

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, 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-FIRST 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, Quinto Mining Corporation, 8568391 Canada Limited 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 (“**Bloom Lake LP**”) and Bloom Lake Railway Company Limited (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 and Wabush Lake Railway Company Limited (collectively 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 November 30, 2017.
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 Scheib¹ (collectively “**Representative Counsel**”).
5. On November 5, 2015, Mr. Justice Hamilton J.S.C. granted an 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**”).
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.

¹ Mr. Scheib resigned the position in June 2017.

² The City of Fermont objected to one specific element of the allocation of proceeds of realization from certain real property of the Bloom Lake CCAA Parties. The Allocation Methodology Order was granted over their objection. The deadline for any motion by the City of Fermont for leave to appeal was extended to September 5, 2017. Despite this, City of Fermont filed its Declaration in Appeal and Motion for Leave to Appeal on September 6, 2017. The City of Fermont since filed a Motion pursuant to section 363 of the Québec Code of Civil Procedure to be relieved of the default to seek leave within the extended allotted time period. The motion is scheduled to be heard by the Court of Appeal simultaneously with the City of Fermont’s Motion for Leave to Appeal on December 4, 2017.

7. To date, the Monitor has filed forty reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Forty-First 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 October 1 to November 17, 2017;
 - (b) The CCAA Parties' current cash balances;
 - (c) The current status of the realization of the assets of the CCAA Parties;
 - (d) The CRA ITA Audit, as defined in the Monitor's Thirty-Fourth Report;
 - (e) The progress of the Claims Procedure;
 - (f) The Pension Priority Motion and the Newfoundland Reference;
 - (g) The 2014 Reorganization;
 - (h) Matters involving MFC;
 - (i) Current estimates of potential distributions to unsecured creditors; and
 - (j) The CCAA Parties' request for an extension of the Stay Period to March 31, 2018, and the Monitor's recommendation thereon.

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' motion for an extension of the Stay Period scheduled to be heard November 28, 2017, 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.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO NOVEMBER 17, 2017

THE BLOOM LAKE CCAA PARTIES

13. The Bloom Lake CCAA Parties' actual cash flow on a consolidated basis for the period from October 1 to November 17, 2017, excluding proceeds of major asset realizations, was approximately \$0.5 million worse than the June 20 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	0	74	74
Disbursements:			
Payroll & Employee Benefits	0		0
Termination & Severance	0		0
Utilities	0		0
Other Operating Disbursements	0	(5)	(5)
Operating Cash Flows	0	69	69
Restructuring Professional Fees	(150)	(670)	(520)
Net Cash Flow	(150)	(601)	(451)

14. Explanations for the key variances in actual receipts and disbursements as compared to the June 20 Forecast are as follows:

- (a) The favourable variance in receipts results from interest earned on funds that had not been included in the June 20 Forecast; and
- (b) The unfavourable variance in aggregate restructuring professional fees arises as follows:
 - (i) An unfavourable permanent variance of approximately \$0.1 million in the aggregate for the fees and disbursements of the Monitor and its counsel; and
 - (ii) An unfavourable variance of approximately \$0.4 million in the aggregate for the fees and disbursements of the Bloom Lake CCAA Parties' counsel comprising of the reversal of a prior period favourable timing variance of approximately \$0.6 million, a favourable timing variance of approximately \$0.5 million and an unfavourable permanent variance of approximately \$0.3 million.

THE WABUSH CCAA PARTIES

15. The Wabush CCAA Parties' actual cash flow on a consolidated basis for the period from October 1 to November 17, 2017, excluding proceeds of major asset realizations, was approximately \$0.8 million worse than the June 20 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	0	72	72
Disbursements:			
Payroll & Employee Benefits	0	0	0
Contractors	0	0	0
Utilities	0	0	0
Other Operating Disbursements	0	(12)	(12)
Operating Cash Flows	0	60	60
Restructuring Professional Fees	(201)	(1,028)	(827)
Net Cash Flow	(201)	(968)	(767)

16. Explanations for the key variances in actual receipts and disbursements as compared to the June 20 Forecast are as follows:
- (a) The favourable variance of approximately \$0.1 million in receipts is a permanent variance arising from interest earned on funds held that had not been forecast; and
 - (b) The unfavourable variance of approximately \$0.8 million in restructuring professional fees relates to the fees and disbursements of the Wabush CCAA Parties' counsel and arises from a reversal of a prior period timing variance of approximately \$0.9 million, a favourable timing variance of approximately \$0.2 million and an unfavourable permanent variance of approximately \$0.1 million.

CURRENT CASH BALANCES

17. As previously reported, all of the CCAA Parties' accounts have now been closed and all transactions are being processed through the Monitor's accounts on behalf of the CCAA Parties. Total cash balances as at November 17, 2017, are summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties	Total
	\$000	\$000	\$000
Held by Monitor			
Sale Proceeds Accounts	43,752	22,659	66,411
Operating Accounts	62,161	19,245	81,406
Minimum Royalty Deposits	0	6,543	6,543
GIC Investments	0	0	0
Total Held by Monitor	105,913	48,447	154,360

CURRENT STATUS OF ASSETS REALIZATIONS

EMPLOYEE HOMES

18. The sale of the final remaining employee home closed on October 6, 2017.
19. The occupant of one of the Conditional Sale Employee Homes surrendered the property on or around November 10, 2017, pursuant to the provisions of the applicable conditional sale agreement. The CCAA Parties, in consultation with the Monitor, are considering options for the marketing and sale of this now vacant employee home.

CONDITIONAL SALE EMPLOYEE HOMES

20. Following the surrender described above, seven Conditional Sale Employee Homes remain occupied pursuant to the terms of the respective conditional sale agreements. An offer for the sale of the portfolio was received and the Monitor has provided its views with respect thereto to the CCAA Parties and is awaiting confirmation of their position on the offer. The Monitor continues to collect the payments owing under the conditional sale agreements.

VACANT REAL PROPERTY

21. In the Monitor's Fortieth Report, the Monitor reported that a map of the vacant real properties in the Town of Wabush held by the Wabush CCAA Parties and which were excluded from the Scully Mine Transaction had been located and was being reconciled with tax roll and land registry information. Although progress has been made, certain information remains outstanding and the reconciliation process is therefore not yet complete. Once the exercise is complete, the parties that have previously expressed interest in the vacant properties will be invited to submit offers.

TWIN FALLS POWER CORPORATION LIMITED

22. As reported in the Monitor's Fortieth Report, the CCAA Parties had requested additional information regarding the current financial situation of Twin Falls and its contingent liabilities in order to better assess the potential value of the interests held in Twin Falls. Based on the information received, the CCAA Parties, in consultation with the Monitor, have concluded that there is likely no realizable value from the interests held in Twin Falls.

NET SMELTER ROYALTY

23. As reported in the Monitor's Fortieth Report, CQIM holds a 3% net smelter royalty in respect of a number of development properties located in the Kirkland Lake mining belt that was sold in April 2012 (the "NSR").

24. The CCAA Parties have received a third party summary estimate of value and are in the process, in consultation with the Monitor, of conducting further investigation into the potential value of the NSR and whether such value may be realizable.

POTENTIAL TAX REFUNDS AND REDUCTIONS

25. As previously reported, the CCAA Parties have been seeking refunds in respect of federal and provincial taxes and mining duties. Also as previously reported, a refund of approximately \$7.2 million was received on behalf of Bloom Lake LP on May 1, 2017. Based on the assessments received and the claims filed by Revenu Québec in the Claims Procedure, the Monitor estimates that further refunds totalling approximately \$7.9 million are due relating to pre-filing periods. Revenu Québec has a number of claims in the Claims Procedure which could give rise to potential set-off against the refunds. The CCAA Parties have executed additional powers of attorney in favour of the Monitor to enable the Monitor to address matters directly with the relevant tax authorities.
26. As previously reported, a number of municipal tax contestations are being pursued against the City of Fermont and the City of Sept-Îles which, if successful, could lead to refunds or reductions in priority claims.
27. A preliminary motion brought on behalf of the CCAA Parties against the City of Fermont in order to determine whether the Bloom Lake Mine ought to form part of the assessed property for taxation purposes was to be heard before the Tribunal Administratif du Québec (“TAQ”) starting on November 27, 2017, but has been postponed to mid-January 2018 in light of extraneous circumstances making it impossible for the evaluation expert of the City of Fermont to attend the originally scheduled date. Dates for hearing on the merits of the pending contestations before the TAQ, either against the City of Fermont and the City of Sept-Îles, have yet to be determined, despite several case-management conferences involving both opposing counsel and experts.

THE CRA ITA AUDIT

28. The CCAA Parties have informed the Monitor that nineteen of twenty CRA audit enquiries have been answered in full. The CCAA Parties anticipate providing responses to the outstanding questions in the remaining audit enquiry in the near future.

THE CLAIMS PROCEDURE

CLAIMS

29. The current status of the Claims Procedure is summarized below:

	Allowed/To Be Allowed		In Progress		In Dispute		To be Disallowed / Dispute Period Not Expired		Disallowance Final	
	#	\$000	#	\$000	#	\$000	#	\$000	#	\$000
Secured										
CQIM	1	139	2	65,759			2	3,800	8	102,816
Bloom Lake LP	19	32,350	2	131,554	2	3,661	3	8,472	14	118,233
Bloom Lake GP	1	1,001					1	26,415	5	1,483
Quinto Mining										
8568391 Canada									1	161
Bloom Lake Railway										
Wabush Mines	1	839	4	55,188			1	15	1	25,774
WICL			2	9,101						
WRI			2	11,710			1	1,936		
Arnaud Railway			3	55,326			1	242		
Wabush Lake Railway			2	54,937						
Total Secured	22	34,329	17	383,575	2	3,661	9	40,880	29	248,467
Unsecured										
CQIM	59	706,271	14	1,184,106			3	6,704	18	37,287
Bloom Lake LP	190	689,855	13	660,282			3	6,472	77	73,138
Bloom Lake GP	5	590,830							13	27,041
Quinto Mining			5	16,952					11	100
8568391 Canada									9	25
Bloom Lake Railway									10	-
Wabush Mines	98	57,075	1,096	243,387	5	2,341	4	1,535,976	189	74,608
WICL	5	56,803	10	336,674					19	62,259
WRI	3	49,778	14	677,565					17	66,233
Arnaud Railway	5	4,255	454	58,983	2	2,148			24	1,962
Wabush Lake Railway			394	90,720					18	2,993
Total Unsecured	365	2,154,867	2,000	3,268,669	7	4,489	10	1,549,152	405	345,646
Total	387	2,189,196	2,017	3,652,244	9	8,150	19	1,590,032	434	594,113

30. The claims in progress are summarized as follows:

- (a) Seven claims by three creditors are municipal tax claims in the aggregate amount of approximately \$27.3 million. As previously reported, a number of municipal tax contestations are being pursued that could result in reductions in the pre-filing claims if successful;

- (b) Six claims in the aggregate amount of approximately \$164.8 million are claims related to the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan, with claims of approximately \$54.9 million in the aggregate being filed on a joint and several basis against three of the Wabush CCAA Parties;
- (c) 1,931 claims in the aggregate amount of approximately \$291.2 million are claims of former employees in respect of OPEBs and other employment related amounts, of which 842 claims in the aggregate amount of approximately \$123.9 million are filed on a joint and several basis against two of the CCAA Parties; and
- (d) 73 claims in the aggregate amount of approximately \$3.2 billion are Related Party Claims.

Pension Claims

31. As reported in the Monitor's Thirty-First Report, Morneau Shepell, the replacement administrator of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan (the "**Pension Administrator**") filed wind-up reports quantifying the wind-up deficits of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan as at December 16, 2015 as \$27,450,000 and \$27,486,548 respectively. The wind-up reports were filed by the Pension Administrator in December 2016.

32. As at the date of this Report, the wind-up reports have not yet been approved by the relevant regulators. As previously reported, the Pension Administrator informed the Monitor that comments had been received from the regulators and that the Pension Administrator anticipated filing revised wind-up reports in November 2017, incorporating the comments of the regulators. The Pension Administrator has now informed the Monitor that it is currently expected that the revised wind-up reports will be filed in late November and that no material changes to the wind-up deficit amounts are expected in the revised wind-up reports.
33. As previously reported, the Monitor filed a motion for advice and directions with respect to the potential priority of the various aspects of the pension plan claims (the “**Pension Priority Motion**”). The Pension Priority Motion was heard June 28 and 29, 2017, and the decision of the Honourable Mr. Justice Hamilton J.S.C. in respect of the Pension Priority Motion (the “**Pension Priority Decision**”) was released September 11, 2017.
34. As reported in the Monitor’s Fortieth Report, motions for leave to appeal the Pension Priority Decision were filed on October 2, 2017, by OSFI, the Newfoundland Regulator, the USW and Representative Counsel. No appeal was filed by the Pension Administrator or the Quebec Regulator. Leave to appeal was granted to the aforementioned appellants on October 31, 2017.
35. On or around November 10, 2017, the Monitor and the City of Sept-Îles each filed Notices of Incidental Appeal and Motions for Leave to Appeal, in both cases on a *de bene esse* basis. On November 17, 2017, the motions were referred to the Court of Appeal to hear the four appeals and two incidental appeals on the merits. The hearing was tentatively scheduled for June 11 and 12, 2018.

36. On November 21, 2017, a case-management hearing took place before Justice Manon Savard of the Court of Appeal, at which time the June 11 and 12, 2018, dates were confirmed as the hearing dates. Justice Savard will remain seized of the case-management of the matter, to the extent necessary.

OPEB Claims

37. The Monitor continues to work with Representative Counsel, the USW and their actuary to determine the appropriate basis of the calculation of the OPEB claims. The calculation methodology will be applied consistently across the group of claimants.
38. As previously reported, following its review of the methodology and underlying assumptions used by Representative Counsel, the USW and their actuary in their calculation of the OPEB claims, the Monitor requested that the calculations be run with amendments to some assumptions. The Monitor has now received the output of those calculations from the actuary of the Representative Counsel and the USW and is now assessing the potential impact of those amendments on the OPEB claims and potential distributions in order to formulate, in consultation with the CCAA Parties, a formal response with respect to the OPEB claims.

Related Party Claims

39. The Monitor's Thirty-Ninth Report dated September 11, 2017, provided details of the Monitor's review of the Related Party Claims. As noted therein, the Monitor was awaiting various information and documentary support in respect of a significant number of transactions at that time. Since the filing of the Thirty-Ninth Report, additional information and documentary support have been provided for some of those transactions and the Monitor intends to provide a further report with respect to the Related Party Claims in due course.
40. Paragraph 196 of the Monitor's Thirty-Ninth Report stated:

“196. The Monitor and its legal counsel are still considering the issue of the characterization of the Related Party Claims and intends to consult with major third-party creditors with respect thereto. The Monitor is also considering whether a motion for advice and directions on this point might be appropriate in the circumstances.”

41. As reported in the Monitor’s Fortieth Report, the Monitor had reached out to a number of the largest third-party creditors in the CCAA Proceedings, which group between them has claims against each of the relevant CCAA Parties³, in order to commence the consultation process.
42. The Monitor has now had one or more calls with each of the third-party creditors that expressed an interest in participating in the consultation process to discuss the Monitor’s analysis with respect to the re-characterization issue and to seek input from those creditors. No conclusion has yet been reached with respect to the issue.

THE NEWFOUNDLAND REFERENCE

43. As reported in the Monitor’s Fortieth Report, the Newfoundland Reference was heard on September 21 and 22, 2017. The Newfoundland COA reserved its response to the Reference Questions and no response has yet been released.

³ Quinto Mining Corporation has no third-party creditors. 8568391 Canada Limited and Bloom Lake Railway Company Limited have no creditors.

THE 2014 REORGANIZATION AND OTHER REVIEWABLE TRANSACTIONS

44. As noted in the Monitor's Thirty-Fourth Report, the Monitor has commenced "without prejudice" discussions with legal counsel to CNR and its non-filed affiliates ("**CNR Counsel**") with respect to the 2014 Reorganization and its effect on the CQIM estate and its creditors with a view to agreeing on the factual matrix of the 2014 Reorganization and any potential claim arising therefrom, identifying any areas of dispute and determining the process for bringing any claim or proposed settlement forward for consideration by the stakeholders and the Court.
45. As noted in the Monitor's Thirty-Eighth Report, such discussions have continued and CNR Counsel has provided a summary of calculations, prepared by or for CNR, of the value, at various dates, of the Australian subsidiaries transferred from CQIM as part of the 2014 Reorganization. Since the date of the Thirty-Eighth Report:
- (a) The Monitor has been undertaking due diligence on those calculations;
 - (b) The Monitor has sought further information and clarification from CNR with respect to those calculations; and
 - (c) The Monitor's counsel has been conducting legal research and analysis on various matters relating to the 2014 Reorganization.
46. As noted in the Monitor's Thirty-Ninth Report in respect of the Related Party Claims, a number of other payment transactions have been identified that fall within the "look-back" period in respect of preference transactions under the *Bankruptcy and Insolvency Act*. The Monitor is in the process of reviewing the circumstances of these payments.

47. The Monitor has continued its discussions with counsel to CNR and has requested that a proposal for a potential settlement be tabled for consideration. While no proposal has yet been tabled, the parties have had some conceptual discussions regarding how such a proposal may be formulated. The Monitor is hopeful that meaningful progress in that regard can be made in the coming weeks, failing which the Monitor will consider seeking the necessary authority to commence appropriate proceedings with respect to the 2014 Reorganization.

MATTERS INVOLVING MFC

THE MFC ROYALTY LITIGATION

48. The MFC Royalty Litigation is scheduled to be heard December 4, 5 and 6, 2017.
49. As noted in the Monitor's Fortieth Report, dependent on the outcome of the MFC Royalty Litigation, the issue of whether the Purchaser of the Scully Mine or Wabush Mines is responsible for the July 2017 minimum royalty payment may have to be determined and the applicability and impact of mineral rights withholding taxes will have to be considered in respect of any amounts payable to MFC.

THE MFC CURE COSTS

50. Pursuant to an agreement dated October 30, 2017, (the "**MFC Cure Costs Agreement**") the Purchaser of the Scully Mine and MFC reached an agreement in respect of the MFC Pre-Filing Cure Costs.
51. Pursuant to the Order of the Honourable Mr. Justice Hamilton granted November 16, 2017 (the "**MFC Cure Costs Order**"), *inter alia* the MFC Cure Costs Agreement was homologated and the Monitor was authorized to disburse the funds held on account of the Maximum MFC Pre-Filing Cure Costs to MFC and the Purchaser.

52. Distribution of the funds held on account of the Maximum MFC Pre-Filing Cure Costs was made on November 16, 2017, in accordance with the provisions of the MFC Cure Costs Order.

DISPUTED DEADBED ROYALTY

53. The Wabush CCAA Parties, in consultation with the Monitor, have now completed their review of matters related to the Disputed Deadbed Royalty and have determined that there is no merit to taking further steps with respect thereto.

ESTIMATED RANGES OF POTENTIAL DISTRIBUTIONS

54. In previous reports, the Monitor has provided a summary of its estimate of the ranges of potential distributions to unsecured creditors from the estates of each of the CCAA Parties based on the information available at that time.
55. The Monitor has now updated its estimates based on the information currently available. No amounts have been included in the estimates for any amounts that might be recoverable in respect of the 2014 Reorganization or other transactions entered into prior to the commencement of the CCAA Proceedings. The estimate applies the Allocation Methodology approved by the Court.
56. The current estimate of the ranges of potential distributions to unsecured creditors from the estates of each of the CCAA Parties, assuming that the Related Party Claims other than Note Y (which by its terms is subordinated) are valid and properly characterized as debt claims⁴, are summarized below:

⁴ Other than those items noted in the Monitor's Thirty-Ninth Report that the Monitor intends to disallow or that are duplicate claims.

	Low	High
Bloom Lake LP	1.77%	2.89%
Bloom Lake GP	0.00%	0.00%
CQIM	2.58%	3.05%
Quinto Mining	55.09%	61.86%
Arnaud Railway	0.00%	23.38%
WICL	0.00%	1.33%
Wabush Lake Railway	0.00%	0.01%
Wabush Mines ¹	0.00%	0.00%
WRI	0.00%	2.59%

¹Wabush Mines is an unincorporated joint venture, accordingly it has no assets or liabilities of its own and distributions would be through the joint venturers, WICL and WRI

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

57. The Stay Period currently expires on November 30, 2017. Additional time is required for the CCAA Parties and the Monitor to complete the CCAA Proceedings, including the following activities:

- (a) Completing activities necessary to deal with the remaining assets of the CCAA Parties, including the potential tax refunds;
- (b) Continuing to address, to the extent necessary and appropriate, the CRA ITA Audit;
- (c) Proceeding with the MFC Royalty Litigation;
- (d) Continuing to deal with the appeals and cross-appeals in respect of the Pension Priority Decision;
- (e) Completing the investigation of the 2014 Reorganization and the effect thereof and determining what, if any, action should be taken with respect thereto;
- (f) Completing the Claims Procedure;

- (g) Determining, subject to Court approval, an appropriate mechanism to effect distributions to creditors, whether by way of plan of arrangement, distribution order or otherwise;
 - (h) Completing the other activities described in this Report; and
 - (i) Undertaking the other activities necessary to complete the CCAA Proceedings.
58. The continuation of the stay of proceedings is necessary to provide the stability needed to complete the foregoing activities. Accordingly, the CCAA Parties now seek an extension of the Stay Period to March 31, 2018.
59. As the CCAA Parties no longer have any operations, future receipts and disbursements other than the legal and professional costs of the CCAA Proceedings will be *de minimis*. Accordingly, consistent with the approach taken at similar stages of other CCAA cases, 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. The Monitor has obtained estimates of future fees and expenses from counsel to the CCAA Parties, the Monitor and its counsel and Representative Counsel. In the aggregate, fees and expenses of the CCAA Parties' counsel, the Monitor, Monitor's counsel and Representative Counsel for the period December 1, 2017, to March 31, 2018, are estimated to be approximately \$1 million to \$2 million, excluding taxes.
60. The CCAA Parties have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period.

61. The CCAA Proceedings are complex and various aspects of the CCAA Parties are intertwined. The co-ordination of the various estates is, in the Monitor's view, critical to maximize efficiency and effectiveness. It is also the Monitor's view that a continuation of the CCAA Proceedings is, at the current time, the most efficient and effective way that such co-ordination can be achieved and that the proceedings can be completed for the benefit of all stakeholders. The Monitor will continue to work with the CCAA Parties to endeavour to ensure that cost efficiency is maximized during any extension of the Stay Period.
62. 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 March 31, 2018.
63. The Monitor also believes that the CCAA Parties have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
64. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to March 31, 2018.

The Monitor respectfully submits to the Court this, its Forty-First Report.

Dated this 23rd day of November, 2017.

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



Steven Bissell
Managing Director