value for such Index for the calendar month next preceding the calendar quarter year for which said royalty rates are being adjusted.

III. That portion of Clause 1 of Part A which is set out on page 4 of the Wabush Lease is hereby deleted and the following three clauses substituted therefor:

"1. The Lessee will, from and after the effective date hereof, pay to the Lessor on or before the 25th day of January, April, July and October (hereinafter called "Quarterly Payment Dates") in each and every year or if such day falls on a Sunday or a holiday, then on the next ensuing business day, as royalty for each Gross

Ton of Iron Ore Products shipped from the Demised Premises during the calendar quarter year immediately preceding the month in which payment is to be made as aforesaid, commencing with shipments from and after January 1, 1987, an amount equal to the Earned Royalty.

"2. The term "Earned Royalty" as used herein shall mean the greater of Canadian (i) $.75, or (ii) a base royalty of $1.65 which shall be adjusted for each quarter year by the respective amount that is the product of multiplying the royalty rate by a percentage that is the total of:

(a) One-half of the percentage of change, if any, that the Current Seven Islands Price for a gross ton of Iron Ore Product of 63.5% iron content shall vary from the Base Seven Islands Price (as such term is defined in sub-paragraph (g) of the granting clause),

(b) One-half of the percentage of change, if any, that the current index value of the Producer Price Index, Iron and Steel Subgroup (as such term is defined in subparagraph (g) of the granting clause shall vary from the base index of 343.7 which is the index value reported for the month of December, 1986.

As an example, should the Current Seven Islands Price for the quarter be $22.52 and the Producer Price Index, Iron and Steel Subgroup be 360.2 then the base royalty would be multiplied by a percentage equal to:

$$(.5 \times (\frac{22.52-21.1011}{21.1011}) + .5 \times (\frac{360.2-343.7}{343.7}) \times 100 = 5.76\%$$

the adjustment amount in this example becomes

$$\$1.65 \times \frac{5.76}{100} = \$.095$$

The royalty for the quarter would then be $1.65 + $.095 = $1.745.

"3. For each calendar quarter during which this Indenture remains in effect, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called "Minimum") equal to one-quarter of an amount calculated at the rate of thirty cents ($.30), Canadian Funds, per Gross Ton on the following tonnages:"

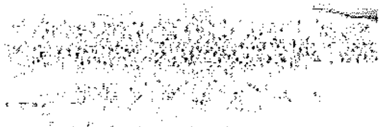
IV. Clauses 2 through 9 of Part A are hereby renumbered Clauses 4 through 11, respectively.

V. Except as amended herein, the Wabush Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture as of the day and year first above written.

JAVELIN INTERNATIONAL LTD.
NALCAP HOLDINGS INC.

By ____________________



WABUSH IRON CO. LIMITED

By ______________________

STELCO INC.

By ______________________

DOFASCO INC.

By ______________________

WABUSH IRON CO. LIMITED

By [signature]

STELCO INC.

By ____________________

DOFASCO INC.

By [signature]

June 8, 1989

Mr. F.L.Hartman
Vice President
Corporate Counsel
Cleveland-Cliffs
1100 Superior Avenue
Cleveland, Ohio 44114-2589
U.S.A.

Dear Mr. Hartman:

As per Mr. Michael Smith's instructions, I am forwarding to you three (3) sets of duly signed copies of the First Amendment to the Memorandum of Agreement regarding the Wabush Mines lease.

If I can be of further assistance, please feel free to contact me.

Yours truly,

NALCAP HOLDINGS INC.

Leanne Joanisse

Enclosures

LA MAISON DES COOPÉRANTS
600 DE MAISONNEUVE BLVD. WEST, SUITE 2710, MONTREAL, QUEBEC H3A 3J2
TEL.: (514) 844-9877 FAX: (514) 844-5991

FLH37
022089

FIRST AMENDMENT TO
MEMORANDUM OF AGREEMENT

This First Amendment Agreement, entered into as of the ___ day of ______________, 1988, by and among Nalcap Holdings Inc. (hereinafter "Nalcap"), Wabush Iron Co. Limited (hereinafter "WIC"), Stelco Inc. (hereinafter "Stelco"), Dofasco Inc. (hereinafter "Dofasco"), WIC, Stelco and Dofasco hereinafter collectively referred to as "Wabush Owners".

WHEREAS, Nalcap and Wabush Owners entered into a Memorandum of Agreement dated November 24, 1987 (hereinafter "Memorandum"), by which the parties agreed to change certain royalty provisions contained in the Mining Lease described therein, subject to the satisfaction of certain stated conditions;

WHEREAS, Wabush Owners, effective October 1, 1987, paid royalties to Nalcap pursuant to the Memorandum notwithstanding that the condition set out in paragraph 4 thereof had not been satisfied; and

WHEREAS, as of the date hereof, the said condition set out in paragraph 4 thereof has not been satisfied;

NOW, THEREFORE, the parties hereto agree as follows:

A. The condition set out in paragraph 4 of the Memorandum regarding the Government of Newfoundland (hereinafter the "reduction condition") is hereby waived for the period July 1, 1987 through December 31, 1989 of the said Mining Lease, as amended (hereinafter the "waiver period"). The parties agree

that the royalties actually paid and received by Nalcap for the calendar year of 1987 were the correct rates and amounts and discharge and fully satisfy Wabush Owners' obligations to pay royalties pursuant to the Mining Lease for such year.

B. The base royalty of C$1.65 set out in Clause 3, Paragraph 2 of the Amendment of Mining Lease, dated January 1, 1987, shall be C$1.685, effective January 1, 1988 and, subject to the provisions of paragraph E, below, shall remain in effect for the balance of the term of the Mining Lease.

C. During the waiver or extension period, the parties hereto agree to cooperate to identify investment opportunities at the Wabush Owners' Joint Venture mining facilities for Nalcap, which opportunities, if undertaken by Nalcap, may serve as consideration for the Government of Newfoundland to agree to reduce the royalty tax payable by Nalcap to said Government with respect to the Mining Lease.

D. In the event agreement is reached between Nalcap and said Government pursuant to paragraph C above during the waiver or extension period, the reduction condition shall be deemed satisfied for the balance of the term of the Mining Lease.

E. Should the event described in paragraph D above not occur during the waiver period, this First Amendment shall automatically extend for an additional one year term (the "extension period"). In the event the reduction condition is not satisfied during the extension period, the parties hereto undertake promptly thereafter to negotiate in good faith the permanent disposition of one-half of the reduction condition and absent such good faith disposition, the matter shall be settled by arbitration pursuant to Clause 7, Part C of the Mining Lease. It is understood and agreed that the only matter

which shall be subject to such negotiation or arbitration shall be t permanent disposition of one-half of the reduction condition, all other terms and conditions of the Memorandum, as herein amended, shall remain, except that the base royalty referred to in paragraph D above shall be adjusted to reflect any disposition reached by such negotiation or arbitration hereunder.

F. Nothing contained in this First Amendment should be interpreted so as to affect the applicability, enforceability or generality of the provisions contained in the closing paragraph of the Memorandum with regard to a joint review of the base royalty rate in the circumstances mentioned therein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

NALCAP HOLDINGS INC.

WABUSH IRON CO. LIMITED

STELCO INC.

DOFASCO INC.

National Policy Statement 2-A — Guide for Mining Engineers, Geologists and Prospectors

National Policy No. 2-A should be read in conjunction with Ontario Policy No. 5.1 as it is supplementary and complementary to that Policy to meet local conditions in Ontario.

Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators

General

Reports submitted must be engineering documents. They must be factual and the recommendations must be warranted in the light of the information and data presented in the report. The author must state that, in his judgment, the venture is of sufficient merit to make the work recommended a worthwhile undertaking.

Authors with professional affiliations will use their seal.

Reports will be accepted only for the purposes of a prospectus if prepared by an engineer, geologist or prospector who has gained a minimum of three years practical experience, unless the author holds exceptional qualifications and there are unusual circumstances.

Where the proceeds of the issue are being applied to the property being reported upon, the person making the report required to be filed with the administrator (Commission) must be free of any association with the issuer. Therefore, except where specifically provided for in the Regulations, the report shall not be written by a director, officer or employee of the issuer or of an affiliate of the issuer or who is a partner, employer or employee of such director, officer or employee or who is an associate of any director or officer of the issuer or of an affiliate of the issuer. The report shall not be submitted if the person making it or any partner or employer of or associate to him beneficially owns, directly or indirectly, any securities of the issuer or of a subsidiary thereof or, if the issuer is a subsidiary, any securities of the parent issuer. This latter restriction does not apply to a person, partner, employer or associate, as the case may be, if the person, partner, employer, or associate is not empowered to decide whether securities of the issuer or the parent issuer, as the case may be, are to be beneficially owned, directly or indirectly, by him, or if he is not entitled to vote in respect thereof.

Source of Information

If any of the information and data are not based on the author's own observations and investigations, their source should be clearly stated, giving exact reference to published reports and records. When such information is derived from unpublished or private reports or records, a

photostatic or other authenticated copy of the original should be submitted, together with a letter of consent and a certificate of qualification respecting the author's professional qualification, except where the report is a matter of public record such as those on open file in a provincial or federal natural resources department.

Wherever reasonable and practicable, reports must be based upon the author's personal inspection of the property being reported upon.

Content of Reports

A complete report should include a description of the properties of the issuer in accordance with the requirements of the appropriate provincial legislation and regulations and should contain all pertinent exploration data including plans and sections. The report should be presented under the following headings as applicable:

- Table of Contents
- Summary
- Preamble or Introduction including author's terms of reference
- Property, Description and Location
- Accessibility, Climate, Local Resources
- History-comprehensive, with references to all previous work for which records are available
- Geology
- Mineral Deposits and their state of Development

  The report must clearly distinguish between mineral showings which occur on the issuer's property being reported upon and those elsewhere in the area.
- Reserves and Production
- Conclusions and Recommendations with Cost Estimates
- In Intermediate (Development) and Senior Financing (Production) Reports, the following vital considerations must be explored:
  - Recoverability and amenability of the raw material
  - Tonnage and grade versus optimum profitability
  - Markets
  - Smelter Contracts, tolls and transportation
  - Taxes
  - Cash flow, capital and operating cost estimates
  - Payback of capital with interest

The description of the properties must include claim numbers, whether patented or unpatented and if contiguous. The percentage of interest held in the properties should be stated.

If the potential merit of a property is predicated entirely or in part on results obtained on neighbouring ground, the known history of the latter should also be covered.

A description of mineralization encountered on the property should be given detailing the strike length, width, continuity and the basis of such measurement together with a description of the type, character and distribution of the mineralization. References as to its grade should be substantiated by assays with the dates thereof, and by assay plans and sections. In addition to giving the widths of the individual samples it should be stated whether these are the author's own samples or those of other parties. The method of sampling should be described making it clear whether assay results are based on channel samples, chip samples, grab samples, character samples or core samples.

Values in precious metals should be expressed in ounces per ton or grams per metric ton and the content of other metals, etc., in percentages or pounds per ton, but not in dollars or other currency.

Care should be taken in the use of the word "ore". The term is defined in the most recent Ontario Regulations as follows:

(a) "Ore" means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated;

(b) "Proven Ore" or "measured ore" means that material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling, and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established, and for which the computed tonnage and grade are judged to be accurate within limits which shall be stated and for which it shall be stated whether the tonnage and grade of proven ore or measured ore are 'in situ' or extractable, with dilution factors shown, and reasons for the use of these dilution factors clearly explained;

(c) "Probable ore" or "indicated ore" means that material for which tonnage and grade are computed partly from specific measurements, samples or production data, and partly from projection for a reasonable distance on geological evidence, and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout;

(d) "Possible ore" or "inferred ore" means that material for which quantitative estimates are based largely on broad knowledge of the geological character of the deposit and for which there are few, if any, samples or measurements, and for which the estimates are based on an assumed continuity or repetition for which there are reasonable geological indications, which indications may include comparison with deposits of similar type, and bodies that are completely concealed may be included if there is specific evidence of their presence, and

(i) estimates of "possible" ore or "inferred ore" shall include a statement of conditions within which the inferred material occurs, and

(ii) since the arithmetical average of any amount of sampling is not necessarily representative unless the distribution of values and number of samples are properly taken into account, a statement of how samples were taken shall be given, and where

mineralization is erratic, the method of treating the erratic values shall be given in the narrative of the report.

(iii) possible or inferred reserves must not be added to other categories of reserves and their inclusion is not acceptable in any economic analysis or feasibility study of a project.

Where the word "ore" may not properly be used, such terms as "mineralization", "mineralized bodies" or "concentrations", etc. should be used.

The information supplied in the report should be sufficient and positive enough to warrant the recommendations made. An estimate of costs for the proposed programme should be included.

Maps

Reports must be well illustrated by plans and by sections to give an adequate picture of the property. All reports must be accompanied by a location or index map and a more detailed plan showing all important features described in the text. If nearby properties have an important bearing on the possibilities of the ground under consideration, their location should be shown on the maps. Where the mineralized or ore-bearing structures are expected to pass from one property to the other, this should be indicated clearly on the map.

In case the potential merit of a property is predicated on geophysical or geochemical results, maps showing result of the surveys and the interpretations should be submitted.

All maps should show a scale, a North arrow, and should be signed and dated. If geological features or other data have been taken from Government maps or from drawings of other engineers or geologists, this should be properly acknowledged.

Consent to Use of Name in Prospectus

Where the author of the report or valuation is named as having prepared or certified any part of a prospectus or is named as having prepared or certified a report or valuation used in connection with a prospectus, the written consent of such author to the inclusion of such report or valuation shall accompany the report or valuation when filed with the administrator. It is the responsibility of the author when giving such consent to have assured himself that it can properly be given.

Certificate of the Author

All reports must be submitted in duplicate with the author's certificate attached, both dated and signed. The certificate shall state:

(a) the name, address and occupation of the author;

(b) the qualification of such person;

(c) whether or not the report is based on personal examination;

(d) the date of any such examination;

(e) if the report is not based on personal examination, the source of the information contained in the report; and

(f) whether he has, directly or indirectly, received or expects to receive any interest, direct or

indirect, in the property of the issuer or any affiliate, or beneficially owns, directly or indirectly, any securities of the issuer or any affiliate and if so give particulars.

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

S U P E R I O R   C O U R T
Commercial Division

File: No: 500-11-048114-157

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

BLOOM LAKE GENERAL PARTNER LIMITED, QUINTO MINING CORPORATION, 8568391 CANADA LIMITED, CLIFFS QUÉBEC IRON MINING ULC, WABUSH IRON CO. LIMITED AND WABUSH RESOURCES INC.

Petitioners

- and -

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP, BLOOM LAKE RAILWAY COMPANY LIMITED, WABUSH MINES, ARNAUD RAILWAY COMPANY AND WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

FORTY-FOURTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On January 27, 2015, Bloom Lake General Partner Limited ("**BLGP**"), Quinto Mining Corporation ("**Quinto**"), 8568391 Canada Limited ("**856**") and Cliffs Québec Iron Mining ULC ("**CQIM**") (collectively, the "**Bloom Lake Petitioners**") sought and obtained an initial order (as amended, restated or rectified from time to time, the "**Bloom Lake Initial Order**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") from the Superior Court of Québec (the "**Court**"), providing for, *inter alia*, a stay of proceedings against the Bloom Lake Petitioners until February 26, 2015, (the "**Bloom Lake Stay Period**") and appointing FTI Consulting Canada Inc. as monitor (the "**Monitor**"). The relief granted in the Bloom Lake Initial Order was also extended to The Bloom Lake Iron Ore Mine Limited Partnership ("**BLLP**") and Bloom Lake Railway Company Limited ("**BLRC**" and, together with Bloom Lake LP, the "**Bloom Lake Mises-en-Cause**" and together with the Bloom Lake Petitioners, the "**Bloom Lake CCAA Parties**"). The proceedings commenced under the CCAA by the Bloom Lake CCAA Parties will be referred to herein as the "**CCAA Proceedings**".

2. On May 20, 2015, the CCAA Proceedings were extended to include Wabush Iron Co. Limited ("**WICL**"), Wabush Resources Inc. ("**WRI**" and together with WICL, the "**Wabush Petitioners**"), Wabush Mines, Arnaud Railway Company ("**Arnaud**") and Wabush Lake Railway Company Limited ("**Wabush Railway**" and, collectively with Arnaud and Wabush Mines, the "**Wabush Mises-en-Cause**" and together with the Wabush Petitioners, the "**Wabush CCAA Parties**") pursuant to an initial order (as amended, restated or rectified from time to time, the "**Wabush Initial Order**") providing for, *inter alia*, a stay of proceedings against the Wabush CCAA Parties until June 19, 2015, (the "**Wabush Stay Period**"). The Bloom Lake CCAA Parties and the Wabush CCAA Parties will be referred to collectively herein as the "**CCAA Parties**".

3. The Bloom Lake Stay Period and the Wabush Stay Period (together, the "**Stay Period**") have been extended from time to time and currently expire on March 30, 2018. The CCAA Parties have filed a motion for an extension of the Stay Period to June 29, 2018, which motion is returnable March 26, 2018. The motion for the extension of the Stay Period is addressed in the Monitor's Forty-Third Report.

4. On June 22, 2015, Mr. Justice Hamilton J.S.C. granted an Order (the "**June 22 Rep Order**") *inter alia*:

   (a) Appointing Michael Keeper, Terence Watt, Damin Lebel and Neil Johnson as representatives (the "**Representatives**") of the Salaried Members (as defined in the June 22 Rep Order); and

   (b) Appointing as legal counsel to the Representatives, Koskie Minsky LLP and Nicholas Scheib[1] (collectively "**Representative Counsel**").

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[1] Mr. Scheib resigned the position in June 2017 and was replaced by Fishman Flanz Meland Paquin LLP effective October 1, 2017, pursuant to an Order granted December 21, 2017.

5. On November 5, 2015, Mr. Justice Hamilton J.S.C. granted an Order (as amended on November 16, 2015, the "**Claims Procedure Order**") approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers (the "**Claims Procedure**").

6. On July 25, 2017, Mr. Justice Hamilton J.S.C. granted an Order (the "**Allocation Methodology Order**") *inter alia* approving a methodology for the allocation of the proceeds of realizations and the costs of the CCAA Proceedings amongst the CCAA Parties and, to the extent necessary, amongst assets or asset categories (the "**Allocation Methodology**")[2].

7. To date, the Monitor has filed forty-three reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Forty-Fourth Report (this "**Report**"), is to provide information to the Court with respect to:

   (a) The CCAA Parties' request for an Order (the "**Meetings Order**") *inter alia* accepting the filing of the Participating CCAA Parties' proposed joint plan of compromise and arrangement dated March 19, 2018 (the "**Plan**") and authorizing the convening of meetings of creditors to consider and vote on the Plan and the Monitor's recommendation thereon;

   (b) The Monitor's assessment of the Plan; and

   (c) The CCAA Parties' request for an Order (the "**Post-Filing Claims Procedure Order**") approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties or their directors and officers arising since the commencement dates of the CCAA Proceedings (the "**Post-Filing Claims Procedure**") and the Monitor's recommendation thereon.

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[2] The City of Fermont sought and obtained leave to appeal one aspect of the Allocation Methodology Order, which appeal was heard March 14, 2018. The Court of Appeal reserved its decision.

TERMS OF REFERENCE

8. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Parties, the CCAA Parties' books and records, certain financial information prepared by the CCAA Parties and discussions with various parties (the "**Information**").

9. Except as described in this Report:

   (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

   (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

10. The Monitor has prepared this Report in connection with the CCAA Parties' motions for the granting of the Meetings Order and the Post-Filing Claims Procedure Order scheduled to be heard March 26, 2018, and should not be relied on for other purposes.

11. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Bloom Lake Initial Order, the Wabush Initial Order or previous reports of the Monitor.

EXECUTIVE SUMMARY

13. With respect to the Participating CCAA Parties' request for the Meetings Order:

(a) The Monitor is of the view that the Meetings Order provides for reasonable and sufficient notice of the Creditors' Meetings to be provided to Affected Unsecured Creditors;

(b) The Monitor is of the view that the proposed limited substantive consolidation under the Plan is appropriate in the circumstances and that there is no material prejudice arising from such proposed limited substantive consolidation;

(c) Having considered the factors set out in section 22(2) of the CCAA, the Monitor is of the view that the classification of creditors as contemplated by the Meetings Order and the Plan is reasonable and appropriate; and

(d) The Monitor respectfully recommends that the Participating CCAA Parties' request for the Meetings Order be granted.

14. With respect to the CCAA Parties' request for the Post-Filing Claims Procedure Order:

(a) The Monitor is of the view that the Post-Filing Claims Procedure is appropriate, fair and reasonable in the circumstances and that the granting of the Post-Filing Claims Procedure Order is justified; and

(b) The Monitor respectfully recommends that the CCAA Parties' request for the Post-Filing Claims Procedure Order be granted.

REQUEST FOR THE MEETINGS ORDER

15. As noted earlier in the Report, the Participating CCAA Parties are seeking the granting of the Meetings Order, *inter alia*, accepting the filing of the Plan, approving the limited substantive consolidation of certain estates for the purposes of the Plan, approving the classification of creditors for the purposes of voting on and receiving distributions under the Plan and authorizing the convening of meetings of creditors to consider and vote on the Plan.

16. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Plan, a copy of which is attached hereto as **Appendix A**.

THE PLAN

17. Paragraph 6 of the Bloom Lake Initial Order states that the Court:

> "6. DECLARES that the Petitioners and the Mises-en-cause (collectively hereinafter referred to as the "CCAA Parties") shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "Plan") in accordance with the CCAA"

18. Paragraph 5 of the Wabush Initial Order states that the Court:

> "5. DECLARES that the Wabush Petitioners and the Wabush Mises-en-cause (collectively hereinafter referred to as the "Wabush CCAA Parties") shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "Plan") in accordance with the CCAA"

19. The Plan seeks to implement the principal terms of a settlement between the Participating CCAA Parties and Non-Filed Affiliates, as negotiated between the Monitor and the Non-Filed Affiliates and as set out in the restructuring term sheet dated March 14, 2018 (the "**Restructuring Term Sheet**")[3]. The Restructuring Term Sheet was summarized in the Monitor's Forty-Third Report. An analysis of the settlement and the benefits thereof is provided later in this Report.

20. The Plan is a joint plan, filed by all of the CCAA Parties other than 856 and BLRC, neither of which has any pre-filing creditors, as determined pursuant to the Claims Procedure. It is intended that 856 and BLRC will be dissolved subsequent to the Post-Filing Claims Bar Date, as defined in the Post-Filing Claims Procedure.

21. Pursuant to the Plan, all amounts that would otherwise be payable to the Non-Filed Affiliates on account of their secured and unsecured claims (collectively, such amounts being the "**Non-Filed Affiliate Distribution/Payment Contribution**") will be contributed for the benefit of the Affected Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class, including any other CCAA Parties that are creditors in that Unsecured Creditor Class. The Non-Filed Affiliate Distribution/Payment Contribution is to be contributed for the benefit of the Affected Unsecured Creditors in the CQIM/Quinto Unsecured Class because CQIM is the CCAA Party that would be entitled to assert the Non-Filed Affiliate Transaction Claims that are to be settled through the Plan. As further described later in this Report, the Monitor currently estimates that the value of the Non-Filed Affiliate Distribution/Payment Contribution is likely to be in the range of approximately $57 million to $95 million.

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[3] Subsequent to the execution of the Restructuring Term Sheet, it was discovered that Schedule "A" to the Restructuring Term Sheet, being the summary of Non-Filed Affiliate Unsecured Interco Claims, inadvertently included a Non-Filed Affiliate Unsecured Interco Claim held by Knoll Lake Minerals Limited ("Knoll Lake") against WICL and WRI. Knoll Lake was not a wholly-owned subsidiary and the shares in Knoll Lake held by WICL and WRI were transferred to the purchaser of the Scully Mine as part of the Scully Mine Transaction in July 2017. The parties to the Restructuring Term Sheet agreed, with the Monitor's consent, to replace Schedule "A" with a corrected schedule which removes the Knoll Lake claim.

22. In addition, the Non-Filed Affiliates will make an additional cash contribution of $5 million for the benefit of the Affected Third Party Unsecured Creditors of the Participating CCAA Parties (the "**Non-Filed Affiliate Cash Contribution**") which will be allocated amongst the Participating CCAA Parties as follows:

    (a) $4 million to the CQIM/Quinto Unsecured Creditor Cash Pool; and

    (b) $1 million to be allocated among the Unsecured Creditor Cash Pools of the other Participating CCAA Parties pro rata based on the Proven Affected Third Party Unsecured Claims in the Unsecured Creditor Class applicable to each Participating CCAA Party.

23. The Plan provides for interim distributions to be made from time to time on account of Proven Affected Unsecured Claims. No distribution in respect of an Affected Unsecured Claim will be made until it is a Proven Claim.

24. An interim distribution will be made to Affected Third Party Unsecured Creditors of the Participating Bloom Lake CCAA Parties as soon as reasonably practicable after the Plan Implementation Date.

25. No Distribution of any kind shall be made to Creditors, including to Affected Unsecured Creditors or Secured Creditors, of the Wabush CCAA Parties until the Final Determination of the issues relating to Pension Claims that are the subject matter of the Pension Priority Proceedings.

26. The Plan does not determine the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceedings and all interested parties will reserve all rights in respect of their positions on those issues. The Plan does, however, govern the treatment of the Pension Claims for voting purposes and, when matters related to the Pension Priority Motion are Finally Determined, for distribution purposes.

Classification of Creditors

27. For the purposes of considering and voting on the Plan and receiving a distribution thereunder, the Plan provides for five classes of creditors (each an "**Unsecured Creditor Class**", and together the "**Unsecured Creditor Classes**"):

    (a) The CQIM/Quinto Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the CQIM/Quinto Parties;

    (b) The BL Parties Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the BL Parties;

    (c) The Wabush Mines Parties Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the Wabush Mines Parties;

    (d) The Arnaud Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of Arnaud; and

    (e) The Wabush Railway Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of Wabush Railway.

28. The Unsecured Creditor Classes provide for limited substantive consolidation for the purposes of the Plan of:

    (a) CQIM and Quinto;

    (b) BLGP and BLLP; and

    (c) WICL, WRI and Wabush Mines.

29. Quinto is a wholly owned subsidiary of CQIM and the only claims against Quinto are claims of the Parent and another Non-Filed Affiliate in the aggregate amount of approximately $16.9 million and the claim of BLLP in the *de minimis* amount of $11,465. Under the Plan, distributions by Quinto to the Parent and the other Non-Filed Affiliates would be contributed to CQIM. While the consolidation would dilute the distribution on account of the BLLP claim, the potential distribution on account of the BLLP claim absent consolidation would only be approximately $5,500, which amount is immaterial to the estate of BLLP and its Affected Third Party Unsecured Creditors. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of CQIM and Quinto for the purposes of the Plan.

30. Furthermore, pursuant to section 22(3) of the CCAA, related party creditors may vote against, but not for, a plan. As Quinto has no creditors that are not related party creditors, it would not be possible for a plan that had a separate class of creditors for Quinto to be approved by the requisite majorities of creditors.

31. BLGP is the general partner of BLLP. All of the Affected Third Party Unsecured Claims against BLGP are also filed jointly and severally against BLLP except for two claims in the aggregate amount of approximately $1.6 million. BLGP has no realizations. Affected Third Party Unsecured Claims against BLLP total approximately $750 million. The inclusion of the two claims solely filed against BLGP has a *de minimis* impact on distributions to the BL Parties Unsecured Creditor Class. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of BLGP and BLLP for the purposes of the Plan.

32. As previously reported, Wabush Mines is an unincorporated contractual joint venture subject to and governed by the laws of Newfoundland and Labrador. It is not a legal entity and therefore has no assets and liabilities in its own right. Any claims filed against Wabush Mines in the Claims Procedure would be claims against WICL and WRI.

33. Based on the Claims Procedure, the Monitor is satisfied that WICL and WRI share common creditor pools and it appears that that the claims filed against WICL and WRI relate to liabilities incurred in connection with the operation of Wabush Mines. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of WICL, WRI and Wabush Mines.

Payments to Secured Creditors

34. Secured Creditors will be unaffected by the Plan and shall not be permitted to vote on the Plan. Secured Creditors will receive payment of the Allocated Value, as determined by the Monitor in accordance with the Allocation Methodology, applicable to their Proven Secured Claim.

35. Amounts paid to Non-Filed Affiliates on account of Non-Filed Affiliate Secured Interco Claims (the "**Non-Filed Affiliate Secured Payments**") will be contributed to the CQIM/Quinto Unsecured Creditor Cash Pool as part of the Non-Filed Affiliate Distribution/Payment Contribution.

Distributions to Unsecured Creditors

36. Affected Unsecured Creditors with Proven Claims will receive a pro-rata share of the applicable Unsecured Creditor Cash Pool. The Unsecured Creditor Cash Pool available to each Unsecured Creditor Class will ultimately be the net proceeds of realization of the assets of the applicable Participating CCAA Party after all costs of the CCAA Proceedings in accordance with the Allocation Methodology, less amounts paid to prior ranking or Unaffected Creditors.

37. Distributions will be calculated as follows:

(a) First, a calculation of the pro-rata amounts for distribution in each Unsecured Creditor Class will be made, including the claims of Non-Filed Affiliates and other CCAA Parties, from which the amount to be included in the Non-Filed Affiliate Distribution/Payment Contribution can be calculated;

(b) Second, the CQIM/Quinto Unsecured Creditor Cash Pool will be increased by the amount of the Non-Filed Affiliate Distribution/Payment Contribution and the other applicable Unsecured Creditor Cash Pools shall be decreased to account for payments on account of the Non-Filed Affiliate Distribution/Payment Contribution out of each such Unsecured Creditor Cash Pool. A calculation of the pro-rata amounts for distribution to Affected Unsecured Creditors other than Non-Filed Affiliates in each Unsecured Creditor Class will be made, including the claims of the Participating CCAA Parties; and

(c) Third, each Unsecured Creditor Cash Pool will be adjusted by the amount of any distributions received or paid between the applicable Participating CCAA Parties under the second step and increased by the applicable amount of the Non-Filed Affiliate Cash Contribution. A calculation of the pro-rata amounts for distribution to Affected Third Party Unsecured Creditors in each Unsecured Creditor Class will be made excluding the claims of the other CCAA Parties and the claims of Non-Filed Affiliates.

38. The effect of the aforementioned calculations is as follows:

(a) Affected Third Party Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class will receive, in addition to the recoveries that they would otherwise receive, the benefit of the Non-Filed Affiliate Distribution/Payment Contribution (other than amounts that would flow to Participating CCAA Parties that are creditors of CQIM/Quinto) and $4 million of the Non-Filed Affiliate Cash Contribution; and

(b) Affected Third Party Unsecured Creditors in the other Unsecured Creditor Classes will receive, in addition to the recoveries that they would otherwise receive, the benefit of that Unsecured Creditor Class's pro rata share of the remaining $1 million of the Non-Filed Affiliate Cash Contribution, plus the benefit of any amount of the Non-Filed Affiliate Distribution/Payment Contribution that flows to those other Participating CCAA Parties by virtue of their claims in the CQIM/Quinto Unsecured Creditor Class.

39. Further analysis of the estimated benefits to Affected Third Party Unsecured Creditors in each Unsecured Creditor Class is provided later in this Report.

Treatment of Other Claims

40. Excluded Claims will not be compromised by the Plan. Excluded Claims include:

(a) All claims against the Participating CCAA Parties in respect of obligations first arising on or after the Filing Date, other than Restructuring Claims and D&O Claims;

(b) Any claim secured by any CCAA Charge; and

(c) Any claim with respect to fees and disbursements incurred by counsel for any CCAA Party, Director, the Monitor, Claims Officer, any financial advisor retained by any of the foregoing, or Representatives' Counsel as approved by the Court to the extent required.

41. The Plan provides that certain Crown claims will be paid in compliance with section 6(3) of the CCAA.

42. The Plan provides that certain employee claims will be paid in full in compliance with section 6(5) of the CCAA. In addition, the Plan provides for the payment of amounts in excess of the amounts required to be paid under section 6(5) of the CCAA that Employees may have been entitled to receive pursuant to the *Wage Earner Protection Program Act* ("**WEPPA**") if the applicable Participating CCAA Party had become bankrupt on the Plan Sanction Date.

43. Section 6(6) of the CCAA provides that the Court may sanction a plan only if it is satisfied that the company can and will make payment of certain amounts related to pension plans.

44. The only potential amounts outstanding that would be subject to section 6(6) of the CCAA of which the Monitor and the CCAA Parties are aware is the disputed amount of $22,893 related to the normal cost pension payments for the period between December 17 and December 31, 2015, following the termination of the Pension Plans.

45. If the amount is owing, it would be treated as a Secured Claim under the Plan and consequently would be paid.

Releases

46. The Plan provides for broad releases (the "**BL/Wabush Releases**") to the full extent permitted by Applicable Law for each of the members of the Participating CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents (collectively, the "**BL/Wabush Released Parties**") from claims based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence:

(a) Existing or taking place on or prior to the Plan Implementation Date that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Amended Claims Procedure Order; and

(b) In respect of any distributions, payments, disbursements, actions, steps or transactions, taken to implement the Plan, and in each case all claims arising out of such aforesaid actions or omissions shall be forever waived and released (other than the right to enforce the Participating CCAA Parties' obligations under the Plan or any related document).

47. The BL/Wabush Releases do not release or discharge:

(a) Unaffected Claims;

(b) Any BL/Wabush Released Party if such BL/Wabush Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct;

(c) The Directors with respect to matters set out in Section 5.1(2) of the CCAA; or

(d) The Non-Filed Affiliate Employee Defendants from Non-Filed Affiliate Employee Claims to the extent the Non-Filed Affiliate Employee Defendants may otherwise be BL/ Wabush Released Parties.

48. The Plan also provides for broad releases to the full extent permitted by Applicable Law in favour of the Monitor and FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents (each a "**Third Party Released Party**"). The releases in favour of the Third Party Released Parties (the "**Third Party Releases**") do not release or discharge any Third Party Released Party if such Third Party Released Party is judged by the express terms of a judgment rendered in a Final Order to have committed criminal, fraudulent or other wilful misconduct.

49. The Plan also provides for broad releases to the full extent permitted by Applicable Law in favour of the Non-Filed Affiliates and their respective current and former members, shareholders, directors, officers, employees, advisors, legal counsel and agents (each a "**Non-Filed Affiliate Released Party**"). The releases in favour of the Non-Filed Affiliate Released Parties (the "**Non-Filed Affiliate Releases**") do not release or discharge:

    (a) The Non-Filed Affiliate Employee Defendants from the Non-Filed Affiliates Employee Claims; and

    (b) Any Non-Filed Affiliate Released Party if such Non-Filed Affiliate Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.

Conditions Precedent to Implementation

50. The implementation of the Plan is subject to the following conditions precedent:

    (a) Each Unsecured Creditor Class of each Participating CCAA Party shall have approved the Plan in the Required Majority;

    (b) The Meetings Order and the Sanction Order shall have been granted;

(c) Each of the Meetings Order and the Sanction Order shall have become Final Orders;

(d) If necessary to effect the Plan, the Participating CCAA Parties shall have filed all necessary annual information forms or returns under Applicable Law in order to maintain such Participating CCAA Parties in good standing as at the Plan Implementation Date;

(e) The Monitor shall have received the Non-Filed Affiliate Cash Contribution at least three (3) Business Days' prior to the Meetings;

(f) The Monitor and the Participating CCAA Parties shall have received the Irrevocable Payment Direction at least three (3) Business Days prior to the Meetings;

(g) The Monitor shall have received such clearance certificates, or comfort letters in lieu thereof from the Canada Revenue Agency or any other applicable Taxing Authority, as the Monitor considers necessary or advisable, to make any Plan Distributions; and

(h) The Plan Implementation Date shall have occurred before June 29, 2018, or such later date as agreed to by the Participating CCAA Parties, the Parent and Monitor.

THE MEETINGS ORDER

51. The Applicants have requested the granting of the proposed Meetings Order, a copy of which is attached hereto as **Appendix B**.

52. The Meetings Order provides for voting on the Plan by the five classes of creditors set out in the Plan at meetings of each class to be held on May 10, 2018 (each a "**Creditors' Meeting**") at the offices of the Monitor's Counsel in Montréal. For efficiency purposes, and given the overlap in creditors in certain of the Unsecured Creditor Classes, the Creditors' Meetings for the CQIM/Quinto Unsecured Creditor Class and the BL Parties Unsecured Creditors Class will be held concurrently at 9:30 a.m. and the Creditors' Meetings for the Wabush Mines Parties Unsecured Creditor Class, the Arnaud Unsecured Creditor Class and the Wabush Railway Unsecured Creditor Class will be held concurrently at 11:00 a.m. Each Unsecured Creditor Class will vote separately at each Creditors' Meeting.

53. Notice of the Creditors' Meetings and the Sanction Hearing will be given in the following ways:

    (a) To each Affected Unsecured Creditor by delivery by the Monitor of the Notice of Creditors' Meetings and Sanction Hearing, the Creditor Letter, the Proxy, the Resolution, the Plan, the Meetings Order and the Monitor's report on the Plan to be filed in connection with the Creditors' Meetings (collectively, the "**Meeting Materials**");

    (b) To the Service List by delivery of a copy of the Meetings Materials; and

    (c) The Meeting Materials will also be posted on the Monitor's Website and a copy will be provided to any Affected Unsecured Creditor that requests a copy.

54. The notice procedures described above will provide specific notice of the Creditors' Meetings and of the Sanction Hearing to each Affected Unsecured Creditor, as well as public notice to all stakeholders through the posting of the Meeting Materials on the Monitor's Website. Accordingly, no newspaper advertisement of the Creditors' Meetings or the Sanction Hearing is contemplated or, in the Monitor's view, is required.

55. To facilitate delivery of the Meeting Materials to Employees that are Affected Unsecured Creditors, the Meetings Order requires that Representative Counsel and counsel to the USW provide to the Monitor the addresses of the Employees who they represent that have Proven or Unresolved Claims, as identified on schedules to be provided by the Monitor to Representative Counsel and counsel to the USW. It is the Monitor's understanding that Representative Counsel and counsel to the USW collected such information earlier in the CCAA Proceedings.

56. Affected Unsecured Creditors may attend the applicable Creditors' Meeting in person, in the case of Affected Unsecured Creditors that are individuals, or by proxy. Affected Unsecured Creditors must file their Proxy such that it is received by the Monitor by 5:00 p.m. Eastern Time on May 8, 2018 (the "**Proxy Deadline**").

57. The Meetings Order directs that a representative of the Monitor will preside as the chair of the Creditors' Meetings and, subject to further Order of the Court, will decide all matters relating to the conduct of, the Creditors' Meetings. The Chair may also adjourn a Creditors' Meeting with the consent of the Participating CCAA Parties and the Plan Sponsors, not to be unreasonably withheld.

58. Affected Unsecured Creditors holding Voting Claims or Unresolved Voting Claims will be allowed to vote on the resolution to approve the Plan. The votes of Affected Unsecured Creditors holding Unresolved Voting Claims will be separately tabulated. For the purposes of the applicable Creditors' Meetings, the Pension Claims will be treated as Unresolved Voting Claims such that the Pension Administrator shall be entitled to vote the Pension Claims.

59. The Monitor will file a report to the Court as soon as practicable after the Creditors' Meetings and by no later than May 14, 2018, with respect to:

(a) The results of voting at each of the Creditors' Meetings;

(b) Whether the Required Majorities of each of Unsecured Creditor Class has approved the Plan;

(c) The separate tabulation of the Unresolved Voting Claims; and

(d) In its discretion, any other matter relating to the Participating CCAA Parties' motion seeking sanction of the Plan.

THE MONITOR'S COMMENTS AND RECOMMENDATIONS

60. The Plan is a joint plan of compromise and arrangement covering all of the Participating CCAA Parties. The implementation of the Plan would effect a comprehensive settlement of various significant matters in the CCAA Proceedings. Effecting that settlement through the Plan on a joint basis significantly simplifies matters as compared to having individual plans of arrangement for each of the Participating CCAA Parties. Furthermore, there is, in the Monitor's view, no apparent material prejudice to any creditor of any of the Applicants from the Plan being a joint plan.

61. As described earlier in this Report, the Plan provides for limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan. For the reasons set out earlier in this Report, the Monitor is of the view that the limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan is reasonable and appropriate and that there is no apparent material prejudice arising therefrom.

62. As described later in this Report, the Monitor is of the view that the Plan provides significant incremental recoveries for third-party unsecured creditors in addition to other benefits, including the settlement of various significant matters in the CCAA Proceedings. The Monitor is of the view that the proposed settlement of such matters that would be implemented through the Plan is reasonable and in the best interests of all stakeholders.

63. The granting of the Meetings Order would provide the forum for Affected Unsecured Creditors to consider and vote on the Plan and the proposed settlement that underpins it.

64. In the Monitor’s view, there is nothing about the Plan that would render it incapable of being approved by the creditors or sanctioned by the Court.

65. Section 22 of the CCAA states:

> “22 (1) A debtor company may divide its creditors into classes for the purpose of a meeting to be held under section 4 or 5 in respect of a compromise or arrangement relating to the company and, if it does so, it is to apply to the court for approval of the division before the meeting is held.
>
> (2) For the purpose of subsection (1), creditors may be included in the same class if their interests or rights are sufficiently similar to give them a commonality of interest, taking into account
>
> (a) the nature of the debts, liabilities or obligations giving rise to their claims;
>
> (b) the nature and rank of any security in respect of their claims;
>
> (c) the remedies available to the creditors in the absence of the compromise or arrangement being sanctioned, and the extent to which the creditors would recover their claims by exercising those remedies; and
>
> (d) any further criteria, consistent with those set out in paragraphs (a) to (c), that are prescribed.”

66. The Monitor has considered the factors set out in section 22(2) of the CCAA and is of the view that the classification of creditors as contemplated by the Plan and the Meetings Order is reasonable and appropriate.

67. Furthermore, in the view of the Monitor:

    (a) The Meetings Order provides for reasonable and sufficient notice of the Creditors' Meetings to be provided to Affected Unsecured Creditors;

    (b) The Proxy Deadline is reasonable in the circumstances; and

    (c) The provisions of the Meetings Order governing the conduct of the Creditors' Meetings are reasonable and appropriate in the circumstances.

68. Accordingly, the Monitor respectfully recommends that the Participating CCAA Parties' request for the Meetings Order be granted.

THE MONITOR'S ASSESSMENT OF THE PLAN

JOINT PLAN

69. As described earlier in this Report, the implementation of the Plan would effect a comprehensive settlement of various significant matters in the CCAA Proceedings and, as described in more detail later in this Report, would provide substantial incremental benefit to Affected Third Party Unsecured Creditors. Effecting that settlement through the Plan on a joint basis significantly simplifies matters as compared to having individual plans of arrangement for each of the Participating CCAA Parties. Furthermore, there is, in the Monitor's view, no apparent material prejudice to any creditor of any of the Applicants from the Plan being a joint plan.

70. As described earlier in this Report, the Plan provides for limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan. For the reasons set out earlier in this Report, the Monitor is of the view that the limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan is reasonable and appropriate and that there is no material prejudice arising therefrom.

CLASSIFICATION OF CREDITORS

71. As described earlier in this Report, the Monitor has considered the factors set out in section 22(2) of the CCAA and is of the view that the classification of creditors as contemplated by the Plan and the Meetings Order is reasonable and appropriate.

COMPLIANCE WITH STATUTORY REQUIREMENTS

72. A plan of compromise or arrangement can only be sanctioned by the Court if, amongst other things, it complies with all statutory requirements.

73. Section 5.1(1) of the CCAA contemplates the compromise of claims against directors but section 5.1(2) of the CCAA mandates certain exceptions. Section 10.1(a) of the Plan includes the statutory exceptions required by the CCAA in respect of the release for directors of the Participating CCAA Parties provided for in the Plan.

74. Section 6(3) of the CCAA requires that the Plan provide for the payment in full of certain Crown claims within six months of the Sanction Order. Section 5.8 of the Plan provides that the Government Priority Claims, if any, will be paid in compliance with section 6(3) of the CCAA.

75. Section 6(5) of the CCAA requires that the Plan provide for payment immediately after sanction of certain amounts owing to employees and former employees. Section 5.8 of the Plan provides that Employee Priority Claims, if any, will be paid compliance with section 6(5) of the CCAA.

76. Section 6(6) of the CCAA requires that the Plan provide for payment of certain unpaid amounts relating to pension plans and that the Court be satisfied that such claims can and will be paid. As noted above, such claims, if any, will be treated as Secured Claims under the Plan and, accordingly, will be paid.

77. Pursuant to section 6(8) of the CCAA, no plan of compromise or arrangement that provides for a payment of an equity claim may be sanctioned by the Court unless all non-equity claims are paid in full. Section 5.7 of the Plan provides that no payments will be made on account of equity claims.

78. Pursuant to section 19(2) of the CCAA, a plan of compromise or arrangement may not deal with any claim that relates to the debts or liabilities described in section 19(2) unless the plan explicitly provides for the compromise of such claim and the creditor holding the claim votes in favour of the plan. Section 5.12 of the Plan provides that Claims listed under Section 19(2) of the CCAA ("**Section 19(2) Claims**") shall be Affected Claims for the purposes of the Plan; provided, however, that section 19(2) Claims shall be deemed Unaffected Claims to the extent held by any Creditors who have not voted in favour of the Plan.

79. Based on the foregoing, the Monitor is not aware of any aspect of the Plan that is not in compliance with statutory requirements.

ESTIMATED RECOVERIES FOR AFFECTED UNSECURED CREDITORS UNDER THE PLAN

80. As noted earlier in this Report, the Plan seeks to implement the principal terms of a proposed settlement between the Participating CCAA Parties and Non-Filed Affiliates, as negotiated between the Monitor and the Non-Filed Affiliates and as set out in the Restructuring Term Sheet.

81. The Plan provides for the resolution of matters pertaining to:

    (a) Non-Filed Affiliate Transaction Claims;

    (b) The quantum of claims of certain Non-Filed Affiliates and certain CCAA Parties, that have not yet been finally determined in accordance with the Claims Procedure Order; and

    (c) The proper characterization of claims of certain Non-Filed Affiliates and certain CCAA Parties filed pursuant to the Claims Procedure Order.

82. Pursuant to the Plan, the Non-Filed Affiliate Distribution/Payment Contribution will be contributed for the benefit of the Affected Unsecured Creditors of the CQIM/Quinto Parties, including any other CCAA Parties that are creditors of CQIM or Quinto. In addition, the Non-Filed Affiliates will make the Non-Filed Affiliate Cash Contribution for the benefit of the Affected Third Party Unsecured Creditors of the Participating CCAA Parties.

Potential Range of Amounts to be Contributed by the Non-Filed Affiliates

83. The amounts available for payment to Secured Creditors and Affected Unsecured Creditors remains uncertain because of a variety of unresolved matters in the CCAA Proceedings, including the appeal of the Allocation Methodology, the appeal of the Pension Priority Decision, the unresolved OPEB Claims, other unresolved claims and the potential additional realizations.

84. Accordingly, the Monitor estimated the range of the potential amount to be contributed by the Non-Filed Affiliates using, *inter alia*, the following assumptions:

(a) Scenario 1 – low distribution to Affected Unsecured Creditors which assumes the following:

(i) There are no additional realizations;

(ii) Unresolved claims are allowed in the amount filed; and

(iii) Pension Claims are determined to be subject to a deemed trust over all Wabush CCAA Party assets in priority to all other Claims;

(b) Scenario 2 – high distribution to Affected Unsecured Creditors which assumes the following:

(i) Incremental realizations from various tax refunds, the MFC Minimum Royalty Litigation and other minor assets:

(ii) Unresolved claims are allowed at the minimum potential amount; and

(iii) Pension Claims are unsecured claims;

85. Based on the foregoing, the Monitor estimates that the potential range of aggregate secured and unsecured distributions to the Non-Filed Affiliates is approximately $57 million to $95 million.

86. Accordingly, including the Non-Filed Affiliate Cash Contribution of $5 million, the total amount being contributed by the Non-Filed Affiliates is estimated to be in the potential range of approximately $62 million to $100 million.

Potential Range of Distributions to Affected Third-Party Unsecured Creditors

87. The Monitor estimated the range of potential distributions to Affected Third Party Unsecured Creditors under the Plan under the scenarios described above. The estimated potential distributions are summarized as follows:

	Scenario 1	**Scenario 2**
Distribution $M		
CQIM/Quinto	71.92	105.03
BL Parties	13.80	25.31
Wabush Mines Parties	0.23	20.41
Arnaud	0.04	15.69
Wabush Railway	0.09	0.10
Total	**86.08**	**166.54**
Distribution %		
CQIM/Quinto	10.09%	14.87%
BL Parties	1.84%	3.51%
Wabush Mines Parties	0.09%	9.65%
Arnaud	0.09%	18.67%
Wabush Railway	0.09%	0.10%

88. As described above, Scenario 1 assumes that there is a valid deemed trust over all the assets of the Wabush CCAA Parties for the Pension Claims in priority to all other Claims, other than Claims secured by the CCAA Charges. As the Pension Claims exceed the aggregate of realizations available to creditors of the Wabush CCAA Parties after application of the Allocation Methodology, there would be no monies available for distribution to Affected Unsecured Creditors of the Wabush CCAA Parties in Scenario 1 other than the share of the Non-Filed Affiliate Cash Contribution allocated to the Unsecured Creditor Cash Pools for the Wabush Mines Parties Unsecured Creditor Class, the Arnaud Unsecured Creditor Class and the Wabush Railway Unsecured Creditor Class. In Scenario 1, the estimated distribution on account of the Pension Claims is approximately $46.0 million.

ALTERNATIVES TO THE PLAN AND ESTIMATED RECOVERIES

89. If the Plan is not implemented the Non-Filed Affiliates would be entitled to distributions from the estates of the Participating CCAA Parties and the Non-Filed Affiliate Distribution/Payment Contribution and the Non-Filed Affiliate Cash Contribution would be unavailable to Affected Third Party Unsecured Creditors.

90. The Monitor has estimated the range of potential distributions to Affected Third Party Unsecured Creditors under the scenarios described above if the Plan is not implemented and without any recovery from successful litigation in respect of Non-Filed Affiliate Transaction Claims. The estimated potential distributions are summarized as follows:

	Scenario 1	Scenario 2
Distribution $M		
CQIM/Quinto	17.61	20.69
BL Parties	13.15	24.11
Wabush Mines Parties	0.00	5.80
Arnaud	0.00	15.43
Wabush Railway	0.00	0.01
Total	**30.76**	**66.04**
Distribution %		
CQIM/Quinto	2.47%	2.93%
BL Parties	1.75%	3.34%
Wabush Mines Parties	0.00%	2.75%
Arnaud	0.00%	18.37%
Wabush Railway	0.00%	0.01%

91. If the Plan is not approved and implemented, there would be no monies available for distribution to Affected Unsecured Creditors of the Wabush CCAA Parties in Scenario 1 as the Pension Claims exceed the aggregate of realizations available to creditors of the Wabush CCAA Parties after application of the Allocation Methodology and the Non-Filed Affiliate Cash Contribution would not be available. The estimated distribution, if the Plan is not approved and implemented, on account of the Pension Claims in Scenario 1, is approximately $38.9 million.

92. The increase in estimated potential distributions resulting from the Plan is summarized as follows:

	Scenario 1	Scenario 2
Increased Distribution $M		
CQIM/Quinto	54.31	84.34
BL Parties	0.65	1.20
Wabush Mines Parties	0.23	14.00
Arnaud	0.04	0.26
Wabush Railway	0.09	0.09
Total	**55.32**	**99.89**
% Increase		
CQIM/Quinto	308.37%	407.62%
BL Parties	4.92%	4.98%
Wabush Mines Parties	100.00%	251.59%
Arnaud	100.00%	1.66%
Wabush Railway	100.00%	1065.32%

93. If the Plan is not approved and implemented, the proposed settlement of the Non-Filed Affiliate Transaction Claims would not proceed and CQIM or its creditors would have to pursue recovery through litigation.

94. The Monitor has estimated the amount that would have to be recovered through successful litigation in respect of the Non-Filed Affiliate Transaction Claims in order to obtain an equivalent increase in estimated distributions as that provided by the Plan. In making that estimate, the Monitor has assumed that transactions in question are voided, for example as preferences under section 95 of the *Bankruptcy and Insolvency Act*, such that realizations are increased (either through a return and sale of the assets or a monetary award) and the reduction of the claims of the Non-Filed Affiliates that resulted from the Non-Filed Affiliate Transaction Claims is reversed.

95. On that basis, the Monitor estimates that the amounts that would have to be recovered from any litigation in respect of the Non-Filed Affiliate Transaction Claims in order to obtain an equivalent increase in estimated distributions to Affected Third Party Unsecured Creditors as that provided by the Plan are as follows:

(a) Scenario 1 – approximately $228 million; and

(b) Scenario 2 – approximately $347 million.

96. While the Monitor is of the view that the Non-Filed Affiliate Transaction Claims are strong, there is always risk that litigation would not be successful. The Monitor has been informed by the Non-Filed Affiliates that they deny that there is any liability for the Non-Filed Affiliate Claims and that they would vigorously defend any litigation in respect thereof. Accordingly, there would be significant risk, time and expense associated with litigating such claims. Of particular significance would be the issue of the valuation of the assets that were transferred and debate over the applicable date for such valuation.

97. Successful litigation may result in a voiding of the transactions or a monetary award. If the transactions were to be voided, the assets, consisting of cash and shares, would revert to the CCAA Parties. The cash may or may not be traceable and collectable and the CCAA Parties would have to endeavour to sell the shares of the Australian subsidiary. If litigation resulted in a monetary award, there may be complexities associated with the enforcement of such award in a foreign jurisdiction and a significant collection risk depending on which of the Non-Filed Affiliates any such award is rendered against.

98. The Monitor has considered these risk factors and undertaken a high-level review of the potential value of the shares of the Australian subsidiary that was transferred from CQIM and is of the view that litigation is unlikely to realize value sufficient to provide a better result for third-party creditors than the Plan. Furthermore, the Plan provides certainty of outcome with respect to the Non-Filed Affiliate Transaction Claims and would significantly accelerate the timing of initial distributions to Affected Third Party Unsecured Creditors of CQIM, BLLP and BLGP.

TREATMENT OF SHAREHOLDERS

99. Pursuant to section 6(8) of the CCAA, no plan of compromise or arrangement that provides for a payment of an equity claim may be sanctioned by the Court unless all non-equity claims are paid in full. The Plan does not provide for any payment on account of Equity Claims and such claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred. Equity Interests are unaffected by the Plan.

100. Given the shortfall on account of claims of Affected Unsecured Creditors, in the Monitor's view the treatment of shareholders is justified, fair and reasonable.

THE RELEASES

101. The BL/Wabush Releases and the Third Party Releases are an integral part of the Plan. As noted earlier in this Report, The BL/Wabush Releases do not release or discharge:

(a) Unaffected Claims;

(b) Any BL/Wabush Released Party if such BL/Wabush Released Party is judged by the expressed terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct;

(c) The Directors with respect to matters set out in section 5.1(2) of the CCAA; or

(d) The Non-Filed Affiliate Employee Defendants from Non-Filed Affiliate Employee Claims to the extent the Non-Filed Affiliate Employee Defendants may otherwise be BL/Wabush Released Parties.

102. In the view of the Monitor, the BL/Wabush Releases and the Third Party Releases are reasonable and justified in the circumstances.

103. The Non-Filed Affiliate Releases are an integral part of the proposed settlement with the Non-Filed Affiliates and, consequently, are a necessary and integral part of the Plan. The Non-Filed Affiliates will only provide the significant consideration comprised of the Non-Filed Affiliate Distribution/Payment Contribution and the Non-Filed Affiliate Cash Contribution if the Plan is approved and implemented.

104. As discussed earlier in this Report, the Non-Filed Affiliate Releases do not release or discharge:

(a) The Non-Filed Affiliate Employee Defendants from the Non-Filed Affiliates Employee Claims; and

(b) Any Non-Filed Affiliate Released Party if such Non-Filed Affiliate Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.

105. Consequently, in addition to benefiting from the increased distributions on account of their Affected Unsecured Claims against certain of the Participating CCAA Parties, the plaintiffs in the actions in respect of the Non-Filed Affiliates Employee Claims are not prejudiced by the Non-Filed Affiliate Releases.

106. Accordingly, in the view of the Monitor, the Non-Filed Affiliate Releases are reasonable and justified in the circumstances.

OTHER BENEFITS OF THE PLAN

107. In addition to the benefit of increased recoveries for Affected Third Party Unsecured Creditors, the implementation of the Plan would provide the following additional benefits:

(a) Resolution of significant intercompany claims between the CCAA Parties and between the CCAA Parties and Non-Filed Affiliates without the significant time and expense that would otherwise be incurred to further investigate and adjudicate such claims;

(b) Resolution of the Non-Filed Affiliate Transaction Claims without the significant time and expense of litigation and the litigation and collection risks associated therewith; and

(c) Acceleration of initial distributions to Affected Third Party Unsecured Creditors of the CQIM/Quinto Parties and the Bloom Lake Parties.

REQUEST FOR THE POST-FILING CLAIMS PROCEDURE ORDER

108. In order to ensure that all post-filing creditors are paid and to assist in the calculation of the reserves necessary to make any interim distribution under the Plan, the CCAA Parties now request the granting of the Post-Filing Claims Procedure Order. Capitalized terms used in this section of this Report not otherwise defined are as defined in the proposed Post-Filing Claims Procedure Order, a copy of which is attached hereto as **Appendix C**.

THE PROPOSED POST-FILING CLAIMS PROCEDURE ORDER

109. The Post-Filing Claims Procedure Order, if granted, will provide a procedure for the submission, evaluation and adjudication of claims against each of the CCAA Parties that arose after the Determination Date and of claims against their respective Directors and Officers that arose after the D&O Claims Bar Date. The Post-Filing Claims Procedure will be administered by the Monitor in consultation with the CCAA Parties and the D&O Counsel as appropriate. The Post-Filing Claims Procedure Order and the relevant documents will be made available in both English and French.

110. The key steps of the Post-Filing Claims Procedure are summarized as follows:

    (a) Within five business days after the granting of the Post-Filing Claims Procedure Order, the Monitor will post the relevant documents and forms on the Monitor's Website;

    (b) Within ten business days after the granting of the Post-Filing Claims Procedure Order, the Monitor will cause the Post-Filing Creditors' Instructions to be sent to:

        (i) Each Person on the Potential Post-Filing Creditors List to the address of such Person as set out in the Monitor's records or the applicable CCAA Party's records;

(ii) Representative Counsel; and

(iii) USW Counsel;

(c) The Newspaper Notice will be published in English in the national edition of the Globe and Mail and in the Newfoundland & Labrador Telegram and in French in La Presse as soon as possible after the granting of the Post-Filing Claims Procedure Order and in any event within ten business days;

(d) Any Person who wishes to assert a Post-Filing Claim against any of the CCAA Parties shall file a Proof of Post-Filing Claim with the Monitor so that the Proof of Post-Filing Claim is received by the Monitor by no later than the Post-Filing Claims Bar Date, failing which such Post-Filing Claim shall be barred and extinguished;

(e) Any Person who wishes to assert a D&O Post-Filing Claim against any of the Directors or Officers shall file a D&O Proof of Post-Filing Claim with the Monitor so that the D&O Proof of Post-Filing Claim is received by the Monitor by no later than the D&O Post-Filing Claims Bar Date, failing which such D&O Post-Filing Claim shall be barred and extinguished;

(f) Representatives have the right to file, for and on behalf of any Represented Employee, one or more collective or individual Proofs of Post-Filing Claim, including with respect to D&O Post-Filing Claims, if any;

(g) Each Proof of Post-Filing Claim will be reviewed by the Monitor in consultation with the CCAA Parties and the Monitor may revise or disallow such Post-Filing Claim by sending a Post-Filing Notice of Revision or Disallowance to the Creditor;

(h) If a Post-Filing Creditor wishes to contest the revision or disallowance of its Post-Filing Claim, then such Post-Filing Creditor must file a Post-Filing Notice of Dispute with the Monitor by no later than 5:00 p.m. on the date that is fourteen days after the date of the Post-Filing Notice of Revision or Disallowance or such later date as may be ordered by the Court;

(i) Following any such dispute, the Monitor, in consultation with the CCAA Parties, may:

    (i) Request additional information from the Post-Filing Creditor;

    (ii) Consensually resolve the disputed Post-Filing Claim with the Post-Filing Creditor;

    (iii) Deliver a Post-Filing Dispute Package to a Claims Officer appointed in accordance with this Post-Filing Claims Procedure Order for such disputed Post-Filing Claim to be adjudicated by the Claims Officer; or

    (iv) Bring a motion before the Court in these CCAA Proceedings to adjudicate the disputed Post-Filing Claim.

(j) Any decision by the Claims Officer may be appealed to the Court; and

(k) The procedure and timelines for the adjudication of D&O Post-Filing Claims mirror that for the adjudication of Post-Filing Claims but provide for consultation with D&O Counsel.

111. Persons with Post-Filing Excluded Claims are not required to file a Post-Filing Proof of Claim.

112. The proposed Post-Filing Claims Bar Date is 5:00 p.m. Eastern time on May 21, 2018, or such other date as may be ordered by the Court. The proposed D&O Post-Filing Claims Bar Date is also 5:00 p.m. Eastern time on May 21, 2018, or such other date as may be ordered by the Court.

THE MONITOR'S COMMENTS AND RECOMMENDATION

113. It is important that Post-Filing Claims against the CCAA Parties be determined in order to ensure that all post-filing creditors are paid and to assist in the calculation of the reserves necessary to make any interim distribution under the Plan. It is also important to determine the potential D&O Post-Filing Claims because of the existence of the D&O Charges and potential indemnity Post-Filing Claims by Directors and Officers against the CCAA Parties.

114. The Post-Filing Claims Procedure is modelled on, and closely resembles, the Claims Procedure approved pursuant to the Claims Procedure Order granted earlier in the CCAA Proceedings.

115. The Monitor is of the view that the Post-Filing Claims Procedure is appropriate, fair and reasonable in the circumstances and that the granting of the Post-Filing Claims Procedure Order is justified.

116. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for the Post-Filing Claims Procedure Order be granted.

The Monitor respectfully submits to the Court this, its Forty-Fourth Report.

Dated this 22nd day of March, 2018.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Bloom Lake General Partner Limited, Quinto Mining Corporation,
8568391 Canada Limited, Cliffs Québec Iron Mining ULC,
Wabush Iron Co. Limited, Wabush Resources Inc.,
The Bloom Lake Iron Ore Mine Limited Partnership,
Bloom Lake Railway Company Limited, Wabush Mines,
Arnaud Railway Company and Wabush Lake Railway Company Limited

Nigel D. Meakin
Senior Managing Director

Michael Basso
Director

Appendix A

The Plan

R-2

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

S U P E R I O R   C O U R T
Commercial Division

File: No: 500-11-048114-157

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

BLOOM LAKE GENERAL PARTNER LIMITED, QUINTO MINING CORPORATION, 8568391 CANADA LIMITED, CLIFFS QUÉBEC IRON MINING ULC, WABUSH IRON CO. LIMITED AND WABUSH RESOURCES INC.

Petitioners

- and -

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP, BLOOM LAKE RAILWAY COMPANY LIMITED, WABUSH MINES, ARNAUD RAILWAY COMPANY AND WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

JOINT PLAN OF COMPROMISE AND ARRANGEMENT

Pursuant to the Companies' Creditors Arrangement Act

March 19, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2

1.1 Definitions 2
1.2 Certain Rules of Interpretation 2
1.3 Time 3
1.4 Date and Time for any Action 4
1.5 Successors and Assigns 4
1.6 Governing Law 4
1.7 Schedules 4

ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN 5

2.1 Purpose of Plan 5
2.2 Persons Affected 5
2.3 Persons Not Affected 5
2.4 Plan Sponsors and Restructuring Term Sheet 6
2.5 No Assignment of Non-Filed Affiliate Unsecured and Interco Claims and Non-Filed Affiliate Secured Claims 7

ARTICLE 3 LIMITED SUBSTANTIVE CONSOLIDATION, CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS 7

3.1 Limited Substantive Consolidation 7
3.2 Claims Procedure 7

ARTICLE 4 CLASSIFICATION AND CLASSES OF AFFECTED UNSECURED CREDITORS 8

4.1 Unsecured Creditor Classes 8
4.2 Voting 9
4.3 Unaffected Claims 9
4.4 Meetings 9
4.5 No Double Proof 10

ARTICLE 5 TREATMENT OF CLAIMS 10

5.1 Treatment of Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims 10
5.2 Treatment of Affected Unsecured Claims held by Third Parties 10
5.3 Treatment of Secured Claims 11
5.4 Unresolved Claims 11
5.5 Pension Claims and Wabush Secured Claims 12
5.6 D&O Claims and the Directors' Indemnities and Directors' Charges 12
5.7 Equity Claims and Equity Interests 12
5.8 Employee Priority Claims and Government Priority Claims 13

TABLE OF CONTENTS

Page

5.9 Duplicate Claims 13
5.10 Extinguishment of Affected Claims 13
5.11 Currency 13
5.12 Section 19(2) Claims 14
5.13 Set-Off 14

ARTICLE 6 RESERVES AND UNSECURED CREDITOR CASH POOLS 14

6.1 The Establishment and Maintenance of Reserves and Unsecured Creditor Cash Pools 14
6.2 Administrative Reserve 14
6.3 Unresolved Claims Reserve 14
6.4 Directors' Charge Reserve 17
6.5 Creation of the Unsecured Creditor Cash Pools 17

ARTICLE 7 PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS, DISBURSEMENTS AND CONTRIBUTIONS 18

7.1 Distributions, Payments and Disbursements Generally; Order and Sequencing of Distributions and Payments 18
7.2 No Payments or Distributions on Wabush CCAA Party Claims until Final Determination of Pension Claims 20
7.3 Tax Matters 20
7.4 Priority of Payments 21
7.5 Method of Payment 22
7.6 Treatment of Uncashed Distributions or Payments 22
7.7 Payment and Treatment of Certain Unaffected Claims 23
7.8 Timing of Distributions 23
7.9 Remaining Cash 24

ARTICLE 8 PLAN IMPLEMENTATION 24

8.1 Corporate Authorizations 24

ARTICLE 9 CORPORATE MAINTENANCE AND RELATED MATTERS 24

9.1 Dissolutions 24
9.2 Tax Elections 25

ARTICLE 10 RELEASES 25

10.1 Plan Releases 25

TABLE OF CONTENTS

Page

ARTICLE 11 COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION 28

11.1 Application for Sanction Order 28
11.2 Sanction Order 28
11.3 Conditions Precedent to Implementation of the Plan 28
11.4 Plan Implementation Date Certificate 29
11.5 Conditions Precedent to Plan Distributions 30

ARTICLE 12 GENERAL 30

12.1 General 30
12.2 Claims Bar Date 30
12.3 Deeming Provisions 30
12.4 Non-Consummation 31
12.5 Modifications of the Plan 31
12.6 Paramountcy 32
12.7 Responsibilities of the Monitor 32
12.8 Different Capacities 32
12.9 Notices 32
12.10 Further Assurances 35

JOINT PLAN OF COMPROMISE AND ARRANGEMENT

WHEREAS:

A. On January 27, 2015, the Court issued a Court Order (as amended, restated, supplemented or rectified from time to time, the "**Bloom Lake Initial Order**") commencing proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of the petitioners, Bloom Lake General Partner Limited ("**BLGP**"), Quinto Mining Corporation ("**Quinto**"), 8568391 Canada Limited ("**8568391**") and Cliffs Québec Iron Mining ULC ("**CQIM**"), and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership ("**BLLP**") and Bloom Lake Railway Company Limited ("**BLRC**", and together, with BLGP, Quinto, 8568391, CQIM, and BLLP, the "**Bloom Lake CCAA Parties** ");

B. On April 27, 2015, the Court issued a further Court Order (as amended, restated, supplemented or rectified from time to time, the "**Wabush Initial Order**") extending the scope of the CCAA Proceedings to the petitioners, Wabush Iron Co. Limited ("**Wabush Iron**") and Wabush Resources Inc. ("**Wabush Resources**") and the Mises-en-cause Wabush Mines, Arnaud Railway Company ("**Arnaud**") and Wabush Lake Railway Company Limited ("**Wabush Railway**") (collectively, the "**Wabush CCAA Parties**", and together with the Bloom Lake CCAA Parties, the "**CCAA Parties**");

C. Pursuant to the Bloom Lake Initial Order and the Wabush Initial Order, FTI Consulting Canada Inc. was appointed Monitor (in such capacity and not in its personal or corporate capacity, the "**Monitor**") of the CCAA Proceedings;

D. On July 25, 2017, the Court granted an Order, *inter alia*, approving a methodology for the allocation of proceeds of realizations of the CCAA Parties' assets and the costs of the CCAA Proceedings amongst the CCAA Parties and, to the extent necessary, amongst assets or asset categories (as may be amended by upon Final Determination of the Fermont Allocation Appeal, the "**Allocation Methodology**");

E. As of the date hereof, substantially all material assets of the CCAA Parties have been sold. With the exception of certain sale proceeds distributed to parties with Proven Secured Claims or other Proven Priority Claims and amounts expended on operating costs and the fees and expenses of the CCAA Proceedings, the Monitor currently holds the net sale proceeds from these transactions determined by the Monitor in accordance with the Allocation Methodology, together with any Cash on hand at the commencement of these CCAA Proceedings that has not been expended during the CCAA Proceedings and all interest on the foregoing;

F. Pursuant to the Bloom Lake Initial Order and the Wabush Initial Order, the Bloom Lake CCAA Parties and the Wabush CCAA Parties, respectively, have the authority to file with the Court, a plan of compromise or arrangement in accordance with the CCAA;

G. There are certain material outstanding matters that remain to be completed in the CCAA Proceedings, including without limitation, the resolution of the CCAA Party Pre-Filing Interco Claims, the Non-Filed Affiliate Interco Claims, and the Non-Filed Affiliate Transaction Claims;

H. The CCAA Parties have entered into a term sheet dated March 14, 2018 (as it may be amended, restated and varied from time to time in accordance with the terms thereof, the "**Restructuring Term Sheet**") with Cleveland- Cliffs Inc. (the "**Parent**") and other Non-Filed Affiliates pursuant to which (a) the Non-Filed Affiliates have agreed to support the Proposed Plan by foregoing the benefit of any distributions or payments they may otherwise be entitled to receive as creditors of the Participating CCAA Parties and providing the Non-Filed Affiliate Cash Contribution, and (b) the Participating CCAA Parties, Parent and other Non-Filed Affiliates, with the support of the Monitor, have agreed, subject to implementation of the Plan, to resolve the CCAA Party Pre-Filing Interco Claims, Non-Filed Affiliate Interco Claims and Non-Filed Affiliate Transaction Claims, and all other claims the CCAA Parties or any other Person may have against the Non-Filed Affiliates in accordance with the Plan;

I. The Plan will not determine the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceedings and all interested parties will reserve all rights in respect of their positions on these issues; however, this Plan will govern treatment of these Pension Claims for voting purposes and for distribution purposes, in the case of the latter when the aforesaid issues are Finally Determined. For greater certainty, the quantum of any Pension Claim shall be Finally Determined in accordance with the Amended Claims Procedure Order; and

J. Other than 8568391 and BLRC (which are intended to be dissolved), the remaining CCAA Parties (as certain of the remaining CCAA Parties may be consolidated for the purposes of the Plan pursuant to Section 3.1 of the Plan, the "**Participating CCAA Parties**"), hereby propose this Plan to the Affected Creditors under and pursuant to the CCAA.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In the Plan, including the Recitals therein, all capitalized terms used therein shall have the meanings ascribed thereto in Schedule "A".

1.2 Certain Rules of Interpretation

For the purposes of the Plan:

(a) 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 shall be substantially in such form or substantially on such terms and conditions;

(b) any reference in the Plan to a Court Order or an existing document or exhibit filed or to be filed means such Court Order, document or exhibit as it may have been or may be amended, restated or varied from time to time;

(c) unless otherwise specified, all references to currency and to "$" or "Cdn$" are to Canadian dollars and references to US$ are to United States dollars;

(d) 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" otherwise intended as complete or accurate descriptions of the content thereof;

(e) references in the Plan to "Articles", "Sections", "Subsections" and "Schedules" are references to Articles, Sections, Subsections and Schedules of or to the Plan;

(f) the use of words in the singular or plural, or with a particular gender, including a definition, shall 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;

(g) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(h) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature 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;

(i) the terms "the Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and the Schedules hereto and not to any particular "Article", "Section" or other portion of the Plan and include any documents supplemental hereto; and

(j) the word "or" is not exclusive.

1.3 Time

For purposes of the Plan, unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean prevailing local time in Montreal, Québec, Canada.

1.4 Date and Time for any Action

For purposes of the Plan:

(a) In the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and

(b) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall 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.

1.5 Successors and Assigns

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, liquidators, receivers, trustees in bankruptcy, and successors and assigns of any Person or party named or referred to in the Plan.

1.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Québec 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 shall be subject to the exclusive jurisdiction of the Court.

1.7 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” – Definitions
Schedule “B” – Non-Filed Affiliate Unsecured Interco Claims
Schedule “C” – Non-Filed Affiliate Secured Interco Claims
Schedule “D” – CCAA Party Pre-Filing Interco Claims
Schedule “E” – Form of Sanction Order

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of Plan

The purpose of the Plan is to:

(a) facilitate the distribution of the Available Cash of the Participating CCAA Parties in a timely manner without costly and lengthy litigation and delay related to the adjudication of the CCAA Party Pre-Filing Interco Claims, Non-Filed Affiliate Interco Claims and Non-Filed Affiliate Transactions Claims;

(b) implement the terms of the Restructuring Term Sheet in respect of the CCAA Party Pre-Filing Interco Claims, Non-Filed Affiliate Interco Claims and Non-Filed Affiliate Transactions Claims;

(c) effect a compromise, settlement and full and final release and discharge of all Affected Claims, including the Non-Filed Affiliate Interco Claims, in exchange for the distributions to Affected Unsecured Creditors with Proven Affected Unsecured Claims as contemplated by the Plan;

(d) effect a full and final release and discharge of all Non-Filed Affiliate Transactions Claims and all other claims the CCAA Parties and any other Person may have against the Parent and other Non-Filed Affiliates in return for the contribution of the Non-Filed Affiliate Cash Contribution and the Non-Filed Affiliate Distribution/Payment Contribution; and

(e) effect a full and final release of all claims against current and former directors and officers of the Parent and other Non-Filed Affiliates, except in respect of the Non-Filed Affiliate Employee Claims.

2.2 Persons Affected

The Plan provides for a compromise of the Affected Claims. The Plan will become effective at the Effective Time on the Plan Implementation Date. The Plan shall be binding on and shall enure to the benefit of the Participating CCAA Parties, the Affected Creditors, the Released Parties and all other Persons named or referred to therein, receiving the benefit of, or subject to, the Plan. On the Plan Implementation Date, all Affected Claims will be fully and finally compromised, released, settled and discharged to the extent provided for under the Plan.

2.3 Persons Not Affected

The Plan does not affect Unaffected Creditors with respect to and to the extent of their Unaffected Claims, including for greater certainty, with respect to the Non-Filed Affiliate Employee Claims. Nothing in the Plan shall affect any of the Participating CCAA Parties' rights and defenses, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupment against any and all such Unaffected Claims.

2.4 Plan Sponsors and Restructuring Term Sheet

In accordance with the Restructuring Term Sheet, the Parent and certain other Non-Filed Affiliates have agreed, subject to the approval of the Plan by the Required Majority in each Unsecured Creditor Class and the sanction of the Court, to provide the following consideration for distribution to Affected Unsecured Creditors with Proven Claims:

(a) The Parent and other Non-Filed Affiliates with Non-Filed Affiliate Unsecured Interco Claims and/or Non-Filed Affiliate Secured Interco Claims shall contribute (or cause to be contributed) to the CQIM/Quinto Unsecured Creditor Cash Pool: (i) all Non-Filed Affiliate Unsecured Distributions distributed to them by the Monitor (net of any amounts required to be withheld and remitted pursuant to Section 7.3(b)), on behalf of the Participating CCAA Parties, pursuant to Section 5.1(a), and (ii) all Non-Filed Affiliate Secured Payments paid to them by the Monitor (net of any amounts required to be withheld and remitted pursuant to Section 7.3(b)), on behalf of the Participating CCAA Parties, pursuant to Section 5.3(a) (the amounts to be contributed pursuant to clause (i) and paid pursuant to clause (ii) above, collectively, the "**Non-Filed Affiliate Distribution/Payment Contribution**"), in each case pursuant to the Irrevocable Payment Direction and for distribution in accordance with Section 7.1(f) to Affected Third Party Unsecured Creditors with Proven Claims and Participating CCAA Parties holding CCAA Party Pre-Filing Interco Claims, in each case against any of the CQIM/Quinto Parties;

(b) The Parent, individually, or in connection with the other Non-Filed Affiliates, shall make (or cause to be made) an aggregate Cdn.$5 million cash contribution to the Unsecured Creditor Cash Pools of the Participating CCAA Parties as follows: (i) Cdn.$4 million to the CQIM/Quinto Parties Unsecured Creditor Cash Pool, and (ii) Cdn.$1 million to be allocated among the Unsecured Creditor Cash Pools of other Participating CCAA Parties, in accordance with their respective Cash Contribution Pro Rata Share (the amounts to be contributed pursuant to clauses (i) and (ii) above, collectively, the "**Non-Filed Affiliate Cash Contribution**"). In accordance with Section 11.3(e), the Non-Filed Affiliate Cash Contribution shall be paid to the Monitor, in trust, at least three (3) Business Days' prior to the date set for the Meetings as set out in the Meetings' Order; and

(c) For greater certainty, any and all Cash forming part of:

   (i) the Non-Filed Affiliate Distribution/Payment Contribution shall only be available for distribution by the CQIM/Quinto Parties to Affected Third Party Unsecured Creditors with Proven Affected Third Party Unsecured Claims and Participating CCAA Parties holding CCAA Party Pre-Filing Interco Claims, in each case as against any of the CQIM/Quinto Parties, in accordance with the Plan;

(ii) the Non-Filed Affiliate Cash Contribution shall only be available for distribution by the Participating CCAA Parties to Affected Third Party Unsecured Creditors with Proven Affected Third Party Unsecured Claims against each such Participating CCAA Party; and

(iii) Persons holding Secured Claims or Priority Claims shall not be entitled to any distribution or payment from the Non-Filed Affiliate Distribution/Payment Contribution (except indirectly through CCAA Party Pre-Filing Interco Claims) or from the Non-Filed Affiliate Cash Contribution.

2.5 No Assignment of Non-Filed Affiliate Unsecured and Interco Claims and Non-Filed Affiliate Secured Claims

Unless there is a revocation or withdrawal of the Plan in accordance with Section 12.4, until the payment of the final Non-Filed Affiliate Unsecured Distribution and the final Non-Filed Affiliate Secured Payment pursuant to the Plan, there shall be no assignment of any Non-Filed Affiliate Secured Interco Claim or Non-Filed Affiliate Unsecured Interco Claim, or any part thereof, without the prior written consent of the Monitor.

ARTICLE 3
LIMITED SUBSTANTIVE CONSOLIDATION, CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

3.1 Limited Substantive Consolidation

The Plan will be subject to approval by the Required Majority in each Unsecured Creditor Class in respect of each Participating CCAA Party as provided in ARTICLE 4 below, and will provide for distinct distributions with respect to each Participating CCAA Party's Affected Unsecured Creditors as set out in the Plan without substantive consolidation, except with respect to the consolidation of the following Participating CCAA Parties:

(a) CQIM and Quinto (together, the "**CQIM/Quinto Parties**");

(b) BLGP and BLLP (together, "**BL Parties**"); and

(c) Wabush Iron, Wabush Resources and Wabush Mines (together, the "**Wabush Mines Parties**").

3.2 Claims Procedure

The procedure for determining the validity and quantum of Affected Unsecured Claims for voting and distribution purposes under the Plan shall be governed by the Amended Claims Procedure Order, subject to the following:

(a) Non-Filed Affiliate Unsecured Interco Claims shall, subject to Section 4.2(b), be allowed for voting and distribution purposes in the amounts set out on **Schedule "B"** plus any increase in Claim amounts or additional Claims, in each case on account of Deficiency Claims held by the Non-Filed Affiliates, and shall be treated as Proven Affected Unsecured Claims for the purposes of the Plan. For greater certainty, the Deficiency Claims of Non-Filed Affiliates (and other Secured Creditors) shall be Unresolved Claims until the Final Determination of: (i) in the case of Claims against any of the Wabush CCAA Parties, the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceedings, and (ii) the Fermont Allocation Appeal;

(b) Non-Filed Affiliate Secured Interco Claims shall be allowed for payment purposes based on the amounts set out on **Schedule "C"**, subject to application of the Allocation Methodology by the Monitor to determine the Allocated Value of the collateral subject to each such Non-Filed Affiliate Secured Interco Claim, and once so adjusted shall be treated as Proven Secured Claims for the purposes of the Plan. For greater certainty, the Allocated Value of each Non-Filed Affiliate Secured Interco Claim against any of the Wabush CCAA Parties shall be subject to the Final Determination of the issues related to the Pension Claims that are the subject of the Pension Priority Proceedings; and

(c) CCAA Party Pre-Filing Interco Claims shall, subject to Section 4.2(b), be allowed for distribution purposes in the amounts set out on **Schedule "D"** and shall be treated as Proven Affected Unsecured Claims for the purposes of the Plan.

ARTICLE 4
CLASSIFICATION AND CLASSES OF AFFECTED UNSECURED CREDITORS

4.1 Unsecured Creditor Classes

For the purposes of approving the Plan, Affected Unsecured Creditors with respect to each Participating CCAA Party shall be grouped into the following classes for voting (in respect of their Eligible Voting Claims) and distribution purposes (in respect of their Proven Claims) (each an "**Unsecured Creditor Class**", and together the "**Unsecured Creditor Classes**"):

(a) **CQIM/Quinto Unsecured Creditor Class:** Affected Unsecured Creditors of any of the CQIM/Quinto Parties;

(b) **BL Parties Unsecured Creditor Class:** Affected Unsecured Creditors of any of the BL Parties;

(c) **Wabush Mines Parties Unsecured Creditor Class:** Affected Unsecured Creditors of any of the Wabush Mines Parties;

(d) **Arnaud Unsecured Creditor Class:** Affected Unsecured Creditors of Arnaud; and

(e) **Wabush Railway Unsecured Creditor Class:** Affected Unsecured Creditors of Wabush Railway.

4.2 Voting

(a) Except as otherwise provided in the Meetings Order, and subject to the provisions of the Plan, Affected Unsecured Creditors shall be entitled to vote their Eligible Voting Claims at the applicable Meeting in respect of the Plan.

(b) In accordance with the CCAA, the Non-Filed Affiliates and the Participating CCAA Parties, as related parties, will only be permitted to vote their Eligible Voting Claims, if any, against, but not for, the Plan. Pursuant to the Restructuring Term Sheet, the Non-Filed Affiliates and the Participating CCAA Parties have agreed not to vote their Eligible Voting Claims, if any, against the Plan provided the Plan is consistent with the Restructuring Term Sheet.

4.3 Unaffected Claims

Unaffected Claims 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 any Meetings in respect of such Unaffected Claim; or

(b) entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim.

4.4 Meetings

(a) The Meetings in respect of each Unsecured Creditor Class shall be held in accordance with the Plan, the Meetings Order and any further Court Order. The only Persons entitled to notice of, to attend or to speak at the Meetings are the Eligible Voting Creditors (or their respective duly-appointed proxyholders), representatives of the Monitor, the Participating CCAA Parties, 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 Participating CCAA Parties or the Monitor or as permitted under the Meetings Order or any further Court Order.

(b) If the Plan is approved by the Required Majority in each Unsecured Creditor Class, then the Plan shall be deemed to have been agreed to, accepted and approved by the Affected Unsecured Creditors and, if sanctioned by the Court, shall be binding upon all Affected Creditors immediately upon the delivery of the Plan Implementation Date Certificate in accordance with Section 11.4.

4.5 No Double Proof

In respect of any Claim which is compromised under the Plan (a) which is the subject to a Guarantee or (b) in respect of which a Person has any right to or claim over in respect of or to be subrogated to the rights of any Person (such compromised Claim being the "**Principal Claim**"), no Person shall:

(a) be entitled to any greater rights against the Participating CCAA Party in respect of which the Principal Claim relates than the Person holding the Principal Claim;

(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.

ARTICLE 5
TREATMENT OF CLAIMS

5.1 Treatment of Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims

(a) **Non-Filed Affiliate Unsecured Interco Claims**:

(i) In accordance with Section 7.1(b), each Non-Filed Affiliate holding a Non-Filed Affiliate Unsecured Interco Claim against a Participating CCAA Party shall be entitled to receive its share of the Non-Filed Affiliate Unsecured Distribution in respect of such Participating CCAA Party, in an amount equal to its Non-Filed Affiliate Pro Rata Share of such Participating CCAA Party's Unsecured Creditor Cash Pool.

(b) **CCAA Party Pre-Filing Interco Claims**:

(i) In accordance with Section 7.1(d), each CCAA Party holding a CCAA Party Pre-Filing Interco Claim against another Participating CCAA Party shall be entitled to receive its share of the CCAA Party Distributions in respect of such Participating CCAA Party, in an amount equal to its CCAA Party Distributions Pro Rata Share of such Participating CCAA Party's CCAA Party Distributions.

5.2 Treatment of Affected Unsecured Claims held by Third Parties

In accordance with Section 7.1(f), each Affected Third Party Unsecured Creditor with a Proven Affected Third Party Unsecured Claim against a Participating CCAA Party shall be entitled to receive a distribution in an amount equal to its Third Party Pro Rata Share of such Participating CCAA Party's Unsecured Creditor Cash Pool, as adjusted by the applicable Unsecured Creditor Cash Pool Adjustments.

5.3 Treatment of Secured Claims

Each Secured Creditor holding a Proven Secured Claim shall receive payment of the Allocated Value (as determined by the Monitor in accordance with the Allocation Methodology) applicable to such Secured Claim in the manner described below:

(a) **Non-Filed Affiliates Secured Interco Claims:**

(i) shall be unaffected by the Plan and shall not be permitted to vote on the Plan;

(ii) to the extent not previously paid, Non-Filed Affiliates who hold Non-Filed Affiliate Secured Interco Claims against a Participating CCAA Party shall receive payment of the Allocated Value applicable to such Proven Non-Filed Affiliate Secured Interco Claims (each a "**Non-Filed Affiliate Secured Payment**") from such Participating CCAA Party in accordance with Section 7.1(a); and

(iii) all Non-Filed Affiliate Secured Payments received by Non-Filed Affiliates from time to time shall be contributed directly or indirectly to the CQIM/Quinto Parties by all such Non-Filed Affiliates in partial satisfaction of the Non-Filed Affiliate Distribution/Payment Contribution to be contributed by the Plan Sponsors to the CQIM/Quinto Parties in accordance with Section 2.4(a).

(b) **Third Party Secured Claims**: Creditors holding Third Party Secured Claims:

(i) shall be unaffected by the Plan and shall not be permitted to vote on the Plan; and

(ii) subject to Section 7.2 and to the extent not previously paid, shall receive payment on account of their Proven Third Party Secured Claims as soon as reasonably practicable after the Plan Implementation Date.

5.4 Unresolved Claims

(a) No Affected Unsecured Creditors, Secured Creditors, holders of Employee Priority Claims or holders of Government Priority Claims shall be entitled to receive any distributions or any payments under or pursuant to the Plan with respect to an Affected Unsecured Claim, Secured Claim, Employee Priority Claim or Government Priority Claim, or in each case, any portion thereof, unless and until, and then only to the extent that (i) such Claim is Finally Determined to be a Proven Claim, or (ii) is treated as a Proven Claim in accordance with the terms of the Plan, such that, in each case, the Claim is a Proven Affected Unsecured Claim, Proven Secured Claim, Proven Employee Priority Claim or Government Priority Claim and is entitled to the treatment described in the Plan. Potential distributions in respect of Unresolved Affected Unsecured Claims or potential payments to Unresolved Secured Claims, Priority Employee Claims or

Government Priority Claims will be maintained in the Unresolved Claims Reserve until such claims are Finally Determined.

(b) The Unresolved Claims Reserve may be reduced by the Monitor from time to time to the extent the amount of the Unresolved Claims Reserve exceeds the maximum amounts distributable or payable for remaining Unresolved Affected Unsecured Claims, Unresolved Secured Claims, Unresolved Employee Priority Claims or Unresolved Government Priority Claims.

5.5 Pension Claims and Wabush Secured Claims

Until the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceedings are Finally Determined, distributions and payments on account of the Pension Claims and Secured Claims in respect of any of the Wabush CCAA Parties shall be maintained in the Unresolved Claims Reserve, to be distributed in accordance with Section 6.3.

5.6 D&O Claims and the Directors' Indemnities and Directors' Charges

(a) D&O Claims are Affected Claims under the Plan. A Creditor holding a D&O Claim, if any, is not entitled to vote on the Plan or receive any distributions under the Plan.

(b) All released D&O Claims, other than D&O Claims that are Non-Released Claims, shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without consideration on the Plan Implementation Date. To the extent that any part of a D&O Claim is a Non-Released Claim that part of the D&O Claim will not be compromised, released, discharged, cancelled or barred.

(c) Any claim of a Director or Officer for indemnification from a Participating CCAA Party in respect of any D&O Claim (including any subrogation claim by an insurer) (a "**Director Indemnity Claim**") shall be cancelled for no consideration except to the extent such Director Indemnity Claim is secured by the Directors' Charge, in which case such Director Indemnity Claim shall be treated for all purposes of the Plan as an Unaffected Claim.

(d) To the extent a Director Indemnity Claim is in respect of an Equity Claim, such Director Indemnity Claim shall be treated for all purposes under the Plan as an Equity Claim.

5.7 Equity Claims and Equity Interests

On the Plan Implementation Date, in accordance with the Plan, all Equity Claims, if any, shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred. Holders of Equity Claims shall not be entitled to vote on the Plan at the Meetings. Equity Interests shall be unaffected by the Plan.

5.8 Employee Priority Claims and Government Priority Claims

All Employee Priority Claims and the Government Priority Claims which are Proven Claims, if any, to the extent unpaid prior to the Plan Implementation Date, shall be paid as soon as reasonably practicable after the Plan Implementation Date from the Available Cash pursuant to and accordance with this Plan, the Sanction Order and the CCAA.

5.9 Duplicate Claims

Where (a) an Affected Unsecured Creditor has or would have had a Duplicate Claim, arising from a Guarantee, where the principal debtor on a Claim is a Participating CCAA Party and the guarantor is another Participating CCAA Party, or (b) there is joint and several liability of two or more Participating CCAA Parties in respect of an Affected Unsecured Claim or portion thereof, such Affected Unsecured Creditor (to the extent its Affected Unsecured Claim is found to be a Proven Claim against each applicable Participating CCAA Party) shall be entitled to receive distributions under the Plan on account of its Proven Affected Unsecured Claims against each such Participating CCAA Party's Unsecured Creditor Class, provided that such Affected Unsecured Creditor shall not receive Plan Distributions in an aggregate amount more than the total amount of its Proven Affected Unsecured Claim.

5.10 Extinguishment of Affected Claims

On the Plan Implementation Date, in accordance with its terms and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims (including Proven Claims and Unresolved Affected Unsecured Claims) and all Released Claims, in each case as set forth herein, shall be final and binding on all Participating CCAA Parties, all Affected Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and any Person holding a Released Claim. All Affected Claims and all Released Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled, and barred, and the Released Parties shall thereupon have no further obligations whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that nothing herein releases any of the Participating CCAA Parties or any other Person from their obligations to make distributions in the manner and to the extent provided for in the Plan and provided further that such discharge and release of the Participating CCAA Parties shall be without prejudice to the right of an Affected Creditor in respect of an Unresolved Affected Unsecured Claim to prove such Unresolved Affected Unsecured Claim in accordance with the Amended Claims Procedure Order so that such Unresolved Affected Unsecured Claim may become a Proven Claim entitled to receive consideration under Sections 5.1 and 5.2 of the Plan.

5.11 Currency

All distributions and payments under the Plan will be made in Canadian dollars. In accordance with the Amended Claims Procedure Order, any claim denominated in a foreign currency will be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the applicable Filing Date.

5.12 Section 19(2) Claims

Claims listed under Section 19(2) of the CCAA ("**Section 19(2) Claims**") shall be Affected Claims for the purposes of this Plan; provided, however, that Section 19(2) Claims shall be deemed Unaffected Claims to the extent held by any Creditors who have not voted in favour of the Plan.

5.13 Set-Off

The law of set-off applies to all Claims.

ARTICLE 6
RESERVES AND UNSECURED CREDITOR CASH POOLS

6.1 The Establishment and Maintenance of Reserves and Unsecured Creditor Cash Pools

The Monitor shall establish from Available Cash and maintain each of the Reserves required under the Plan and the Unsecured Creditor Cash Pools for each of the Participating CCAA Parties and shall allocate each of such Reserves and the Unsecured Creditor Cash Pools among each of the Participating CCAA Parties 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 any in connection with any of the Unsecured Creditor Cash Pools.

6.2 Administrative Reserve

(a) An Administrative Reserve shall be established by the Monitor, on behalf of the Participating CCAA Parties, from Available Cash in an aggregate amount sufficient to fund the Administrative Reserve Costs, from time to time, as allocated among the Participating CCAA Parties in accordance with the Allocation Methodology.

(b) The Monitor shall hold and maintain the Administrative Reserve for the purposes of paying the Administrative Reserve Costs, from time to time, in accordance with the Plan and in accordance with the Allocation Methodology, and shall distribute the remaining balance in the Administrative Reserve, if any, after the Final Distribution in accordance with Section 7.9 of the Plan.

6.3 Unresolved Claims Reserve

(a) **General**: An Unresolved Claims Reserve shall be established by the Monitor, on behalf of the Participating CCAA Parties, from Available Cash in an aggregate amount sufficient to fund, without duplication (i) Plan Distributions should all Unresolved Affected Unsecured Claims be Finally Determined to be Proven Affected Unsecured Claims; (ii) payments on account of Unresolved Employee Priority Claims should all such Unresolved Claims be Finally Determined to be Proven Employee Priority Claims; (iii) payments on account of Unresolved Government Priority Claims should all such Unresolved Claims be Finally Determined to be Proven Government Priority Claims; (iv) payments on account

of all Unresolved Secured Claims should all such Unresolved Claims be Finally Determined to be Proven Secured Claims; and (v) payments on account of Pension Claims should they be Finally Determined to be Proven 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 Section 6.3(b) through (e) below.

(b) **Unresolved Third Party Claims:** As Unresolved Third Party Unsecured Claims (other than Pension Claims which are addressed in Section 6.3(d) below) and Unresolved Third Party Secured Claims are Finally Determined, the Monitor shall (i) if an Unresolved Third Party Unsecured Claim is Finally Determined to be a Proven Affected Third Party Unsecured Claim, distribute to such Affected Third Party Unsecured Creditor, an amount equal to its Third Party Pro Rata Share of the applicable Unsecured Creditor Cash Pool, (ii) if the Unresolved Third Party Secured Claim is Finally Determined to be a Proven Secured Claim, distribute to such Secured Creditor an amount equal to the Allocated Value applicable to such Proven Secured Claim in accordance with Section 5.3(b)(ii), or (iii) if the Unresolved Third Party Claim is Finally Determined not to be a Proven Claim, transfer Cash, on an accounting basis, from the Unresolved Claim Reserve to the applicable Unsecured Creditor Cash Pool for distribution to Affected Unsecured Creditors thereof with Proven Affected Unsecured Claims, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims.

(c) **Unresolved Non-Filed Affiliate Unsecured Interco Claims and Unresolved Non-Filed Secured Interco Claims**:

(i) As Unresolved Non-Filed Affiliate Interco Claims are Finally Determined, the Monitor shall (A) if an Unresolved Non-Filed Affiliate Unsecured Interco Claim is Finally Determined to be a Proven Affected Unsecured Claim, distribute to such Non-Filed Affiliate, an amount equal to its Non-Filed Affiliate Pro Rata Share of the applicable Unsecured Creditor Cash Pool, (B) if an Unresolved Non-Filed Affiliate Secured Interco Claim is Finally Determined to be a Proven Secured Claim, distribute to such Non-Filed Affiliate an amount equal to the Allocated Value applicable to such Proven Secured Claim in accordance with Section 5.3(a)(ii), or (C) if an Unresolved Non-Filed Affiliate Claim is Finally Determined not to be a Proven Claim, transfer Cash, on an accounting basis, from the Unresolved Claim Reserve to the applicable Unsecured Creditor Cash Pool for distribution to Affected Third Party Unsecured Creditors thereof with Proven Affected Unsecured Claims.

(d) **Unresolved Pension Claims**:

(i) If the Pension Claims, or any part thereof, are Finally Determined in the Pension Priority Proceedings to have priority over Secured Claims <u>and</u> Unsecured Claims, Cash in the Unresolved Claims Reserve equal to the Allocated Value of the Pension Claims determined to have priority over Secured and Unsecured Claims shall be released by the Monitor to the

Pension Plan Administrator for distribution in accordance with the Wabush Pension Plans, with the balance being paid to Proven Secured Claims against the applicable Wabush CCAA Party, if any, in accordance with the Allocated Value, if any, of such Proven Secured Claims to the extent remaining unpaid, and any remaining balance after payment of the foregoing amounts, to the applicable Unsecured Creditor Cash Pools of the Wabush CCAA Parties for distribution to the Affected Unsecured Creditors thereof with Proven Affected Unsecured Claims, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims.

(ii) If the Pension Claims, or any part thereof, are Finally Determined in the Pension Priority Proceedings to not have priority over Secured Claims but to have priority over the Unsecured Claims, the amount in the Unresolved Claims Reserve Finally Determined to have priority over Unsecured Claims and not otherwise distributed on account of Proven Secured Claims against the applicable Wabush CCAA Party, if any, in accordance with the Allocated Value, if any, of such Proven Secured Claims, shall be released by the Monitor to the Pension Plan Administrator for distribution to in accordance with the Wabush Pension Plans, and then after payment of the foregoing, to the applicable Unsecured Creditor Cash Pools of the Wabush CCAA Parties for distribution to the Affected Unsecured Creditors thereof with Proven Affected Unsecured Claims, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims.

(iii) If the Pension Claims, or any part thereof, are Finally Determined in the Pension Priority Proceedings to not have priority over Secured Claims or Unsecured Claims, the amount in the Unresolved Claims Reserve Finally Determined not to have any priority, shall be released by the Monitor to pay Proven Secured Claims against the Wabush CCAA Parties, if any, in accordance with the Allocated Value, if any, of such Proven Secured Claims, to the extent remaining unpaid, and then after payment of the foregoing, to the applicable Unsecured Creditor Cash Pools of the Wabush CCAA Parties for distribution to the Affected Unsecured Creditors thereof with Proven Affected Unsecured Claims, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims.

(e) **Unresolved Employee Priority Claims and Government Priority Claims**:

(i) as Unresolved Employee Priority Claims and Government Priority Claims are Finally Determined, the Monitor shall (A) if an Employee Priority Claim or Government Priority Claim is Finally Determined to be a Proven Employee Priority Claim or a Proven Government Priority Claim, as applicable, distribute to the holder of such Proven Employee Priority Claim or Proven Government Priority Claim an amount equal to the Allocated Value applicable to such Proven Employee Priority Claim or Proven Government Priority Claim, as applicable, in accordance with Section 5.8, or (B) if the Unresolved Employee Priority Claim or Government Priority Claim is Finally Determined not to be a Proven Claim, transfer Cash, on an accounting basis, from the Unresolved Claim Reserve to the applicable Unsecured Creditor Cash Pool for distribution to Affected Unsecured Creditors thereof, including Non-Filed Affiliate Unsecured Interco Claims and CCAA Party Pre-Filing Interco Claims.

6.4 Directors' Charge Reserve

(a) On the Plan Implementation Date, a Directors' Charge Reserve in an amount to be agreed between the Monitor and D&O Independent Counsel or as otherwise determined by the Court if an amount cannot be agreed (which amount shall not exceed the aggregate amount of the Directors' Charges granted pursuant to the Bloom Lake Initial Order and the Wabush Initial Order) shall be established by the Monitor from Available Cash, as such amounts may be reduced from time to time as agreed by the D&O Independent Counsel and the Monitor or by further Court Order;

(b) The Monitor shall hold and maintain the Directors' Charge Reserve for the purpose of paying any D&O Claims against the Directors or Officers of the Participating CCAA Parties for which indemnification claims by such Directors or Officers are secured by the Directors' Charges and are Finally Determined and shall distribute the remaining balance in the Directors' Charge Reserve after such Final Determination to the Unsecured Creditor Cash Pools of the appropriate Participating CCAA Parties, in each case for distribution to Affected Unsecured Creditors in accordance with the Plan.

6.5 Creation of the Unsecured Creditor Cash Pools

(a) On the Plan Implementation Date, the Monitor shall establish and maintain the Unsecured Creditor Cash Pools from the Available Cash for each Participating CCAA Party, after reserving for the Reserves.

(b) The Monitor, on behalf of the Participating CCAA Parties, shall distribute the monies in such Unsecured Creditor Cash Pools and make the Unsecured Creditor Cash Pool Adjustments in accordance with Sections 7.1(b), 7.1(c), 7.1(d), and 7.1(e) of the Plan and shall distribute any remaining balance in any Unsecured Creditor Cash Pool after the Final Distribution in accordance with Section 7.9 of the Plan.

ARTICLE 7
PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS, DISBURSEMENTS AND CONTRIBUTIONS

7.1 Distributions, Payments and Disbursements Generally; Order and Sequencing of Distributions and Payments

Each and every Plan Distribution (including, for greater certainty, the Interim BL Distribution and the Final Distribution), payment and disbursement by the Participating CCAA Parties and each and every contribution by Non-Filed Affiliates, made on or after the Plan Implementation Date pursuant to or in accordance with the Plan shall, in each case, be made (X) in the manner, order and sequencing set out in Section 7.1(a) to (f) below, (Y) subject to and in accordance with Sections 7.2, 7.3, 7.4 and 7.5, and (Z) shall be reflected by accounting entries and adjustments in the applicable Unsecured Creditor Cash Pools:

(a) **Payment to Non-Filed Affiliates in respect of their Non-Filed Affiliate Secured Interco Claims**

The Monitor, on behalf of the Participating CCAA Parties, shall pay the Non-Filed Affiliate Secured Payments to all Non-Filed Affiliates holding Non-Filed Affiliate Secured Interco Claims (net of any amounts required to be withheld and remitted pursuant to Section 7.3(b)) (which net amount shall then, pursuant to Section 7.1(c) and in accordance with the Irrevocable Payment Direction, be contributed (or caused to be contributed) by such Non-Filed Affiliates to the CQIM/Quinto Parties as part of the Non-Filed Affiliate Distribution/Payment Contribution).

(b) **Distribution to Non-Filed Affiliates in respect of their Non-Filed Affiliate Unsecured Interco Claims**

The Monitor, on behalf of the Participating CCAA Parties, shall distribute to each Non-Filed Affiliate holding Proven Affected Unsecured Claims, its Non-Filed Affiliate Pro Rata Share of the applicable Unsecured Creditor Cash Pool (net of any amounts required to be withheld and remitted pursuant to Section 7.3(b)) (which net amount shall then, pursuant to Section 7.1(c) and in accordance with the Irrevocable Payment Direction, be contributed (or caused to be contributed) by such Non-Filed Affiliates to the CQIM/Quinto Parties as part of the Non-Filed Affiliate Distribution/Payment Contribution).

(c) **Contribution of Non-Filed Affiliate Distribution/Payment Contribution**

In accordance with the Irrevocable Payment Direction, each Non-Filed Affiliate who receives (i) a Non-Filed Affiliate Secured Payment pursuant to Section 7.1(a), or (ii) a Non-Filed Affiliate Distribution pursuant to Section 7.1(b), shall contribute (or cause to be contributed) all such amounts received (less any amount withheld and remitted under Section 7.3(b)) to the CQIM/Quinto Parties as part of its Non-Filed Affiliate Distribution/Payment Contribution.

(d) **Distribution to Participating CCAA Parties in respect of their CCAA Party Pre-Filing Interco Claims**

The Monitor, on behalf of the Participating CCAA Parties, shall make the respective CCAA Party Distributions from the applicable Unsecured Creditor Cash Pool to each holder of a CCAA Party Pre-Filing Interco Claim in accordance with their CCAA Party Distributions Pro Rata Share, after adjustment for the receipts, payments and distributions described in Sections 7.1(a) through 7.1(c) above, as applicable, to the applicable Participating CCAA Party holding a CCAA Party Pre-Filing Interco Claim. The CCAA Party Distributions shall be calculated by the Monitor.

(e) **Contribution of Non-Filed Affiliate Cash Contribution**

The Parent, individually, or in connection with certain other Non-Filed Affiliates shall contribute (or cause to be contributed) to the CQIM/Quinto Parties and the other Participating CCAA Parties, the Non-Filed Affiliate Cash Contribution in the manner and in the amounts set out in Section 2.4(b).

(f) **Distribution to Affected Third Party Unsecured Creditors**

The Monitor, on behalf of the Participating CCAA Parties, shall distribute to each Affected Third Party Unsecured Creditor with a Proven Affected Third Party Unsecured Claim its Third Party Pro Rata Share of the applicable Unsecured Creditor Cash Pools, after adjustments for the receipts, payments and distributions described in Sections 7.1(a) through 7.1(e) above, as set out below:

(i) **CQIM/Quinto Unsecured Creditor Cash Pool**: Each Affected Third Party Unsecured Creditor of the CQIM/Quinto Parties with a Proven Affected Third Party Unsecured Claim shall receive an amount equal to its Third Party Pro Rata Share of the CQIM/Quinto Unsecured Creditor Cash Pool, as adjusted by the Unsecured Creditor Cash Pool Adjustments.

(ii) **BL Parties Unsecured Creditor Cash Pool:** Each Affected Third Party Unsecured Creditor of the BL Parties with a Proven Affected Third Party Unsecured Claim shall receive an amount equal to its Third Party Pro Rata Share of the BL Parties Unsecured Creditor Cash Pool, as adjusted by the Unsecured Creditor Cash Pool Adjustments.

(iii) **Wabush Mines Parties Unsecured Creditor Cash Pool:** Each Affected Third Party Unsecured Creditor of the Wabush Mines Parties with a Proven Affected Third Party Unsecured Claim shall receive an amount equal to its Third Party Pro Rata Share of the Wabush Mines Unsecured Creditor Cash Pool, as adjusted by the Unsecured Creditor Cash Pool Adjustments.

(iv) **Arnaud Unsecured Creditor Cash Pool:** Each Affected Third Party Unsecured Creditor of Arnaud with a Proven Affected Third Party Unsecured Claim shall receive an amount equal to its Third Party Pro Rata Share of the Arnaud Unsecured Creditor Cash Pool, as adjusted by the Unsecured Creditor Cash Pool Adjustments.

(v) **Wabush Railway Unsecured Creditor Cash Pool:** Each Affected Third Party Unsecured Creditor of Wabush Railway with a Proven Affected Third Party Unsecured Claim shall receive an amount equal to its Third Party Pro Rata Share of the Wabush Railway Unsecured Creditor Cash Pool, as adjusted by the Unsecured Creditor Cash Pool Adjustments.

7.2 No Payments or Distributions on Wabush CCAA Party Claims until Final Determination of Pension Claims

Notwithstanding any other provision of the Plan, no payment on account of Secured Claims or distribution on account of Affected Unsecured Claims against any of the Wabush Mines Parties, Arnaud or Wabush Railway, including payment of Non-Filed Affiliate Secured Interco Claims and Third Party Secured Claims or Priority Claims or distributions of any Non-Filed Affiliate Unsecured Distributions, CCAA Party Distributions and Third Party Affected Unsecured Claims, shall be paid or made by the Monitor or Participating CCAA Parties unless and until the issues relating to Pension Claims that are the subject matter of the Pension Priority Proceedings have been Finally Determined. For greater certainty, payments may be made on any Unaffected Claims secured by the CCAA Charges.

7.3 Tax Matters

(a) Subject to Section 7.3(b) below, notwithstanding any provisions of the Plan, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.

(b) Any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a "**Withholding Obligation**") to be deducted and withheld with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, locate or foreign tax law, in each case, as amended or restated. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and the Participating CCAA Parties such

documentation prescribed by Applicable Law or otherwise reasonably required by the Monitor or the Participating CCAA Parties as will enable the Monitor, in consultation with the Participating CCAA Parties, to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.

(c) To the extent that amounts are withheld or deducted from an amount payable to any Person and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person, together with the remainder of the payment in respect of which such withholding and deduction were made.

(d) For the avoidance of doubt, it is expressly acknowledged and agreed that no Director or Officer will hold any assets hereunder, including Cash, or make distributions, payments or disbursements, and no provision hereof shall be construed to have such effect.

7.4 Priority of Payments

The aggregate amount payable (the "**Payment Amount**") under this Plan to a particular Creditor (the "**Payee Party**") in respect of a particular Plan Distribution (including for greater certainty all Non-Filed Affiliate Unsecured Distributions) or Non-Filed Affiliate Secured Payment in respect of a particular Participating CCAA Party (the "**Payor Party**") shall be applied as follows in respect of the particular Claims giving rise to the applicable distribution or payment:

(a) first, to the repayment of the principal amount of any loans or cash advances made by the Payee Party to the Payor Party up to the total principal amount;

(b) second, but only in the case of a Payee Party who is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada) or who is resident in the United States for purposes of the *Canada-United States Income Tax Convention* and who qualifies for all of the benefits thereof (a "**Specified Payee Party**"), to the extent that the applicable Payment Amount exceeds the aggregate of the amounts described in paragraph (a), to interest payable on any such loans or cash advances;

(c) third, to the extent that the applicable Payment Amount exceeds the aggregate of the amounts described in paragraphs (a) and (b), to unpaid reimbursements of expenses incurred by the Payee Party on behalf of or for the benefit of the Payor Party;

(d) fourth, but only in the case of a Specified Payee Party, to the extent that the applicable Payment Amount exceeds the aggregate of the amounts described in paragraphs (a) through (c), to interest payable on any amount described in paragraph (c);

(e) fifth, to the extent that the applicable Payment Amount exceeds the aggregate of the amounts described in paragraphs (a) through (d), to unpaid fees in respect of services provided by or on behalf of the Payee Party to the Payor Party, other than any such unpaid fees in respect of services rendered in Canada; and

(f) finally, to the extent that the applicable Payment Amount exceeds the aggregate of the amounts described in paragraphs (a) through (e), to any remaining Claims not described in such paragraphs.

For greater certainty, any terms or conditions of any Affected Claim that purport to deal with the ordering or grant of priority of payment of principal, interest, payments or other amounts shall be deemed void and ineffective to the extent inconsistent with the ordering provided for in this Section 7.4.

7.5 Method of Payment

All Plan Distributions to Affected Unsecured Creditors with Proven Affected Unsecured Claims (other than to Participating CCAA Parties, which shall be made as set out in Section 5.1 and to Non-Filed Affiliates, which shall be made pursuant to the Irrevocable Payment Direction) to be made by the Monitor, on the Participating CCAA Parties' behalf, under the Plan shall be made: (a) in the case of an Affected Unsecured Creditor that has not assigned its Affected Unsecured Claim, to the address set out in the Proof of Claim duly filed by such Affected Unsecured Creditor or any address subsequently provided to the Monitor in accordance with the Amended Claims Procedure Order or, in the case of Employees, the address provided to the Monitor by Salaried Members Representative Counsel or counsel to the Bargaining Unit Employees of Wabush Mines, and (b) in the case of an Affected Unsecured Creditor that is a Valid Transferee, to the address set out in such Valid Transferee's Notice of Transfer or Assignment.

7.6 Treatment of Uncashed Distributions or Payments

If any Affected Unsecured Creditor's distribution in respect of its Affected Unsecured Claim or a payment in respect of an Employee Priority Claim, Government Priority Claim or Secured Claim remains uncashed or remains returned as undeliverable or a Social Insurance Number, which is required to deliver distributions to an Employee, is not provided by or on behalf of such Employee to the Monitor in accordance with the terms of any Court Order (in each case, an "**Uncashed Distribution**") on the date that is three (3) months after the Final Distribution Date, such Proven Unsecured Claim, Employee Priority Claim, Government Priority Claim or Secured Claim shall be forever barred as against the CCAA Parties without any compensation therefor, notwithstanding any Applicable law to the contrary, at which time any Cash held by the Monitor in relation to such uncashed or unclaimed distribution shall be delivered to the Pension Plan Administrator for distribution to the Pension Plan Beneficiaries in accordance with the Wabush Pension Plans. Nothing in the Plan or Sanction Order shall require the Monitor or the Participating CCAA Parties to attempt to locate any Affected Unsecured Creditor, Employee, Governmental Authority or Secured Creditor whose distribution is not cashed within the aforesaid period.

7.7 Payment and Treatment of Certain Unaffected Claims

(a) The following Unaffected Claims shall be paid from the Administrative Reserve, in each case allocable to such Participating CCAA Party's share of the Administrative Reserve in accordance with the Allocation Methodology, as soon as reasonably practicable after the Plan Implementation Date, in accordance with this ARTICLE 7 and pursuant to the Sanction Order and the CCAA:

(i) all fees and disbursements of counsel to the Participating CCAA Parties, the Monitor and counsel to the Monitor (x) accrued but not yet paid prior to the Plan Implementation Date, and (y) accruing after the Plan Implementation Date; and

(ii) ordinary course expenses of the CCAA Parties;

(b) From and after the Plan Implementation Date, the Administration Charges shall continue against the Unsecured Creditor Cash Pools, the Reserves, all remaining Property of the CCAA Parties and any additional proceeds realized by the CCAA Parties (including Tax Refunds) until such monies are disbursed or distributed by the Monitor, on behalf of the applicable Participating CCAA Party. The Administration Charges shall be in the same amounts and priority as set out in the Initial Order pursuant to and in accordance with the Sanction Order, as such amounts may be reduced from time to time as agreed by the CCAA Parties and the Monitor or by further Court Order.

(c) From and after the Plan Implementation Date, the Directors' Charges shall continue solely against the Directors' Charge Reserve, in each case, in the same amount and priority as set out in the Initial Order pursuant to and in accordance with the Sanction Order. The Directors' Charge Reserve may be reduced from time to time as agreed by the D&O Independent Counsel and the Monitor or by further Court Order. The Directors' Charges may be reduced from time to time by further Court Order.

(d) On the Plan Implementation Date, the Interim Lender Charge and the Sale Advisor Charge shall be terminated in accordance with the Sanction Order.

7.8 Timing of Distributions

(a) The Monitor may from time to time make Plan Distributions on account of Proven Affected Unsecured Claims and will make no distribution in respect of a Claim until it is a Proven Claim.

(b) Participating Bloom Lake CCAA Parties:

Distributions to Creditors of the Participating Bloom Lake CCAA Parties will commence on the Interim BL Distribution Date.

(c) Wabush CCAA Parties:

No Distribution of any kind shall be made to Creditors, including to Affected Unsecured Creditors or Secured Creditors, of the Wabush CCAA Parties until the Final Determination of the issues relating to Pension Claims that are the subject matter of the Pension Priority Proceedings. Distributions will be made to Affected Unsecured Creditors of the Wabush CCAA Parties with Proven Affected Unsecured Claims, and payments will made to Secured Creditors with Proven Secured Claims against the Wabush CCAA Parties, as soon as reasonably practicable following Final Determination of the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceeding. For greater certainty, nothing in the Plan restricts or shall be deemed to restrict, payments on account of any Unaffected Claims that are secured by any of the CCAA Charges.

7.9 Remaining Cash

If the final amount in the applicable Unsecured Creditor Cash Pool is an amount for which the Monitor determines the cost of such distribution relative to the amount to be distributed is not justified, no Plan Distribution of such final amount shall occur and instead such amount shall be paid to the Pension Plan Administrator for distribution in accordance with the Wabush Pension Plans.

ARTICLE 8
PLAN IMPLEMENTATION

8.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving any corporate action of any of the Participating CCAA Parties will occur and be effective as of the Effective Time, and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, partners, Directors or Officers of such Participating CCAA Party. All necessary approvals to take actions shall be deemed to have been obtained from the Directors or shareholders or partners of the Participating CCAA Parties, as applicable.

ARTICLE 9
CORPORATE MAINTENANCE AND RELATED MATTERS

9.1 Dissolutions

Any time after the final distribution from the applicable Unsecured Creditor Cash Pool of any Participating CCAA Party and prior to the termination of the CCAA Proceedings, at the request of the Parent, such Participating CCAA Party and its subsidiaries, with the consent of the Monitor acting reasonably, may take such steps as may be necessary to wind up and dissolve any of the Participating CCAA Parties in a tax efficient and orderly manner in accordance with applicable corporate law, and (a) immediately prior to such dissolution, all CCAA Charges shall be released and discharged from any and all property of such Participating CCAA Party, and (b) upon such dissolution, the CCAA Proceedings shall be terminated as against such entity.

9.2 Tax Elections

(a) Subject to Section 9.2(b) below, the Participating CCAA Parties agree to execute, deliver and file such agreements, designations and/or elections under the *Income Tax Act (*Canada) or any other applicable taxing statute as may be requested by the Non-Filed Affiliates (or any one of them) (each, a "**Tax Filing**"), provided that either (a) such execution, delivery and filing does not give rise to any liability for taxes, interest or penalties to any of the Participating CCAA Parties or (b) any such liability is indemnified by the applicable Non-Filed Affiliates in a manner satisfactory to the Participating CCAA Parties and the Monitor.

(b) Notwithstanding Section 9.2(a), the Participating CCAA Parties shall not execute, deliver or file any Tax Filing which is potentially detrimental to the timing or quantum of recoveries to Creditors of the Participating CCAA Parties or otherwise potentially detrimental to the timely completion of the CCAA Proceedings or any steps which the Monitor reasonably believes should be undertaken to complete the CCAA Proceedings (a "**Detrimental Tax Filing**"). Prior to executing, delivering or filing any Tax Filing, the applicable Participating CCAA Parties shall obtain confirmation from the Monitor that it does not consider the proposed Tax Filing to be a Detrimental Tax Filing. If the Monitor determines that the proposed Tax Filing is or may be a Detrimental Tax Filing, the applicable Participating CCAA Parties shall not execute, deliver or file such Tax Filing unless otherwise authorized to do so by the Court. For greater certainty, the applicable Participating CCAA Parties and the Non-Filed Affiliates may at any time seek a Court Order authorizing and directing the applicable Participating CCAA Parties to execute, deliver and file the Tax Filing, including, without limitation, on the basis that it is not a Detrimental Tax Filing.

ARTICLE 10
RELEASES

10.1 Plan Releases

(a) As at the Effective Time, each of the Participating CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents (being referred to individually as a "**BL/Wabush Released Party**") shall be released and discharged from any and all demands, claims, actions, applications, 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 for greater certainty any Tax Claim and any monetary claim in connection with any indebtedness, liability or obligation by reason of a breach of a collective bargaining agreement, including grievances in relation thereto, or by reason of a breach of a legal or statutory duty under any employment legislation or pay equity legislation, which any Affected Creditor, Unaffected Creditor (except to the extent of its Unaffected Claim) or other Person may be entitled to assert, including any and all Claims in respect of the payment

and receipt of proceeds, statutory liabilities of the Directors, Officers and Employees of the BL/Wabush Released Parties and any alleged fiduciary or other duty (whether such Employees are acting as a Director, Officer or Employee), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence (i) existing or taking place on or prior to the Plan Implementation Date that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Amended Claims Procedure Order, and (ii) in respect of any distributions, payments, disbursements, actions, steps or transactions, taken to implement the Plan, and in each case all claims arising out of such aforesaid actions or omissions shall be forever waived and released (other than the right to enforce the Participating CCAA Parties' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge (i) any BL/Wabush Released Party if such BL/Wabush Released Party is judged by the expressed terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct, or (ii) the Directors with respect to matters set out in Section 5.1(2) of the CCAA; or (iii) the Non-Filed Affiliate Employee Defendants from Non-Filed Affiliate Employee Claims to the extent the Non-Filed Affiliate Employee Defendants may otherwise be BL/ Wabush Released Parties.

(b) As at the Effective Time, the Monitor, FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents (being referred to individually as a "**Third Party Released Party**") shall be released and discharged from any and all demands, claims, actions, applications, 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 for greater certainty any Tax Claim and any monetary claim in connection with any indebtedness, liability or obligation by reason of a breach of a collective bargaining agreement, including grievances in relation thereto, or by an reason of a breach of a legal or statutory duty under any employment legislation or pay equity legislation, which any Affected Creditor, Unaffected Creditor or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence (i) existing or taking place on or prior to the Plan Implementation Date that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Amended Claims Procedure Order, and (ii) in respect of any distributions, payments, disbursements, actions, steps or transactions, taken to implement the

Plan, and in each case, all claims arising out of such aforesaid actions or omissions above, shall be forever waived and released (other than the right to enforce the Monitor's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Third Party Released Party if such Third Party Released Party is judged by the expressed terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.

(c) As at the Effective Time, the Non-Filed Affiliates, and their respective current and former members, shareholders, directors, officers and employees, advisors, legal counsel and agents (being referred to individually as a "**Non-Filed Affiliate Released Party**") shall be released and discharged from any and all demands, claims (including, for greater certainty, all Non-Filed Affiliate Transactions Claims), actions, applications, 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 for greater certainty any Tax Claim and any monetary claim in connection with any indebtedness, liability or obligation by reason of a breach of a collective bargaining agreement, including grievances in relation thereto, or by an reason of a breach of a legal or statutory duty under any employment legislation or pay equity legislation, which any Affected Creditor, Unaffected Creditor or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence (i) existing or taking place on or prior to the Plan Implementation Date that are in any way relating to, arising out of or in connection with the CCAA Parties, the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, the Non-Filed Affiliate Transactions Claims or any Claim that has been barred or extinguished by the Amended Claims Procedure Order, and (ii) in respect of any distributions, payments, disbursements, actions, steps or transactions, taken to implement the Plan, and in each case all claims arising out of such aforesaid actions or omissions shall be forever waived, discharged, released and barred (other than the right to enforce the Non-Filed Affiliates' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release (i) the Non-Filed Affiliate Employee Defendants from the Non-Filed Affiliates Pension Claims; and (ii) discharge any Non-Filed Affiliate Released Party if such Non-Filed Affiliate Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.

For greater certainty, the Non-Filed Affiliates shall not be released from any indemnity provided by such Non-Filed Affiliate in favour of any Director or Officer.

(d) Without limiting the generality of foregoing Sections 10.1(a) to 10.1(c) of this Plan, section 36.1 of the CCAA, sections 38 and 95 to 101 of the BIA and any other federal or provincial law relating to preferences, fraudulent conveyances or transfers at undervalue, shall not apply to the Plan or to any payments or distributions made in connection with transactions entered into by or on behalf of the Participating CCAA Parties in connection with the Plan, including to any and all of the payments, distributions and transactions contemplated by and to be implemented pursuant to the Plan.

(e) The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, Liability or interest released, discharged, compromised or terminated pursuant to the Plan.

(f) Nothing in the Plan shall be interpreted as restricting the application of section 21 of the CCAA.

ARTICLE 11
COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

11.1 Application for Sanction Order

If the Plan is approved by the Required Majority in each Unsecured Creditor Class in respect of each Participating CCAA Party, the Participating CCAA Parties shall file a motion seeking the Sanction Order on May 22, 2018 or such later date as the Court may order.

11.2 Sanction Order

The Sanction Order filed with the Court shall be substantially in the form attached as Schedule "E" hereto, as may be amended with the consent of the Participating CCAA Parties, the Parent and the Monitor.

11.3 Conditions Precedent to Implementation of the Plan

The implementation of the Plan, including distributions thereunder, shall be conditional upon the fulfilment or waiver, to the extent permitted by the CCAA, of the following conditions precedent by the date specified therefor:

(a) each Unsecured Creditor Class of each Participating CCAA Party shall have approved the Plan in the Required Majority;

(b) the Meetings Order and the Sanction Order shall have been granted;

(c) each of the Meetings Order and the Sanction Order shall have become Final Orders;

(d) if necessary to effect the Plan, the Participating CCAA Parties shall have filed all necessary annual information forms or returns under Applicable Law in order to maintain such Participating CCAA Parties in good standing as at the Plan Implementation Date;

(e) the Monitor shall have received the Non-Filed Affiliate Cash Contribution at least three (3) Business Days' prior to the Meetings, to be held and distributed by the Monitor, on the Participating CCAA Parties behalf, on the Plan Implementation Date in accordance with Section 2.4(b) or returned to the Parent in accordance with Section 12.4;

(f) the Monitor and the Participating CCAA Parties shall have received the Irrevocable Payment Direction at least three (3) Business Days prior to the Meetings;

(g) The Monitor shall have received such clearance certificates, or comfort letters in lieu thereof from the Canada Revenue Agency or any other applicable Taxing Authority, as the Monitor considers necessary or advisable, to make any Plan Distributions; and

(h) the Plan Implementation Date shall have occurred before June 29, 2018, or such later date as agreed to by the Participating CCAA Parties, the Parent and Monitor.

The Participating CCAA Parties, with the consent of the Monitor and the Plan Sponsor may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such Parties may agree provided however, that (i) the conditions set out in (a), (b) and (d) above cannot be waived; and (ii) the conditions set out in (e), (f), (g) and (h) above may be waived by agreement of the Participating CCAA Parties and the Monitor and without the consent or agreement of the Plan Sponsor.

Upon satisfaction or waiver, as permitted by the CCAA, of the foregoing conditions precedent by the date specified therefor, the Participating CCAA Parties and the Parent shall each deliver to the Monitor written notice confirming, as applicable, the fulfilment or waiver, to the extent available, of the conditions precedent to implementation of the Plan as set out in this Section 11.3 of the Plan (together, the "**Conditions Certificates**" and each a "**Condition Certificate**").

11.4 Plan Implementation Date Certificate

Upon receipt by the Monitor of the Conditions Certificate from the Participating CCAA Parties and the Parent, and the Monitor having received the payments and Irrevocable Payment Direction at the times described in Section 11.3 above, the Monitor shall (a) issue forthwith the Monitor's Plan Implementation Date Certificate concurrently to the Participating CCAA Parties and the Parent, and (b) file as soon as reasonably practicable a copy of the Monitor's Plan Implementation Date with the Court (and shall provide a true copy of such filed certificate to the Participating CCAA Parties and the Parent). In the cases of clauses (a) and (b), above, the Monitor will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions. Following

the filing of the Monitor's Plan Implementation Date Certificate with the Court, the Monitor shall post a copy of same on the Website and provide a copy to the Service List.

11.5 Conditions Precedent to Plan Distributions

In addition to any other conditions set out herein, the Initial BL Plan Distribution and each Plan Distribution thereafter, shall be conditional upon the Monitor having established the Reserves in accordance with ARTICLE 6 of the Plan.

ARTICLE 12
GENERAL

12.1 General

On the Plan Implementation Date, or as otherwise provided in the Plan:

(a) the Plan will become effective at the Effective Time and the steps set out in ARTICLE 7 will be implemented;

(b) the treatment of Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Participating CCAA Parties, 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;

(c) all releases contained in Section 10.1 of the Plan shall become effective;

(d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and

(e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Participating CCAA Parties all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

12.2 Claims Bar Date

Nothing in this Plan extends 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 Amended Claims Procedure Order.

12.3 Deeming Provisions

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

12.4 Non-Consummation

The Participating CCAA Parties reserve the right to revoke or withdraw the Plan at any time prior to the Plan Implementation Date with the consent of the Monitor and the Parent. If the Participating CCAA Parties revoke or withdraw the Plan or if the Plan Implementation Date does not occur before June 29, 2018 or such later date as agreed to by the Participating CCAA Parties, the Parent and the Monitor: (a) the Plan (including all steps taken thereunder) shall be null and void in all respects except that the Monitor shall return the Non-Filed Affiliate Cash Contribution to the Parent forthwith, (b) any settlement or compromise embodied in the Plan (including the Restructuring Term Sheet), or any document or agreement executed pursuant to or in connection with the Plan shall be deemed to be null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall:

(i) constitute or be deemed to constitute a waiver or release of any Claims by or against any of the CCAA Parties, the Parent, any of the other Non-Filed Affiliates or any other Person;

(ii) prejudice in any manner the rights of the CCAA Parties, the Parent, any other Non-Filed Affiliate or any other Person in any further proceedings involving any of the CCAA Parties; or

(iii) constitute an admission of any sort by any of the CCAA Parties, the Parent, any other Non-Filed Affiliate or any other Person.

12.5 Modifications of the Plan

(a) The Participating CCAA Parties, with the consent of the Parent and the Monitor, may:

(i) at any time prior to the date of the Meetings, file any Plan Modification; and

(ii) from and after the Meetings (and both prior to and subsequent to the obtaining of the Sanction Order), file a Plan Modification (a) pursuant to a Court Order, or (b) where such Plan Modification concerns (A) a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order, or (B) cure any errors, omissions or ambiguities, and in either case of foregoing clause (A) and (B), is not materially adverse to the financial or economic interests of the Affected Creditors.

(b) Any amendment, restatement, modification or supplement to the Plan shall be subject to the notice requirements as set out in the Meetings Order.

12.6 Paramountcy

From and after the Effective Time on the Plan Implementation Date, any conflict between:

(a) the Plan; and

(b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of the Restructuring Term Sheet or any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Participating CCAA Parties, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Participating Person and the CCAA Parties as at the Plan Implementation Date;

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

12.7 Responsibilities of the Monitor

FTI is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the CCAA Parties and not in its personal or corporate capacity. The Monitor will not be responsible or liable in its personal or corporate capacity for carrying out its obligations under the Plan or the Sanction Order nor will the Monitor be responsible for any obligations of the Participating CCAA Parties whatsoever. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Sanction Order and any other Court Order made in the CCAA Proceedings.

12.8 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 expressly agreed by a Person in writing or unless its Claims overlap or are otherwise duplicative.

12.9 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, or by email addressed to the respective parties as follows:

(a) If to the Participating CCAA Parties:

c/o Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Commerce Court West
Toronto ON M5L 1A9
Canada

Attention: Clifford T. Smith, Officer
Email: clifford.smith@CliffsNR.com

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Commerce Court West
Toronto ON M5L 1A9
Canada

Attention: Milly Chow
Email: milly.chow@blakes.com

with a copy to:

FTI Consulting Canada Inc.
79 Wellington Street West
TD Waterhouse Tower, Suite 2010
PO Box 104
Toronto, ON M5K 1G8

Attention: Nigel Meakin
Email: nigel.meakin@fticonsulting.com

(b) If to the Parent:

Cleveland-Cliffs Inc.
200 Public Square
Suite 3300
Cleveland, Ohio 441144-2315

Attention: James Graham, Executive Vice President, Chief Legal Officer & Secretary
Email: james.graham@clevelandcliffs.com

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West, Suite 3200, Toronto Dominion Centre
Toronto ON M5K 1K7
Canada

Attention: Grant Moffat
Email: gmoffat@tgf.ca

with a copy to:

FTI Consulting Canada Inc.
79 Wellington Street West
TD Waterhouse Tower, Suite 2010
PO Box 104
Toronto, ON M5K 1G8

Attention: Nigel Meakin
Email: nigel.meakin@fticonsulting.com

(c) If to the Monitor:

FTI Consulting Canada Inc.
79 Wellington Street West
TD Waterhouse Tower, Suite 2010
PO Box 104
Toronto, ON M5K 1G8

Attention: Nigel Meakin
Email: nigel.meakin@fticonsulting.com

with a copy to:

Norton Rose Fulbright Canada LLP
1 Place Ville Marie, Suite 2500
Montréal, QC H3B 1R1
Attention: Sylvain Rigaud & Evan Cobb
Email: sylvain.rigaud@nortonrosefulbright.com
evan.cobb@nortonrosefulbright.com

or to such other address as any party may from time to time notify the others in accordance with this Section. Any such communication so given or made shall 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 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 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

12.10 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 and to give effect to the transactions contemplated herein.

DATED as of the 19th day of March, 2018.

Schedule "A"

Definitions

"**8568391**" has the meaning ascribed thereto in Recital A;

"**Administration Charges**" means, collectively, the BL Administration Charge and the Wabush Administration Charge in the aggregate amount of the BL Administration Charge and the Wabush Administration Charge, as such amount may be reduced from time to time by further Court Order;

"**Administrative Reserve**" means a Cash reserve from the Available Cash, in an amount to be adjusted from time to time as agreed by the Monitor and the Participating CCAA Parties, at least three (3) Business Days prior to a Distribution Date, to be reserved by the Monitor on an accounting basis, for the purpose of paying the Administrative Reserve Costs, from time to time. If no objection is received from the Participating CCAA Parties within three (3) Business Days following notification from the Monitor of the proposed Administrative Reserve amount, the Administrative Reserve amount proposed by the Monitor shall be deemed to be the agreed Administrative Reserve amount;

"**Administrative Reserve Costs**" means costs incurred and in respect of: (a) the Monitor's 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; (b) any third party fees in connection with the administration of distributions, disbursements and payments under the Plan; (c) any fees and costs in connection with the dissolution under corporate law or otherwise of a CCAA Party or any of their subsidiaries, including without limitation, 8568391 (which fees and costs in the case of 8568391 should be allocated to the CQIM/Quinto Parties) and BLRC (which fees and costs shall be deducted from its Available Cash); (d) Post-Filing Trade Payables; (e) fees and disbursements of the Participating CCAA Parties' legal counsel, consultants and other advisors; (f) the fees and disbursements of Salaried Members Representative Counsel as approved by Court Order; (g) the fees and disbursements of any Claims Officer appointed under the Amended Claims Procedure Order; (h) Unaffected Claims which are Proven Claims, to the extent not already paid; and (i) ordinary course costs expected to be incurred after the previous Plan Distribution Date; and (j) any other reasonable amounts in respect of any determinable contingency as the Monitor may determine in consultation with the Participating CCAA Parties;

"**Affected Claim**" means any Claim other than an Unaffected Claim;

"**Affected Creditor**" means any Creditor holding an Affected Claim, including a Non-Filed Affiliate holding an Affected Claim and a CCAA Party holding an Affected Claim;

"**Affected Third Party Unsecured Claim**" means an Affected Unsecured Claim held by an Affected Unsecured Third Party Unsecured Creditor;

"**Affected Third Party Unsecured Creditor**" means an Affected Unsecured Creditor other than a CCAA Party or Non-Filed Affiliate;

"**Affected Unsecured Claim**" means an Affected Claim that is an Unsecured Claim, including without limitation, any Deficiency Claims;

"**Affected Unsecured Creditor**" means any Affected Creditor holding an Affected Unsecured Claim, including a Non-Filed Affiliate and a CCAA Party holding an Affected Unsecured Claim;

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

"**Allocation Methodology**" has the meaning given thereto in Recital D;

"**Allocated Value**" means, in respect of any particular asset of a Participating CCAA Party, the amount of the sale proceeds realized from such asset, net of costs allocated to such asset all pursuant to the Allocation Methodology and, in respect of any Secured Claim, the amount of such sale proceeds receivable on account of such Secured Claim after taking into account the priority of such Secured Claims relative to other creditors holding a Lien in such asset;

"**Allowed Claim**" shall have the meaning given to it in the Amended Claims Procedure Order;

"**Amended Claims Procedure Order**" means the Amended Claims Procedure Order dated November 16, 2015, approving and implementing the claims procedure in respect of the CCAA Parties and the Directors and Officers (including all schedules and appendices thereof);

"**Applicable Law**" means any law (including any principle of civil law, common law or equity), statute, order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;

"**Arnaud**" has the meaning ascribed thereto in Recital B;

"**Available Cash**" means all Cash of the Participating CCAA Parties as at the Plan Implementation Date, including but not limited to the Participating CCAA Parties' Cash on hand, and all Cash that is received by any of the Participating CCAA Parties 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 Participating CCAA Parties from time to time, in all cases as determined in accordance with the Allocation Methodology, less the amount of the Reserves established pursuant to the Plan and the amount of any Plan Distributions, payments on account of Proven Unaffected Claims, or payments made pursuant to or as contemplated by the Plan, to be allocated to each Participating CCAA Party in accordance with the Allocation Methodology;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“**BL Administration Charge**” means the charge over the BL Property created by paragraph 45 of the Bloom Lake Initial Order and having the priority provided in paragraphs 46 and 47 of such Court Order in the amount of Cdn.$2.5 million, as such amount may be reduced from time to time by further Court Order;

“**BL Directors’ Charge**” means the charge over the BL Property of the BL Parties created by paragraph 31 of the Bloom Lake Initial Order, and having the priority provided in paragraphs 46 and 47 of such Order in the amount of Cdn.$2.5 million, as such amount may be reduced from time to time by further Court Order;

“**BLGP**” has the meaning ascribed thereto in Recital A;

“**BLLP**” has the meaning ascribed thereto in Recital A;

“**Bloom Lake CCAA Parties**” has the meaning ascribed thereto in Recital A;

“**BL Parties**” has the meaning ascribed thereto in Section 3.1(b);

“**BL Property**” means all current and future assets, rights, undertakings and properties of the Bloom Lake CCAA Parties, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

“**BLRC**” has the meaning ascribed thereto in Recital A;

“**BL Sale Advisor Charge**” means the charge over the BL Property, granted in favour of Moelis & Company LLC (in its capacity as Sale Advisor) pursuant to the BL Sale Advisor Court Order;

“**BL Sale Advisor Court Order**” means the Court Order dated April 17, 2015, *inter alia*, authorizing the engagement of a sale advisor, as such order may be amended, restated, supplemented, modified or rectified from time to time;

“**BL/Wabush Released Party**” has the meaning ascribed thereto in Section 10.1(a);

“**Business**” means the direct and indirect operations and activities formerly carried on by the Participating CCAA Parties;

“**Business Day**” means a day, other than a Saturday, a Sunday, or a non-juridical day) as defined in article 6 of the Code of Civil Procedure, R.S.Q., c. C-25, as amended);

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

“**Cash Contribution Pro Rata Share**” means in respect of a Participating CCAA Party, other than the CQIM/Quinto Parties, the fraction that is equal to (a) the amount of the Proven Unsecured Claims of Affected Third Party Unsecured Creditors against such Participating CCAA Party, and (b) the aggregate amount of all Proven Unsecured Claims held by Affected Third Party Unsecured Creditors against all Participating CCAA Parties other than the CQIM/Quinto Parties;

"**CCAA**" has the meaning ascribed thereto in Recital A;

"**CCAA Charges**" means the Administration Charge and the Directors' Charge;

"**CCAA Parties**" has the meaning ascribed thereto in Recital B, and **"CCAA Party**" means any one of the CCAA Parties;

"**CCAA Party Distributions**" means, in respect of an Unsecured Creditor Class, the aggregate amount of distributions on account of the CCAA Party Pre-Filing Interco Claims from the applicable Unsecured Creditor Cash Pool, calculated as the applicable Unsecured Creditor Cash Pool (having been reduced by the Non-Filed Affiliate Unsecured Distributions from such pool) plus, in the case of the CQIM/Quinto Unsecured Creditor Class, the Non-Filed Affiliate Distribution/Payment Contribution, multiplied by the amount of CCAA Party Pre-Filing Interco Claims against such Unsecured Creditor Cash Pool divided by the aggregate of all Affected Third Party Unsecured Claims and CCAA Party Pre-Filing Interco Claims against such Unsecured Creditor Class;

"**CCAA Party Distributions Pro Rata Share**" means, in respect of a Participating CCAA Party holding a CCAA Party Pre-Filing Interco Claim, the fraction that is equal to (a) the CCAA Party Pre-Filing Interco Claim in respect of such Participating CCAA Party, divided by (b) the aggregate CCAA Party Pre-Filing Interco Claims held by Participating CCAA Parties in respect of such Participating CCAA Party;

"**CCAA Party Pre-Filing Interco Claims**" means Claims of the Participating CCAA Parties against other Participating CCAA Parties as set out in Schedule "D" to the Plan;

"**CCAA Proceedings**" has the meaning ascribed thereto in Recital A;

"**Claim**" means:

(a) any right or claim of any Person that may be asserted or made in whole or in part against the Participating CCAA Parties (or any of them), whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the applicable Filing Date, at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of contract, lease or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any breach of extra-contractual obligation, any right of ownership of or title to property, employment, contract or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against any of the Participating CCAA Parties or any of their property or assets, and whether or not any such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmetered, disputed, legal, equitable, secured (by guarantee, surety or otherwise), unsecured, present, future, known or unknown, and whether or not any such right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose

in action, whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable under the BIA had the Participating CCAA Parties (or any one of them) become bankrupt on the applicable Filing Date, including, for greater certainty, any Tax Claim and any monetary claim in connection with any indebtedness, liability or obligation by reason of a breach of a collective bargaining agreement, including grievances in relation thereto, or by reason of a breach of a legal or statutory duty under any employment legislation or pay equity legislation;

(b) a D&O Claim; and

(c) a Restructuring Claim,

provided, however, that Excluded Claims are not Claims, but for greater certainty, a Claim includes any claim arising through subrogation or assignment against any Participating CCAA Party or Director or Officer;

"**Claims Bar Date**" means as provided for in the Amended Claims Procedure Order: (a) in respect of a Claim or D&O Claim, 5:00 p.m. on December 18, 2015, or such other date as may be ordered by the Court; and (b) in respect of a Restructuring Claim, the later of (i) 5:00 p.m. on December 18, 2015 (ii) 5:00 p.m. on the day that is 21 days after either (A) the date that the applicable Notice of Disclaimer or Resiliation becomes effective, (B) the Court Order settling a contestation against such Notice of Disclaimer or Resiliation brought pursuant to Section 32(5)(b) CCAA, or (C) the date of the event giving rise to the Restructuring Claim; or (iii) such other date as may be ordered by the Court;

"**Claims Officer**" means the individual or individuals appointed by the Monitor pursuant to the Amended Claims Procedure Order;

"**CMC Secured Claims**" has the meaning ascribed thereto in the Thirty-Ninth Report dated September 11, 2017 of the Monitor;

"**CNR Key Bank Claims**" has the meaning ascribed thereto in the Thirty-Ninth Report dated September 11, 2017 of the Monitor;

"**Conditions Certificates**" has the meaning ascribed thereto in Section 11.3;

"**Construction Lien Claim**" means a Claim asserting a Lien over real property of a Participating CCAA Party in respect of goods or services provided to such Participating CCAA Party that improved such real property;

"**Court**" means the Québec Superior Court of Justice (Commercial Division) or any appellate court seized with jurisdiction in the CCAA Proceedings, as the case may be;

"**Court Order**" means any order of the Court;

"**CQIM**" has the meaning ascribed thereto in Recital A;

"**CQIM/Quinto Parties**" has the meaning ascribed thereto in Section 3.1(a);

"**CQIM/Quinto Unsecured Creditor Cash Pool**" means the Unsecured Creditor Cash Pool allocated to the CQIM/Quinto Parties from time to time for distributions to Affected Unsecured Creditors of the CQIM/Quinto Parties with Proven Affected Unsecured Claims under the Plan, prior to any Unsecured Creditor Cash Pool Adjustments;

"**Creditor**" means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Amended Claims Procedure Order, the Plan and the Meetings Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

"**D&O Bar Date**" means 5:00 p.m. (prevailing Eastern Time) on December 18, 2015, or such other date as may be ordered by the Court;

"**D&O Claim**" means any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising on or before the D&O Bar Date, for which the Directors and/or Officers, or any of them, are by statute liable to pay in their capacity as Directors and/or Officers or which are secured by way of any one of the Directors' Charges;

"**D&O Independent Counsel**" means Lax O'Sullivan Lisus Gottlieb LLP, in its capacity as independent counsel for the Directors and Officers, or any replacement thereof;

"**Deficiency Claim**" means, in respect of a Secured Creditor holding a Proven Secured Claim, the amount by which such Secured Claim exceeds the Allocated Value of the Property secured by its Lien, and for greater certainty, includes, as applicable, the deficiency Claim, if any, of (a) the Pension Plan Administrator arising from any of the Pension Claims being Finally Determined to be a Priority Pension Claim, and (b) the Non-Filed Affiliate Secured Interco Claims;

"**Detrimental Tax Filing**" shall have the meaning ascribed thereto in Section 9.2(b);

"**Director**" means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Participating CCAA Parties, in such capacity;

"**Directors' Charges**" means, collectively, the BL Directors' Charge and the Wabush Directors' Charge;

"**Directors' Charge Reserve**" means to the extent any Directors and Officers remain after the Plan Implementation Date, a reserve established by the Monitor from Available Cash on the Plan Implementation Date for any indemnity claims of Directors and Officers of the Participating CCAA Parties that would be secured by the Directors' Charges, in an amount to be agreed between the Monitor and D&O Independent Counsel or as otherwise determined by the Court if an amount cannot be agreed, which amount shall not exceed the aggregate amount of the Directors Charges;

"**Distribution Date**" means the date of any Plan Distribution made by the Monitor, on behalf of a Participating CCAA Party;

"**Duplicate Claim**" means a Proven Affected Unsecured Claim against more than one of the Participating CCAA Parties based on the same underlying data or obligation;

"**Effective Time**" means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Participating CCAA Parties, the Parent and the Monitor shall determine or as otherwise ordered by the Court;

"**Eligible Voting Claims**" means a Voting Claim or an Unresolved Voting Claim;

"**Eligible Voting Creditors**" means, subject to Section 4.2(b), Affected Unsecured Creditors holding Voting Claims or Unresolved Voting Claims;

"**Employee**" means a former employee of a Participating CCAA Party other than a Director or Officer;

"**Employee Priority Claims**" means, in respect of a Participating CCAA Party, the following claims of Employees of such Participating CCAA Party:

(a) claims equal to the amounts that such Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Participating CCAA Party had become bankrupt on the Plan Sanction Date, which for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements;

(b) claims for wages, salaries, commissions or compensation for services rendered by such Employees after the applicable Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period, which for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements; and

(c) any amounts in excess of (a) and (b), that the Employees may have been entitled to receive pursuant to the *Wage Earner Protection Program Act* (Canada) if such Participating CCAA Party had become a bankrupt on the Plan Sanction Date, which for greater certainty, excludes OPEB and pension contributions;

"**Encumbrance**" means any Lien, pledge, claim, restriction, security agreement, hypothecation, assignment, deposit arrangement, lease, rights of others including without limitation, Transfer Restrictions, deed of trust, trust, financing statement, preferential arrangement of any kind or nature whatsoever, including any title retention agreement, or any other arrangement or condition which in substance secures payment or performance of any obligations, action, claim, demand or equity of any nature whatsoever, execution, levy, charge or other financial or monetary claim, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood

under Applicable Law, including without limiting the generality of the foregoing, the CCAA Charges;

“**Equity Claim**” has the meaning ascribed thereto in section 2 of the CCAA;

“**Equity Interest**” has the meaning ascribed thereto in section 2 of the CCAA;

“**Excluded Claim**” means, subject to further Court Order, any right or claim of any Person that may be asserted or made in whole or in part against the Participating CCAA Parties (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 applicable Filing Date (other than Restructuring Claims and D&O Claims), and any interest thereon, including any obligation of the Participating CCAA Parties toward creditors who have supplied or shall supply services, utilities, goods or materials, or who have or shall have advanced funds to the Participating CCAA Parties on or after the applicable 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 applicable Filing Date, and:

(a) any claim secured by any CCAA Charge;

(b) any claim with respect to fees and disbursements incurred by counsel for any CCAA Party, Director, the Monitor, Claims Officer, any financial advisor retained by any of the foregoing, or Representatives’ Counsel as approved by the Court to the extent required;

“**Fermont Allocation Appeal**” means the appeal by Ville de Fermont of the judgment of the Court in the CCAA Proceedings approving the Allocation Methodology dated July 25, 2017 under Court File Number 500-09-027026-178;

“**Filing Date**” means January 27, 2015 for the Bloom Lake CCAA Parties, and May 20, 2015 for the Wabush CCAA Parties;

“**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 Amended Claims Procedure Order;
(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, as may be required, or as determined by the Monitor, in consultation with the Participating CCAA Parties, to be approved by the Court;

“**Final Distribution**” means the final Plan Distribution made under the Plan by the Monitor, on behalf of the Participating CCAA Parties;

“**Final Distribution Date**” means the date on which the Final Distribution is made by the Monitor, on behalf of the Participating CCAA Parties;

"**Final Order**" means a Court Order, 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;

"**FTI**" means FTI Consulting Canada Inc.;

"**Governmental Authority**" means any government, including any federal, provincial, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government including without limitation any Taxing Authority;

"**Government Priority Claims**" means all claims of Governmental Authorities that are described in section 6(3) of the CCAA;

"**Guarantee**" means any guarantee, indemnity, surety or similar agreement granted by a Person to guarantee, indemnify or otherwise hold harmless any Person from or against any losses, liabilities or damages of that Person;

"**Initial Order**" means, collectively, in respect of the Bloom Lake CCAA Parties, the Bloom Lake Initial Order, and in respect of the Wabush CCAA Parties, the Wabush Initial Order;

"**Interim BL Distribution**" means the initial Plan Distribution to Affected Third Party Unsecured Creditors of the Participating Bloom Lake CCAA Parties;

"**Interim BL Distribution Date**" means the date as soon as reasonably practicable after the Plan Implementation Date;

"**Interim Lender Charge**" has the meaning given to it in the Wabush Initial Order;

"**Irrevocable Payment Direction**" means an irrevocable direction delivered to the Monitor and the Participating CCAA Parties by (a) the Parent and the applicable Non-Filed Affiliates respecting (i) the payment of the Non-Filed Affiliate Secured Payments, (ii) the distribution of the Non-Filed Affiliate Unsecured Distributions, and (iii) the contribution of the Non-Filed Affiliate Distribution/Payment Contribution to the CQIM/Quinto Unsecured Creditor Cash Pool, and (b) the Parent and, as applicable, certain other Non-Filed Affiliates, in respect of its/their Non-Filed Affiliate Cash Contribution to the Unsecured Creditor Cash Pools of the Participating CCAA Parties, in the case of clause (a) and (b) above, each in accordance with the Plan and directly or indirectly through one or more Non-Filed Affiliates as may be specified in such direction;

"**Liability**" means any indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due;

"**Lien**" means any lien, mortgage, charge, security interest, hypothec or deemed trust, arising pursuant to contract, statute or Applicable Law;

"**Meetings**" means the meetings of Affected Unsecured Creditors in the Unsecured Creditor Classes in respect of each Participating CCAA Party called for the purposes of considering and

voting in respect of the Plan, which has been set by the Meetings Order to take place at the times, dates and locations as set out in the Meetings Order;

"**Meetings Order**" means the Court Order to be made which, among other things, sets the time, date and location of the Meetings and establishes meeting procedures for the Meetings, as such Court Order may be amended or varied from time to time by subsequent Court Order;

"**Monitor**" has the meaning ascribed thereto in Recital C;

"**Newfoundland Reference Proceedings**" means the reference proceeding commenced in the Newfoundland Court of Appeal in respect of the Pension Claims as Docket No. 201701H0029, as appealed to the Supreme Court of Canada;

"**Non-Filed Affiliates**" means the Parent, its former and current direct and indirect subsidiaries and its current and former Affiliates who are not petitioners or mises-en-cause in the CCAA Proceedings, and for greater certainty does not include any CCAA Party but does include any subsidiary of a CCAA Party;

"**Non-Filed Affiliate Cash Contribution**" has the meaning ascribed thereto in Section 2.4(b);

"**Non-Filed Affiliate Distribution/Payment Contribution**" means the aggregate of (a) the amounts received by a Non-Filed Affiliate on account of Non-Filed Affiliate Secured Payments pursuant to Section 7.1(a), and (b) the Non-Filed Affiliate Unsecured Distributions paid to Non-Filed Affiliates pursuant to Section 7.1(b);

"**Non-Filed Affiliate Employee Actions**" means the following actions commenced in the Newfoundland Supreme Court and Labrador Trial Division (General) against the Non-Filed Affiliate Employee Defendants under the *Class Actions Act*, S.N.L. 2001, c.c-81: (a) Neil Johnson et al. v. Cliffs Mining Company et al., Court File No. 201701G 4037CP; and (b) Jim Skinner and Brian Gaulton under Court File No. 201701G4310CP;

"**Non-Filed Affiliate Employee Claims**" means the claims as asserted against the Non-Filed Affiliate Employee Defendants in the Non-Filed Affiliate Employee Actions;

"**Non-Filed Affiliate Employee Defendants**" mean the defendants to the Non-Filed Affiliate Employee Actions as exist on the date of the Plan as filed with the Meetings Order, being March 19, 2018;

"**Non-Filed Affiliate Interco Claims**" means, collectively, the Non-Filed Affiliate Unsecured Interco Claims and the Non-Filed Affiliate Secured Interco Claims;

"**Non-Filed Affiliate Pro Rata Share**" means, in the case of a Non-Filed Affiliate with a Non-Filed Affiliate Unsecured Interco Claim, the fraction that is equal to (a) the amount of the Proven Affected Unsecured Claim of such Affected Unsecured Creditor against a Participating CCAA Party, divided by (b) the aggregate amount of all Proven Affected Unsecured Claims against such applicable Participating CCAA Party held by all Affected Unsecured Creditors;

"**Non-Filed Affiliate Released Party**" has the meaning ascribed thereto in Section 10.1(c);

"**Non-Filed Affiliate Secured Interco Claims**" means, collectively, (a) the CNR Key Bank Claims and (b) the CMC Secured Claims, in each case only to the extent of the Allocated Value of the Property securing such Claims as set out in the Schedule "C" to the Plan and to the extent not a Deficiency Claim;

"**Non-Filed Affiliate Secured Payment**" shall have the meaning ascribed thereto in Section 5.3, and "**Non-Filed Affiliate Secured Payments**" means the aggregate of all of them;

"**Non-Filed Affiliate Transactions Claims**" means, collectively, any claims that may exist against the Non-Filed Affiliates, including without limitation, in respect of the following matters as identified by the Monitor in Twelfth Report of the Monitor dated October 27, 2015 and the Nineteenth Report of the Monitor dated April 13, 2016:

(a) a series of reorganization transactions entered into between certain of the Participating CCAA Parties and certain Non-Filed Affiliates in December 2014 involving a cash payment of US$142 million by CQIM and a transfer of the Australian subsidiaries of CQIM; and

(b) certain other payments made by the Participating CCAA Parties to certain Non-Filed Affiliates during the statutory review period provided under Sections 95 and 96 of the BIA and Section 36.1 of the CCAA on account of debts owing to those Non-Filed Affiliates in an aggregate amount of approximately US$ 30.6 million;

"**Non-Filed Affiliate Unsecured Distributions**" means, in respect of each Participating CCAA Party, the Plan Distributions to each of the Non-Filed Affiliates holding Proven Unsecured Claims against such Participating CCAA Party, calculated based on such Non-Filed Affiliate's Non-Filed Affiliate Pro Rata Share of the Unsecured Creditor Cash Pool of such Participating CCAA Party;

"**Non-Filed Affiliate Unsecured Interco Claims**" means all Claims filed in the CCAA Proceedings by a Non-Filed Affiliate determined in accordance with the Plan (other than Non-Filed Affiliate Secured Claims) as set out in the Schedule "B" to the Plan, and for greater certainty, includes any Deficiency Claims held by a Non-Filed Affiliate;

"**Non-Released Claim**" means, collectively: (a) Participating CCAA Parties' obligations under the Plan (including the right of Affected Unsecured Creditors to receive distributions pursuant to the Plan and in respect of Proven Affected Unsecured Claims), (b) any claim against a Released Party if the Released Party is determined by a Final Order of a court of competent jurisdiction to have committed fraud or wilful misconduct; (c) solely as against a Director in his or her capacity as such, any D&O Claim that is not permitted to be released pursuant to section 5.1 (2) of the CCAA; (d) any Unaffected Claims as against the BL/Wabush Released Parties; and (e) any obligation secured by any of the CCAA Charges; and (f) the Non-Filed Affiliate Employee Claims;

"**Notice of Disclaimer or Resiliation**" means a written notice issued, either pursuant to the provisions of an agreement, under Section 32 of the CCAA or otherwise, on or after the applicable Filing Date of the Participating CCAA Parties, and copied to the Monitor, advising a

Person of the restructuring, disclaimer, resiliation, suspension or termination of any contract, employment agreement, lease or other agreement or arrangement of any nature whatsoever, whether written or oral, and whether such restructuring, disclaimer, resiliation, suspension or termination took place or takes place before or after the date of the Amended Claims Procedure Order;

"**Notice of Transfer or Assignment**" means a written notice of transfer or assignment of a Claim, together with satisfactory evidence of such transfer or assignment in accordance with the Amended Claims Procedure Order and the Meetings Order;

"**Officer**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Participating CCAA Parties;

"**OPEB Claim**" means a post-retirement employee benefit obligation, other than the Pension Claim;

"**Parent**" has the meaning ascribed thereto in Recital H;

"**Participating Bloom Lake CCAA Parties**" means the Bloom Lake CCAA Parties other than 8568391 and BLRC;

"**Participating CCAA Parties**" has the meaning ascribed thereto in Recital J, and **"Participating CCAA Party**" means any of the Participating CCAA Parties;

"**Payment Amount**" has the meaning ascribed thereto in Section 7.4;

"**Payee Party**" has the meaning ascribed thereto in Section 7.4;

"**Payor Party**" has the meaning ascribed thereto in Section 7.4;

"**Pension Plan Administrator**" means Morneau Shepell Ltd., the Plan Administrator of the Wabush Pension Plans, or any replacement thereof;

"**Pension Claims**" means Claims with respect to the administration, funding or termination of the Wabush Pension Plans, including any Claim for unpaid normal course payments, or special/amortization payments or any wind up deficiency and "**Pension Claim**" means any one of them;

"**Pension Priority Proceedings**" means (a) the motion for advice and directions of the Monitor dated September 20, 2016 in respect of priority arguments asserted pursuant to the *Pension Benefits Act* (Newfoundland and Labrador), the *Pension Benefits Standards Act* (Canada) and the *Supplemental Pension Plans Act* (Québec) in connection with the claims arising from any failure of the Wabush CCAA Parties to make certain normal course payments or special payments under the Wabush Pension Plans and for the wind-up deficit under the Wabush Pension Plans currently subject to an appeal of Mr. Justice Hamilton's decision dated September 11, 2017, as may be further appealed, and (b) the Newfoundland Reference Proceedings with regards to the interpretation of the *Pension Benefits Act* (Newfoundland and Labrador) and the applicable pension legislation to members and beneficiaries of the Wabush Pension Plans;

"**Person**" means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust (including a real estate investment trust), unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;

"**Plan**" means this joint plan of compromise and arrangement under the CCAA, including the Schedules hereto, as amended, supplemented or replaced from time to time;

"**Plan Distributions**" means, from time to time, distributions made under this Plan to Affected Unsecured Creditors in accordance with ARTICLE 7;

"**Plan Implementation Date**" means the Business Day on which all of the conditions precedent to the implementation of the Plan have been fulfilled, or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by the Monitor's Plan Implementation Date Certificate to be filed with the Court;

"**Plan Implementation Date Certificate**" means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court, declaring that all of the conditions precedent to implementation of the Plan have been satisfied or waived;

"**Plan Modification**" shall have the meaning ascribed thereto in the Meetings Order;

"**Plan Sanction Date**" means the date that the Sanction Order issued by the Court;

"**Plan Sponsors**" means the Parent and all other Non-Filed Affiliates;

"**Post-Filing Claims Procedure Order**" means the Post-Filing Claims Procedures Order to be sought by the CCAA Parties, which, *inter alia*, seeks to establish a post-filing claims procedure with respect to post-filing claims, if any, against the CCAA Parties and their Officers and Directors, as such may be amended, restated or supplemented from time to time;

"**Post-Filing Trade Payables**" means post-Filing Date trade payables (excluding for greater certainty any Tax Claims) that were incurred by the Participating CCAA Parties: (a) in respect of goods or services provided to the Participating CCAA Parties after the applicable Filing Date and before the Plan Implementation Date; (b) in the ordinary course of business; and (c) in compliance with the Initial Order and other Court Orders issued in connection with the CCAA Proceedings;

"**Principal Claim**" has the meaning ascribed thereto in Section 4.5;

"**Priority Claims**" means, collectively, the (a) Employee Priority Claim; and (b) Government Priority Claims;

"**Priority Pension Claim**" means a Pension Claim that is Finally Determined to have priority over Secured Claims or Unsecured Claims;

"**Proof of Claim**" means the proof of claim form that was required to be completed by a Creditor setting forth its applicable Claim and filed by the Claims Bar Date, pursuant to the Amended Claims Procedure Order;

"**Property**" means, collectively, the BL Property and the Wabush Property;

"**Proven Affected Unsecured Claim**" means an Affected Unsecured Claim that is a Proven Claim;

"**Proven Affected Third Party Unsecured Claim**" means an Affected Third Party Unsecured Claim that is a Proven Claim;

"**Proven Claim**" means (a) a Claim of a Creditor, Finally Determined as an Allowed Claim for voting, distribution and payment purposes under the Plan, (b) in the case of the Participating CCAA Parties in respect of their CCAA Party Pre-Filing Interco Claims, and in the case of the Non-Filed Affiliates in respect of their Non-Filed Affiliate Unsecured Interco Claims and Non-Filed Affiliate Secured Interco Claims, as such Claims are declared, solely for the purposes of the Plan, to be Proven Claims pursuant to and in the amounts set out in the Meetings Order, and (c) in the case of Employee Priority Claims and Government Priority Claims, as Finally Determined to be a valid post-Filing Date claim against a Participating CCAA Party;

"**Proven Employee Priority Claim**" means an Employee Priority Claim that is a Proven Claim;

"**Proven Government Priority Claim**" means a Government Priority Claim that is a Proven Claim;

"**Proven Priority Claim**" means a Priority Claim that is a Proven Claim;

"**Proven Secured Claim**" means a Secured Claim that is a Proven Claim;

"**Proven Third Party Secured Claim**" means a Third Party Secured Claim that is a Proven Claim;

"**Quinto"** has the meaning ascribed thereto in Recital A;

"**Released Claim**" means the matters that are subject to release and discharge pursuant to ARTICLE 10 hereof;

"**Released Party**" means any Person who is the beneficiary of a release under the Plan, including the BL/Wabush Released Parties, the Third Party Released Parties and the Non-Filed Affiliate Released Parties;

"**Representative Court Order**" means the Court Order dated June 22, 2015, as such order may be amended, supplemented, restated or rectified from time to time;

"**Required Majority**" means, with respect to each Unsecured Creditor Class, a majority in number of Affected Unsecured Creditors who represent at least two-thirds in value of the Claims of Affected Unsecured Creditors who actually vote approving the Plan (in person, by proxy or by ballot) at the Meeting;

"**Reserves**" means, collectively, the Administrative Reserve, Unresolved Claims Reserve, Directors' Charge Reserve, and any other reserve the Monitor, in consultation with the Participating CCAA Parties, considers necessary or appropriate, as each of them may be adjusted from time to time in accordance with the Plan;

"**Restructuring Claim**" means any right or claim of any Person against the Participating CCAA Parties (or any one of them) in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Participating CCAA Parties (or any one of them) to such Person, arising out of the restructuring, disclaimer, resiliation, termination or breach or suspension, on or after the applicable Filing Date, of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Amended Claims Procedure Order, and, for greater certainty, includes any right or claim of an Employee of any of the Participating CCAA Parties arising from a termination of its employment after the applicable Filing Date, *provided, however*, that "**Restructuring Claim**" shall not include an Excluded Claim;

"**Restructuring Term Sheet**" has the meaning ascribed thereto in Recital H;

"**Salaried Members**" means, collectively, all salaried/non-Union Employees and retirees of the Wabush CCAA Parties or any person claiming an interest under or on behalf of such former employees or pensioners and surviving spouses, or group or class of them (excluding any individual who opted out of representation by the Salaried Members Representatives and Salaried Representative Counsel in accordance with the Representative Court Order, if any);

"**Salaried Members Representatives"** means Michael Keeper, Terrence Watt, Damien Lebel and Neil Johnson, in their capacity as Court-appointed representatives of all the Salaried Members of the Wabush CCAA Parties, the whole pursuant to and subject to the terms of the Representative Court Order;

"**Salaried Members Representative Counsel**" means Koskie Minsky LLP and Fishman Flanz Meland Paquin LLP, in their capacity as legal counsel to the Salaried Members Representatives, or any replacement thereof;

"**Salaried Pension Plan**" means the defined benefit plan known as the Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent (Canada Revenue Agency registration number 0343558);

"**Sale Advisor Charge**" means, collectively, the BL Sale Advisor Charge and the Wabush Sale Advisor Charge;

"**Sale Advisor Court Order**" means, collectively, the Court Order dated April 15, 2015 and June 9, 2015, as such order may be amended, supplemented, restated or rectified from time to time;

“**Sanction Order**” means the Court Order to be sought by the Participating CCAA Parties from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder, pursuant to Section 6(1) of the CCAA, substantially in the form of Schedule “E” or otherwise in form and content acceptable to the Participating CCAA Parties, the Monitor and the Parent, in each case, acting reasonably;

“**Secured Claims**” means Claims held by “secured creditors” as defined in the CCAA, including Construction Lien Claims, to the extent of the Allocated Value of the Property securing such Claim, with the balance of the Claim being a Deficiency Claim;

“**Service List**” means the service list in the CCAA Proceedings;

“**Secured Creditors**” means Creditors holding Secured Claims;

“**Specified Payee Party**” has the meaning ascribed thereto in Section 7.4(b);

“**Stay of Proceedings**” means the stay of proceedings created by the Initial Order as amended and extended by further Court Order from time to time;

“**Tax**” and “**Taxes**” means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

“**Tax Claims**” means any Claim against the Participating CCAA Parties (or any one of them) for any Taxes in respect of any taxation year or period ending on or prior to the applicable Filing Date, and in any case where a taxation year or period commences on or prior to the applicable Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the applicable Filing Date and up to and including the applicable Filing Date. For greater certainty, a Tax Claim shall include, without limitation, (a) any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto, and (b) any Claims against any BL/Wabush Released Party in respect of such Taxes;

“**Tax Filing**” shall have the meaning ascribed thereto in Section 9.2(a);

“**Taxing Authorities**” means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada (including Revenu Québec) and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and “**Taxing Authority**” means any one of the Taxing Authorities;

“**Tax Refunds**” means refunds of any Cash paid by the Participating CCAA Parties on account of Taxes, refunded to such Participating CCAA Parties from time to time by the applicable Taxing Authorities;

“**Third Party Claims**” means, collectively, Affected Third Party Unsecured Claims and Third Party Secured Claims;

“**Third Party Pro Rata Share**” means, in respect of a distribution to an Affected Third Party Unsecured Creditor with Proven Affected Unsecured Claims in respect of a Participating CCAA Party, the fraction that is equal to (a) the amount of the Proven Affected Third Party Unsecured Claim of such Affected Third Party Unsecured Creditor, divided by (b) the aggregate of all Proven Third Party Affected Unsecured Claims held by Affected Third Party Unsecured Creditors, in each case in respect of such Participating CCAA Party;

“**Third Party Released Party**” has the meaning ascribed thereto in Section 10.1(b);

“**Third Party Secured Claims**” means Secured Claims held by Creditors other than the CCAA Parties or Non-Filed Affiliate Parties, and “**Third Party Secured Claim**” means any one of them;

“**Transfer Restrictions**” means any and all restrictions on the transfer of shares, limited partnership or other units or interests in real property including without limitation all rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sale provisions or similar rights of shareholders or lenders in respect of such interests;

“**Unaffected Claims**” means:

(a) Excluded Claims;

(b) Secured Claims provided; however, that the Non-Filed Affiliate Secured Payments will be included in the Non-Filed Affiliate Distribution/Payment Contribution;

(c) amounts payable under Section 6(3), 6(5) and 6(6) of the CCAA;

(d) Priority Claims; and

(e) D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA;

“**Unaffected Creditors**” means Creditors holding Unaffected Claims;

“**Uncashed Distribution**” has the meaning ascribed thereto in Section 7.6;

“**Union Pension Plan**” means the defined benefit plan known as the Pension Plan Bargaining Unit Employees of Wabush Mines, Cliffs Mining Company, Managing Agent (Canada Revenue Agency registration number 0555201);

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

“**Unresolved Claim**” means a Claim, which at the relevant time, in whole or in part: (a) has not been Finally Determined to be a Proven Claim in accordance with the Amended Claims Procedure Order and this Plan; (b) is validly disputed in accordance with the Amended Claims Procedure Order; and/or (c) remains subject to review and for which a Notice of Allowance or Notice of Revision or Disallowance (each as defined in the Amended Claims Procedure Order) has not been issued to the Creditor in accordance with the Amended Claims Procedure Order as at the date of this Plan, in each of the foregoing clauses, including both as to proof and/or quantum, and for greater certainty includes a Non-Filed Affiliate Interco Claim or CCAA Party Pre-Filing Interco Claim in respect of the Wabush CCAA Parties prior to the Final Determination of the Pension Priority Proceedings;

“**Unresolved Claims Reserve**” means the aggregate of the reserves of Available Cash to be held in respect of each of the Participating CCAA Parties on an accounting basis, in an aggregate amount to be calculated by the Monitor on the Interim BL Distribution Date, and recalculated as at any subsequent Distribution Date, equal to the amount that would have been paid if the full amount of all Unresolved Claims in respect of each Participating CCAA Party are Proven Claims as at such date, or such lesser amount as may be ordered by the Court;

“**Unresolved Employee Priority Claim**” means an Employee Priority Claim that is an Unresolved Claim;

“**Unresolved Government Priority Claim**” means a Government Employee Claim that is an Unresolved Claim;

“**Unresolved Non-Filed Affiliate Claims**” means Non-Filed Affiliate Interco Claims that are Unresolved Claims;

“**Unresolved Non-Filed Affiliate Secured Interco Claim**” means a Non-Filed Affiliate Secured Interco Claim that is an Unresolved Claim;

“**Unresolved Non-Filed Affiliate Unsecured Interco Claim**” means a Non-Filed Affiliate Unsecured Interco Claim that is an Unresolved Claim;

“**Unresolved Secured Claim**” means a Secured Claim that is an Unresolved Claim;

“**Unresolved Third Party Claim**” means a Third Party Claim that is an Unresolved Claim;

“**Unresolved Third Party Unsecured Claim**” means an Affected Third Party Unsecured Claim that is an Unresolved Claim;

“**Unresolved Voting Claim**” means the amount of the Unresolved Affected Unsecured Claim of an Affected Unsecured Creditor as determined in accordance with the terms of the Amended Claims Procedure Order entitling such Affected Unsecured Creditor to vote at the applicable Meeting in accordance with the provisions of the Meetings Order, the Plan and the CCAA;

“**Unsecured Claims**” means Claims that are not secured by any Lien;

"**Unsecured Creditor Cash Pool**" means in respect of a Participating CCAA Party, the Available Cash of such Participating CCAA Party available for distribution to the Affected Unsecured Creditors of such Participating CCAA Party with Proven Affected Unsecured Claims under the Plan, calculated on the Distribution Date immediately prior to the distribution of the Non-Filed Affiliates Unsecured Distributions pursuant to Section 7.1(b), prior to any Unsecured Creditor Cash Pool Adjustment, and "**Unsecured Creditor Cash Pool**" means more than one Unsecured Creditor Cash Pools;

"**Unsecured Creditor Cash Pool Adjustments**" means, with respect to an Unsecured Creditor Cash Pool, the adjustments to such Unsecured Creditor Cash Pool as applied in the order set out in Sections 7.1(a) to 7.1(f);

"**Unsecured Creditor Class**" has the meaning ascribed thereto in Section 4.1;

"**Valid Transferee**" means the transferee or assignee of a Claim that has provided the Monitor with a Notice of Transfer or Assignment by no later than seven (7) days' prior to the Interim BL Distribution Date and has had such Claim transferred or assigned to it in accordance with the Claims Procedure Order and the Meetings Order; subject in the case of Non-Filed Affiliates to Section 2.5;

"**Voting Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor as Finally Determined in the manner set out in the Amended Claims Procedure Order entitling such Affected Unsecured Creditor to vote at the applicable Meeting in accordance with the provisions of the Meetings Order, the Plan and the CCAA;

"**Wabush Administration Charge**" means the charge over the Wabush Property created by paragraph 45 of the Wabush Initial Order and having the priority provided in paragraphs 46 and 47 of such Order in the amount of Cdn$1.75 million, as such amount may be reduced from time to time by further Court Order;

"**Wabush CCAA Parties**" has the meaning ascribed to it in Recital B;

"**Wabush Directors' Charge**" means the charge over the Wabush Property created by paragraph 31 of the Wabush Initial Order, and having the priority provided in paragraphs 46 and 47 of such Court Order in the amount of Cdn$2 million, as such amount may be reduced from time to time by further Court Order;

"**Wabush Iron**" means has the meaning ascribed thereto in Recital B;

"**Wabush Mines Parties**" has the meaning ascribed thereto in Section 3.1(c);

"**Wabush Omnibus Order**" means the Court Order dated June 9, 2015, *inter alia*, granting priority to certain CCAA Charges, authorizing the engagement of a Sale Advisor nunc pro tunc, granting a Sale Advisor Charge, and amending the Wabush Initial Order accordingly, as such order may be amended, restated, supplemented, modified or rectified from time to time;

"**Wabush Pension Plans**" means, collectively, the Salaried Pension Plan and the Union Pension Plan;

"**Wabush Property**" means all current and future assets, rights, undertakings and properties of the Wabush CCAA Parties, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

"**Wabush Railway**" has the meaning ascribed thereto in Recital B;

"**Wabush Resources**" has the meaning ascribed thereto in Recital B;

"Wabush Sale Advisor Charge" means the charge over the Wabush Property, granted in favour of Moelis & Company LLC (in its capacity as Sale Advisor) pursuant to the Wabush Omnibus Order;

"**Website**" means www.cfcanada.fticonsulting.com/bloomlake; and

"**Withholding Obligations**" has the meaning ascribed thereto in Section 7.3(b).