

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
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, CLIFFS QUÉBEC IRON
MINING ULC, WABUSH IRON CO.
LIMITED AND WABUSH RESOURCES
INC.**

Petitioners

- and -

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

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

**FIFTY-NINTH 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 the Bloom Lake Petitioners, other than 856 from and after November 21, 2019, when 856 ceased to be a CCAA Party, and BLRC from and after June 7, 2022 when BLRC ceased to be a CCAA Party, upon their respective wind-up and dissolution, 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, together with the Wabush Petitioners, other than Wabush Railway from and after June 7, 2022 when Wabush Railway ceased to be a CCAA Party, upon its wind-up and dissolution, 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**” and together with the Bloom Lake Stay Period, the “**Stay Period**”). The Bloom Lake CCAA Parties and the Wabush CCAA Parties will be referred to collectively herein as the “**CCAA Parties**”.
3. The Stay Period has been extended from time to time and currently expires on June 30, 2022.
4. On November 5, 2015, Mr. Justice Hamilton J.S.C. (as he then was) granted an Order (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 (as amended, the “**Claims Procedure**”).
5. On March 26, 2018, Mr. Justice Hamilton J.S.C. (as he then was) granted 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**”).
6. On June 29, 2018, Mr. Justice Hamilton J.S.C. (as he then was) granted an Order (the “**Sanction Order**”), *inter alia*, sanctioning the amended and restated joint plan of compromise and arrangement of the Participating CCAA Parties dated May 16, 2018 (as amended from time to time, the “**Plan**”).

7. On July 31, 2018, the Monitor issued and filed the Plan Implementation Date Certificate, *inter alia* certifying that:
 - (a) The Monitor had received from each of the Participating CCAA Parties and the Parent, the applicable Conditions Certificate confirming fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 11.3 of the Plan, and in accordance with the Sanction Order, and
 - (b) The Plan Implementation Date had occurred in accordance with the Plan.
8. The distributions from the Pension Cash Pools have been completed and two interim distributions to Affected Third Party Unsecured Creditors have been made from each of the Unsecured Creditor Cash Pools, with approximately \$155.7 million having been distributed to Affected Third Party Unsecured Creditors pursuant to the Plan.
9. To date, the Monitor has filed fifty-eight reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Fifty-Ninth Report (this "**Report**"), is to provide information to the Court with respect to:
 - (a) The receipts and disbursements of the CCAA Parties for the period November 1, 2021 to May 31, 2022;
 - (b) The CCAA Parties' current cash balances;
 - (c) The current status of the Claims Procedure;
 - (d) Matters completed since the date of the Monitor's Fifty-Seventh Report;
 - (e) The progress of ongoing matters to be completed in the CCAA Proceedings;

- (f) The CCAA Parties' request for an Order authorizing the destruction of books and records (the "**Books and Records Order**") and the Monitor's recommendation thereon;
- (g) The CCAA Parties' request for an extension of the Stay Period to November 30, 2023 (the "**Stay Extension Order**"); and
- (h) Representative Counsel's fee motion served June 8, 2022 (the "**June 22 Rep Fee Motion**").

TERMS OF REFERENCE

- 10. 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**").
- 11. 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.
- 12. The Monitor has prepared this Report in connection with the CCAA Parties' *Motion for the Issuance of an Order Extending the Stay Period and Authorization to Destroy Records*, served June 10, 2022 (the "**June 10 Motion**") which is scheduled to be heard June 21, 2022. This Report should not be relied on for other purposes.

13. 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.
14. 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 previous reports of the Monitor, the Plan or the June 10 Motion.

EXECUTIVE SUMMARY

BOOKS AND RECORDS ORDER

15. In summary:
 - (a) The Monitor is not aware of any statutory requirement for the CCAA Parties to retain books and records for longer than seven years;
 - (b) The Monitor is satisfied that all Records that are not Head Office Records have been in storage for more than seven years and that by February 2, 2023, the Head Office Records will have been in storage for at least seven years;
 - (c) The Monitor is not aware of any reason why the Records should not be destroyed in accordance with the provisions of the proposed Books and Records Order; and
 - (d) There is no benefit to the estate in continuing to incur the costs of storage of the Records.
16. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for the Books and Records Order.

STAY EXTENSION

17. In summary, and for the reasons set out in this Report, it is the Monitor's view that:
- (a) The CCAA Parties have acted, and are acting, in good faith and with due diligence; and
 - (b) Creditors of the CCAA Parties would not be materially prejudiced by an extension of the Stay Period to November 30, 2023.
18. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to November 30, 2023.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO MAY 31, 2022

19. The CCAA Parties' actual cash flow on a consolidated basis for the period from November 1, 2021 to May 31, 2022, is summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties
	\$000	\$000
Receipts	45	893
Operating Disbursements	(7)	(5)
Operating Cash Flow	38	888
Net Tax Refunds	15	79
Third Party Unsecured Distributions		(79)
Restructuring Professional Fees	(754)	(726)
Net Cash Flow	(701)	162

20. \$875,000 of the Wabush receipts are the proceeds of the sale of the Twin Falls Shares, approved by the Court on January 25, 2022. The balance of the Receipts is interest earned on funds held by the Monitor.
21. Operating disbursements consist of records storage costs and bank charges.

22. Net Tax Refunds are comprised of GST/HST refunds of approximately \$85,000 and QST refunds of approximately \$9,000.
23. The \$79,000 of Third Party Unsecured Distributions is remittance of withholdings on the Second Interim Distribution.
24. Primary activities giving rise to Restructuring Professional Fees during the period included issuance of the tax reporting slips in respect of the second interim distribution, dealing with the various tax authorities in respect of income and sales tax issues, including obtaining the Net Tax Refunds, matters relating to the Twin Falls Litigation and settlement thereof, including the sale of the Twin Falls Shares and related proceedings, matters relating to the leave to appeal and then appeal by RQ of the decision rendered in respect of the Set-Off Motion¹, advancing the Wabush Mines Appeal against RQ, dealing with the proposed destruction of books and records, and the dissolution of BLRC and Wabush Railway. The break-down of Restructuring Professional Fees is summarized as follows:

	Bloom Lake CCAA Parties	Wabush CCAA Parties
	\$000	\$000
Company counsel	322	565
Company tax advisors		2
Monitor	143	31
Monitor's counsel	289	128
Representative counsel		
Total	754	726

¹ As defined at paragraph 40 of the Monitor's Fifty-Sixth Report dated May 14, 2021.

CURRENT CASH BALANCES

25. As previously reported, all transactions are being processed through the Monitor's accounts on behalf of the CCAA Parties. As at May 31, 2022, the Monitor held approximately \$11.2 million on behalf of the Bloom Lake CCAA Parties and approximately \$6.3 million on behalf of the Wabush CCAA Parties, each net of unrepresented cheques and uncashed distributions.
26. 175 cheques in the aggregate amount of \$4,448,595.11 issued in respect of the interim distributions under the Plan remain uncashed. Two of the cheques account for \$4,228,300.82 of the amount and were to payable to one creditor. Excluding those two cheques, a total of 173 cheques in the aggregate amount of \$220,294.29 remain uncashed. The distributions will be reissued on the request of the creditor entitled to such payment or together with the final distribution under the Plan.

THE CLAIMS PROCEDURE

27. As previously reported, all claims filed pursuant to the Claims Procedure Order have now been finally determined, with the exception of claims of taxation authorities which may be affected by the outcome of various unresolved tax matters, including any appeal of the decision issued by the Court in respect of the Set-Off Motion.

MATTERS COMPLETED SINCE THE MONITOR'S FIFTY-SEVENTH REPORT

28. A number of open matters have been completed since the date of the Monitor's Fifty-Seventh Report, summarized as follows:
 - (a) The realization of the Twin Falls Shares as approved by the Court on January 25, 2022, and resolution of all related litigation proceedings as described in the Monitor's Fifty-Seventh Report;

- (b) The issuance of the tax reporting slips and summaries in respect of the second interim distribution in late 2021 and early 2022 in accordance with applicable tax legislation;
- (c) The dissolutions of BLRC and Wabush Railway effective May 27, 2022, pursuant to the Dissolution Certificates dated June 7, 2022 and the consequent termination of the CCAA Proceedings with respect to BLRC and Wabush Railway pursuant to the Dissolution Confirmation Certificate filed by the Monitor on June 9, 2022; and
- (d) Various sales tax audits by RQ.

ONGOING MATTERS TO BE COMPLETED IN THE CCAA PROCEEDINGS

29. Apart from the Final Distribution, as defined in and to be made pursuant to the Plan, the key matters to be completed in the CCAA Proceedings are summarized as follows:
- (a) Resolution of various open tax matters with RQ;
 - (b) Completing the Final Distribution under the Plan and dealing with associated tax matters;
 - (c) The issuance of tax reporting slips in respect of Final Distributions to Employees under the Plan;
 - (d) Destruction of books and records pursuant to the Books and Records Order, if granted;
 - (e) The filing of corporate income tax returns;
 - (f) The dissolution of the CCAA Parties after the Final Distribution, if appropriate, as contemplated by the Plan; and

- (g) The completion of the necessary statutory and administrative steps for the termination of the CCAA Proceedings and the discharge of the Monitor.

RQ TAX AUDITS AND OTHER TAX MATTERS

- 30. The key open tax matters are summarized as follows:
 - (a) The appeal of the disallowance by RQ of input tax credits for the period October 2016 to January 2017 claimed by Wabush Mines through its managing agent, CMC (the “**Wabush Mines Appeal**”)²;
 - (b) The assessment by RQ of various sales tax returns and the reconciliation of certain offsets and adjustments taken by RQ; and
 - (c) The appeal by RQ of the Set-Off Decision, scheduled to be heard on September 12, 2022.
- 31. Based on the Monitor’s records, the aggregate amount of potential recoveries related to open RQ matters is in excess of \$11 million.

FINAL DISTRIBUTION

- 32. The timing and quantum of the Final Distribution is dependent on the resolution of the various outstanding matters in the CCAA Proceedings, including the final determination of the Set-Off Motion and the Wabush Mines Appeal. The timing for resolution of these matters is uncertain and largely outside of the control of the Monitor and the CCAA Parties.

² As more fully described at paragraphs 36 to 46 of the of the *Motion for the Issuance of an Order Extending the Stay Period and Authorization to Destroy Records*, served June 10, 2022.

THE BOOKS AND RECORDS ORDER

33. As described in paragraphs 71 to 86 of the June 10 Motion, the CCAA Parties are requesting the granting of the Books and Records Order to authorize the destruction of books and records as follows:

- (a) All Records, with the exception of the Head Office Records, to be destroyed as soon as practicable after the Books and Records Order is granted; and
- (b) All Head Office Records to be destroyed as soon as practicable after February 2, 2023.

34. The Monitor is not aware of any statutory requirement for the CCAA Parties to retain books and records for longer than 7 years.

35. The Monitor is satisfied that all Records that are not Head Office Records have been in storage for more than seven years and that by February 2, 2023, the Head Office Records will have been in storage for at least seven years.

36. Furthermore, the Monitor is not aware of any reason why the Records should not be destroyed in accordance with the provisions of the proposed Books and Records Order.

37. Accordingly, there is no benefit to the estate in continuing to incur the costs of storage of the Records and the Monitor respectfully recommends that this Honourable Court grant the CCAA Parties' request for the Books and Records Order.

REQUEST FOR EXTENSION OF STAY PERIOD

38. The Stay Period currently expires on June 30, 2022. Additional time is required for the CCAA Parties and the Monitor to complete the activities necessary to finalize the CCAA Proceedings, including the activities described earlier in this Report.

39. The CCAA Parties now seek an extension of the Stay Period to November 30, 2023.
40. Given the limited number of matters that remain to be resolved, the timing of which is largely outside of the control of the Monitor and the CCAA Parties, the CCAA Parties and the Monitor are of the view that an extension of the Stay Period sufficient to resolve those matters is appropriate in order to avoid the cost of additional Court hearings.
41. In order to ensure that stakeholders are kept informed of developments on the outstanding matters, or lack thereof, the Monitor will post updates to the Monitor's Website by the end of each calendar quarter, in addition to filing reports to the Court when necessary or appropriate. The Monitor has discussed the proposed extension of the Stay Period and the intended update process with Representative Counsel, who have indicated their support.
42. As the CCAA Parties no longer have any operations, future receipts, and disbursements, other than collection of tax refunds and the payment of the legal and professional costs of the CCAA Proceedings, will be *de minimis*. Accordingly, consistent with the approach taken in connection with previous extensions of the Stay Period, no weekly cash forecast has been prepared for the proposed extension of the Stay Period as such a weekly forecast would provide no meaningful information.
43. The CCAA Parties have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period.
44. Based on the information currently available, the Monitor believes that creditors of the CCAA Parties would not be materially prejudiced by an extension of the Stay Period to November 30, 2023.
45. The Monitor also believes that the CCAA Parties have acted, and are acting, in good faith and with due diligence.

46. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to November 30, 2023.

THE JUNE 22 REP FEE MOTION

47. On June 8, 2022, Representative Counsel served the June 22 Rep Fee Motion seeking an Order *inter alia*:
- (a) Authority for the payment of fees of Representative Counsel in the aggregate amount of \$39,557.50 that were incurred in the period September 1, 2019, to May 31, 2022, and that exceeded the limit approved by the Court pursuant to the Order of the Honourable Mr. Justice Pinsonnault granted September 23, 2019; and
 - (b) Authorizing the payment by the Wabush CCAA Parties of the legal fees, taxes and disbursements incurred by Representative Counsel in the period from June 1, 2022, to the earlier of the discharge of Representative Counsel or the termination of the CCAA Proceedings, up to an aggregate maximum of \$75,000 in legal fees.
48. Representative Counsel will continue to provide assistance in the Wabush CCAA Proceedings as required. The Monitor does not expect that significant time will be incurred by Representative Counsel given the limited outstanding matters, but it is likely that some time will be incurred, in particular in dealing with enquiries from former employees and retirees once the Final Distribution is made.
49. The payment of the fees pursuant to the requested Order, if granted, remains subject to the Monitor's review and approval of Representative Counsel's invoices. Accordingly, the Monitor has no objection to the granting of the Order requested in the June 22 Rep Fee Motion.

The Monitor respectfully submits to the Court this, its Fifty-Ninth Report.

Dated this 10th day of June, 2022.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Bloom Lake General Partner Limited, Quinto Mining Corporation,
Cliffs Québec Iron Mining ULC,
Wabush Iron Co. Limited, Wabush Resources Inc.,
The Bloom Lake Iron Ore Mine Limited Partnership,
Wabush Mines and Arnaud Railway Company



Nigel D. Meakin
Senior Managing Director