

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
Commercial Division

File: No: 500-11-048114-157

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**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

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

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## 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 expires on November 30, 2018.

4. On November 5, 2015, Mr. Justice Hamilton J.S.C. (as he then was) 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**”).
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. To date, the Monitor has filed forty-eight reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Forty-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 June 21 to November 16, 2018;

- (b) The CCAA Parties' current cash balances;
- (c) The progress of the Claims Procedure;
- (d) The progress of the Post-Filing Claims Procedure;
- (e) The first interim distribution made pursuant to the provisions of the Plan;
- (f) The progress of other matters to be completed in the CCAA Proceedings;
- (g) The Monitor's Motion for Directions with Respect to Late Claims dated November 19, 2018 (the "**Rep Late Claims Motion**");
- (h) The USW's motion for leave to file late claims (the "**USW Late Claims Motion**");
- (i) The motion filed by the Commission Scolaire du Fer ("**CSF**") to amend a Proof of Claim filed pursuant to the Claims Procedure Order (the "**CSF Claim Amendment Motion**"); and
- (j) The CCAA Parties' request for an extension of the Stay Period to May 30, 2019 (the "**Stay Extension Motion**"), and the Monitor's recommendation thereon.

## **TERMS OF REFERENCE**

9. 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**").
10. 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.
11. The Monitor has prepared this Report in connection with the Stay Extension Motion, the Rep Late Claims Motion and the USW Late Claims Motion, each scheduled to be heard November 27, 2018, and should not be relied on for other purposes.
  12. 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.
  13. 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 or the Plan.

## **EXECUTIVE SUMMARY**

### **REQUEST FOR EXTENSION OF STAY PERIOD**

14. 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 May 30, 2019.
15. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to May 30, 2019.

**RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO NOVEMBER 16, 2018**

16. The CCAA Parties’ actual cash flow on a consolidated basis for the period from June 21 to November 16, 2018, is summarized below:

	<b>Bloom Lake CCAA Parties</b>	<b>Wabush CCAA Parties</b>
	<b>\$000</b>	<b>\$000</b>
<b>Receipts</b>	<b>531</b>	<b>294</b>
<b>Disbursements:</b>		
Payroll & Employee Benefits		
Termination & Severance		
Utilities		
Other Operating Disbursements	(4)	(206)
<b>Operating Cash Flows</b>	<b>527</b>	<b>88</b>
Tax Refunds/Sale Proceeds	15,118	206
Allocation Methodology Transfers	1,273	(1,273)
Transfer from Related Party Distributions	(11,838)	11,838
Third Party Distributions	(80,837)	(52,506)
Restructuring Professional Fees	(1,790)	(729)
<b>Net Cash Flow</b>	<b>(77,547)</b>	<b>(42,376)</b>

**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. As at November 16, 2018, the Monitor holds approximately \$42.4 million on behalf of the Bloom Lake CCAA Parties and approximately \$8.9 million on behalf of the Wabush CCAA Parties, each net of unrepresented cheques.

**THE CLAIMS PROCEDURE**

18. All claims filed pursuant to the Claims Procedure Order have now been finally determined, with the exception of the claims described below:

- (a) Certain claims of Revenu Québec (“**RQ**”) in the aggregate amount of \$17,327,600.32 in respect of sales and corporate taxes. Although RQ has been, at times, slow to address matters with respect to these claims, the Monitor is optimistic that these claims will be resolved in the near future;
- (b) The claims of the Town of Wabush, each in the amount of \$238,663.98, in respect of property taxes. As discussed later in this Report, this claim would be extinguished in connection with the proposed transfer of the vacant land to the Town of Wabush;
- (c) The claims of the City of Fermont in the amount of \$27,010,686.80 with respect to property taxes, the determination of which is dependent on the outcome of the municipal tax appeal;
- (d) The claims of the City of Sept-Îles in the amount of \$9,078,646.46 with respect to property taxes, the determination of which is dependent on the outcome of the municipal tax appeal<sup>1</sup>;
- (e) The claims of two construction legal hypothec creditors in the aggregate amount of \$3,862,078.26. While the aggregate quantum of these claims has been allowed, the determination of the portion that is secured on proceeds of realization and the portion that is unsecured is dependent on the outcome of the municipal tax appeals and the appeal of the Allocation Methodology, which is discussed later in this Report; and
- (f) The claims of the CSF in the aggregate amount of \$2,123,051.83. While these claims have been finally determined in accordance with the Claims Procedure Order, these claims are the subject of the CSF Claim Amendment Motion which is discussed later in this Report.

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<sup>1</sup> An agreement in principle has been reached with the City of Sept-Îles in respect of the municipal tax appeal. The agreement in principle is subject to approval by the Tribunal Administratif du Québec.

19. In addition, there are three claims in the aggregate amount of \$144,671.99 that are the subject of the Rep Late Claims Motion and five claims in the aggregate amount of \$391,489.50 that are subject to the USW Late Claims Motion. The Rep Late Claims Motion and the USW Late Claims Motion are each discussed later in this Report.

### THE POST-FILING CLAIMS PROCEDURE

20. Seventeen Post-Filing Proofs of Claim<sup>2</sup> and one D&O Post-Filing Proof of Claim were filed by the Post-Filing Claims Bar Date<sup>3</sup>, summarized as follows:

CCAA Party	Post-Filing Claims		D&O Post-Filing Claims	
	Number	\$000	Number	\$000
CQIM	4	36.2		
BLGP	1	11,983.8		
BLLP	3	12,054.2		
Arnaud	3	191.4		
Wabush Mines	5	123.6	1	30.0
8568391	1	0.3		
<b>Total</b>	<b>17</b>	<b>24,389.5</b>	<b>1</b>	<b>30.0</b>

21. Fourteen of the Post-Filing Claims and the one D&O Post-Filing Claim have been finally determined, as follows:
- (a) Five claims in the aggregate amount of approximately \$191,796.14 were allowed and paid;
  - (b) One claim was revised from \$5,883.54 to \$154.54, which amount was paid; and
  - (c) Nine claims, including the D&O Post-Filing Claim, in the aggregate amount of \$222,209.27 were disallowed.

<sup>2</sup> Including the post-filing claims of City of Vermont which were filed in the Claims Procedure and which the Monitor had agreed did not need to be re-filed in the Post-Filing Claims Procedure.

<sup>3</sup> Originally fifteen Post-Filing Proofs of Claim and three D&O Post-Filing Proofs of Claim were filed. One claimant that filed two D&O Post-Filing Proofs of Claim subsequently confirmed that they had intended to file Post-Filing Proofs of Claim, not D&O Post-Filing Proofs of Claim.

22. The three Post-Filing Claims that have not been finally determined are summarized as follows:
- (a) One claim in the amount of \$2,093.96 is a claim by RQ which is being addressed concurrently with the unresolved claims of RQ filed pursuant to the Claims Procedure Order; and
  - (b) Two claims, each in the amount of \$11,983,831.37, are claims by Ville de Fermont, which claims are subject to the municipal tax appeals.
23. In addition to the Post-Filing Claims filed in accordance with the provisions of the Post-Filing Claims Procedure Order, CSF sent an email to the Monitor on May 18, 2018, prior to the Post-Filing Claims Bar Date stating:
- “Je vous transmets en annexe le solde dû à la Commission Scolaire en date 21 mai 2018.
- Lors de notre dernier courriel en décembre 2015, le solde qui vous a été acheminé était de 2,123,051.83\$ (voir courriel transféré). Le nouveau solde dû à la Commission Scolaire du Fer est de 2,410,156.68\$, incluant les intérêts courus depuis cette période.”<sup>4</sup>
24. CSF did not file a Post-Filing Proof of Claim as required by the Post-Filing Claims Procedure Order.

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<sup>4</sup> “I am sending you the balance due to the School Board dated May 21, 2018. In our last email in December 2015, the balance that was sent to you was \$ 2,123,051.83 (see email forwarded). The new balance due to the Commission Scolaire du Fer is \$ 2,410,156.68, including accrued interest since that period.”

## **THE FIRST INTERIM DISTRIBUTION**

### **PAYMENT OF THIRD PARTY SECURED CLAIMS**

25. Affected Creditors with Third Party Secured Claims that have been finally determined or resolved were paid commencing on or about August 24, 2018. Certain Third Party Secured Claims remain unresolved as they are affected by the outcome of the appeal of the Allocation Motion or the municipal tax appeals.

### **DISTRIBUTIONS TO AFFECTED THIRD PARTY UNSECURED CREDITORS**

26. To date, approximately \$132.4 million has been distributed to Affected Third Party Unsecured Creditors pursuant to the Plan.
27. Distributions of \$9 million from the Arnaud Pension Cash Pool and \$9 million from the Wabush Pension Cash Pool were made to the Hourly Pension Plan on August 13, 2018. Distributions of \$9 million from the Arnaud Pension Cash Pool and \$9 million from the Wabush Pension Cash Pool were made to the Salaried Pension Plan on the same date.
28. On or around August 16, 2018, the first interim distributions to Affected Third Party Unsecured Creditors, other than Employee Creditors, were made from each of the Unsecured Creditor Cash Pools as summarized below:
  - (a) CQIM/Quinto Class – aggregate distributions of \$71,950,240.49 to 56 creditors;
  - (b) BL Parties Class – aggregate distributions of \$8,746,758.15 to 179 creditors;
  - (c) Wabush Mines Parties Class - aggregate distributions of \$4,779,038.62 to 74 creditors; and
  - (d) Arnaud Class - aggregate distributions of \$203,793.34 to 3 creditors.

29. The first interim distributions to Affected Third Party Unsecured Creditors that are Employee Creditors (“**Employee Affected Third Party Unsecured Creditors**”) were delayed pending confirmation from Canada Revenue Agency (“**CRA**”) and RQ of the applicable necessary tax withholdings from such distributions. Following agreement with CRA and RQ on the applicable withholding parameters<sup>5</sup>, the first interim distributions to Employee Affected Third Party Unsecured Creditors were made from each of the Unsecured Creditor Cash Pools on or around September 4, 2018, as summarized below:
- (a) CQIM/Quinto Class – nil as there are no Employee Affected Third Party Unsecured Creditors in this class;
  - (b) BL Parties Class –distribution of \$1,273.44 to one Employee Affected Third Party Unsecured Creditor;
  - (c) Wabush Mines Parties - aggregate distributions of \$6,813,135.02 to 929 Employee Affected Third Party Unsecured Creditors; and
  - (d) Arnaud Class - aggregate distributions of \$3,870,886.92 to 341 Employee Affected Third Party Unsecured Creditors.

#### **FUTURE DISTRIBUTIONS**

30. A second, and final, distribution is expected to be made in due course. It is not currently anticipated that a further interim distribution will be made prior to the final distribution. The timing and quantum of future distributions is dependent on the resolution of the various outstanding matters in the CCAA Proceedings, including the appeal of the Allocation Methodology and the various municipal tax appeals. The timing for resolution of these matters is uncertain and largely outside of the control of the Monitor and the CCAA Parties.

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<sup>5</sup> In agreeing the withholding parameters, the Monitor successfully negotiated that the various components of employee claims would be deemed to be paid in a sequence that minimized the amount of required withholding, in order to maximize the amount paid to each employee creditor.

## **OTHER MATTERS TO BE COMPLETED IN THE CCAA PROCEEDINGS**

31. Apart from final resolution of the outstanding claims described earlier in this Report and future distributions pursuant to the Plan, the major matters to be completed in the CCAA Proceedings are summarized as follows:

- (a) The rectification of certain deeds of transfer relating to the sale of the Scully Mine;
- (b) The completion of the proposed transfer of vacant land to the Town of Wabush, which has been agreed in principle, but which has been delayed pending the rectification of certain deeds of transfer relating to the sale of the Scully Mine and the preparation of surveys by the Town of Wabush. The property tax claims of the Town of Wabush are to be waived as consideration for the transfer;
- (c) Certain post-closing matters with respect to the sale of the remaining conditional sale homes, which closed on September 7, 2018;
- (d) The completion of CRA and RQ tax audits and other matters and the collection of any remaining refund amounts owing to the CCAA Parties;
- (e) The municipal tax assessment appeals, or settlement thereof;
- (f) Final determination of the appeal of the Allocation Methodology Order by the City of Fermont;
- (g) Determination of the Rep Late Claims Motion and the USW Late Claims Motion, each as described later in this Report;
- (h) Determination of the CSF Amendment Motion, as described later in this Report;
- (i) Issuance of reporting slips in respect of distributions to Employee Creditors;
- (j) Dissolution of various legal entities as contemplated by the Plan;



- (k) If considered necessary and appropriate, addressing the Arbitration Recognition Proceedings, as defined in the Stay Extension Motion, commenced by Worldlink in the US Court;
- (l) Determining and implementing an appropriate course of action with respect to the Cliffs Canadian Retirement Plan, as described in the Stay Extension Motion; and
- (m) Collection of any amounts recoverable from the FX Class Action Claims, as described in the Monitor's Forty-Seventh Report.

### **THE REP LATE CLAIMS MOTION**

32. We respectfully refer the Court to the Rep Late Claims Motion, the content of which was reviewed and approved by Representative Counsel and the CCAA Parties prior to its filing. A copy of the Rep Claims Motion is attached hereto as **Appendix A** for ease of reference
33. In summary, it has been determined that three former salaried employees that were on long-term disability, Alvin Cluett, Reginald Hillier and Joseph Vandebroek, had not been paid severance and termination when their employment was terminated. The potential claims of the three individuals (the "**Salaried Late Employee Claims**") were not included in the Wabush Represented Employee Claimants List provided by the CCAA Parties to Representative Counsel pursuant to the Claims Procedure Order and no Notice of Dispute or Proof of Claim was filed with respect these potential claims was filed pursuant to the Claims Procedure. Consequently, these claims were not included in the agreement that settled the claims of the salaried employees (the "**Salaried Employee Settlement Agreement**"). As a result, the Salaried Late Employee Claims were barred and extinguished pursuant to the Claims Procedure Order, subject to further Order of the Court, and released pursuant to the Plan Releases on the Plan Implementation Date.

34. Representative Counsel informed the Monitor that it intended to bring a motion seeking leave to file the Salaried Late Employee Claims notwithstanding the Salaried Employee Settlement Agreement and the Plan Releases. The Monitor and Representative Counsel entered into negotiations towards a possible settlement of the Salaried Late Employee Claims as it was determined that the costs of a contested motion regarding the Salaried Late Employee Claims would likely be greater than the distributions payable to the Employees with Salaried Late Employee Claims (the “**Salaried Late Claim Employees**”) under the Plan if the Salaried Late Employee Claims were allowed. Those negotiations concluded in the Monitor and Representative Counsel agreeing on the terms of a proposed consent Order to be sought through the Rep Late Claims Motion (the “**Rep Late Claims Order**”), filed as **Exhibit R-2** in support of the Rep Late Claims Motion.
35. Pursuant to the proposed Rep Late Claims Order, the Salaried Late Employee Claims, in the aggregate amount of \$144,671.99, shall:
- (a) Be deemed to have been filed as valid Affected Third Party General Unsecured Claims on or before the Claims Bar Date;
  - (b) Be allowed as Affected Third Party General Unsecured Claims against the Wabush Mines Parties, each as an Affected Third Party Unsecured Creditor of the Wabush Mines Parties, which Affected Third Party General Unsecured Claims will be entitled solely to distributions from the Wabush Mines Parties Unsecured Creditor Cash Pool pursuant to the Plan; and
  - (c) Be included in the Salaried Employee Settlement Agreement *nunc pro tunc*.

36. The aggregate of Affected Third Party General Unsecured Claims against the Wabush Mines Parties is approximately \$158 million, excluding the Salaried Late Employee Claims and the USW Late Employee Claims (as defined below). The Salaried Late Employee Claims are less than 0.1% of the aggregate of Affected Third Party General Unsecured Claims against the Wabush Mines Parties and therefore are *de minimis* in the context of the Wabush Mines Parties Unsecured Creditors Class. The allowance of the Salaried Late Employee Claims will result in no material prejudice to other creditors in the Wabush Mines Parties Unsecured Creditors Class.
37. Accordingly, the Monitor respectfully requests that the Rep Late Claims Order be granted.
38. The Monitor and the CCAA Parties are continuing their investigations into whether there may be any additional former salaried employees who were on long-term disability or workers' compensation at the time of the Wabush CCAA filing and will continue to liaise with Representative Counsel with respect thereto.

#### **THE USW LATE CLAIMS MOTION**

39. The USW Late Claims Motion was originally filed on July 25, 2018, in respect of a potential late claim by Mr. Harry Button. On July 30, 2018, on the eve of the Plan Implementation Date, the Court approved a Plan Modification and issued a decision confirming the postponement of a hearing on the USW Late Claims Motion to October 2, 2018, such postponement being subject to the following language:

"The "Parties" acknowledge that the eventual implementation of the "Plan" will be made without prejudice to the right of the "USW" to seek leave of the Court on or before September 28, 2018 to file a late claim on behalf of Mr. Button - it being formally agreed that in the event said Motion is granted, this late "Claim" can be filed as an unsecured claim in the maximum amount of \$250,000 to be adjudicated in accordance with the Claims Procedure Order. For greater certainty, the Monitor and the CCAA Parties reserve all their

rights to object to the Motion for leave to file the late claim on any basis other than the implementation of the Plan."

40. Following further investigation, it was determined that determined that four additional USW employees who were on long-term disability or workers compensation may have potential claims for OPEBs. The potential claims of Mr. Button and the four additional individuals (the "**USW Late Employee Claims**") were not included in the Wabush Represented Employee Claimants List issued pursuant to the Claims Procedure Order and no Notice of Dispute or Proof of Claim was filed with respect these potential claims was filed pursuant to the Claims Procedure. Consequently, these claims were not included in the agreement that settled the claims of the unionized employees (the "**USW Employee Settlement Agreement**"). As a result, the USW Late Employee Claims were barred and extinguished pursuant to the Claims Procedure Order, subject to further Order of the Court, and, other than the potential claim of Mr. Button, released pursuant to the Plan Releases on the Plan Implementation Date.
41. On October 29, 2018, USW Counsel filed an amendment to the USW Late Claims Motion to include the potential claims of the four additional USW employees.
42. The Monitor and USW Counsel entered into negotiations towards a possible settlement of the USW Late Employee Claims in order to avoid the costs of a contested motion. Those negotiations concluded in the Monitor and USW Counsel agreeing on the terms of a proposed consent Order to be sought in respect of the USW Late Claims Motion (the "**USW Late Claims Order**").
43. Pursuant to the proposed USW Late Claims Order, the USW Late Employee Claims, in the aggregate amount of \$330,243.50 in the Wabush Mines Unsecured Creditor Class and \$61,246.00 in the Arnaud Unsecured Creditor Class, shall:
  - (a) Be deemed to have been filed as valid Affected Third Party General Unsecured Claims on or before the Claims Bar Date;

- (b) Be allowed as Affected Third Party General Unsecured Claims against the Wabush Mines Parties and Arnaud, as the case may be, each as an Affected Third Party Unsecured Creditor of the Wabush Mines Parties and Arnaud, as applicable, which Affected Third Party General Unsecured Claims will be entitled solely to distributions from the Wabush Mines Parties Unsecured Creditor Cash Pool and the Arnaud Unsecured Creditor Cash Pool, as applicable, pursuant to the Plan; and
  - (c) Be included in the USW Employee Settlement Agreement *nunc pro tunc*.
- 44. The aggregate of Affected Third Party General Unsecured Claims against the Wabush Mines Parties is approximately \$158 million, excluding the Salaried Late Employee Claims and the USW Late Employee Claims. The aggregate of Affected Third Party General Unsecured Claims against Arnaud is approximately \$29 million, excluding the USW Late Employee Claims. The USW Late Employee Claims are approximately 0.2% of the aggregate of Affected Third Party General Unsecured Claims against the Wabush Mines Parties and approximately 0.2% of the aggregate of Affected Third Party General Unsecured Claims against Arnaud and are therefore *de minimis* in the context of the Wabush Mines Parties Unsecured Creditors Class and the Arnaud Unsecured Creditors Class. The allowance of the USW Late Employee Claims will result in no material prejudice to other creditors in the Wabush Mines Parties Unsecured Creditors Class or in the Arnaud Unsecured Creditors Class.
- 45. Accordingly, the Monitor respectfully recommends that the USW Late Claims Order be granted.
- 46. The Monitor and the CCAA Parties are continuing their investigations into whether there may be any additional former unionized employees who were on long-term disability or workers' compensation at the time of the Wabush CCAA filing and will continue to liaise with USW Counsel with respect thereto.

## **THE CSF AMENDMENT MOTION**

47. On September 27, 2018, CSF filed the CSF Amendment Motion seeking to amend its Affected Third Party General Unsecured Claims, which had been allowed in the aggregate amount of \$2,119,207.96 pursuant to the Claims Procedure Order<sup>6</sup> (collectively, the “**CSF Claims**”), in order to convert such claims, in whole or in part, to Third Party Secured Claims, which would be unaffected under the Plan.
48. The Monitor consulted with a number of major creditors whose distributions could be impacted by the CSF Amendment Motion. Each of the creditors that provided a response to the Monitor in connection with those consultations stated that it supported the Monitor objecting to the CSF Amendment Motion.
49. CSF subsequently informed the Monitor’s Counsel that it would be further amending the CSF Amendment to assert that some part of the CSF Claims should be treated as post-filing claims, notwithstanding that CSF did not file a Post-Filing Proof of Claim as required by the Post-Filing Claims Procedure Order.
50. No date has yet been set for the hearing of the CSF Amendment Motion and the Monitor is waiting for CSF to confirm specifically what relief it will be seeking. The Monitor will provide further commentary with respect to the CSF Amendment Motion at the appropriate time.

## **REQUEST FOR AN EXTENSION OF THE STAY PERIOD**

51. The Stay Period currently expires on November 30, 2018. Additional time is required for the CCAA Parties and the Monitor to complete the CCAA Proceedings, including the activities described earlier in this Report and undertaking the other activities necessary to complete the CCAA Proceedings.
52. The CCAA Parties now seek an extension of the Stay Period to May 30, 2019.

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<sup>6</sup> The remaining \$3,843.87 of the amount claimed in the Proof of Claim filed by CSF was disallowed.

53. 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 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.
54. The CCAA Parties have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period.
55. 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 May 30, 2019.
56. The Monitor also believes that the CCAA Parties have acted, and are acting, in good faith and with due diligence.
57. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to May 30, 2019.

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

Dated this 22<sup>nd</sup> day of November, 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

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# **Appendix A**

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## **The Rep Late Claims Motion**



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. 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

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**MOTION FOR DIRECTIONS WITH RESPECT TO LATE CLAIMS**  
(Sections 11 and 23(k) of the *Companies' Creditors Arrangement Act*)

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**TO THE HONOURABLE MICHEL A. PINSONNAULT, J.S.C. OR ONE OF THE  
HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL  
DIVISION, IN AND FOR THE DISTRICT OF MONTRÉAL, THE PETITIONERS AND THE  
MISES-EN-CAUSE SUBMIT:**

**1. BACKGROUND**

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 (“**BLGP**”), Quinto Mining Corporation, 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**”) (collectively, the “**Bloom Lake CCAA Parties**”), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record;

2. Pursuant to the Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor to the businesses and financial affairs of the Bloom Lake CCAA Parties (the “**Monitor**”) and a stay of proceedings was granted in respect of the Bloom Lake CCAA Parties until February 26, 2015 (as subsequently extended from time to time);
3. 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 Petitioners Wabush Iron Co. Limited (“**Wabush Iron**”) and Wabush Resources Inc. (“**Wabush Resources**”) and the Mises-en-cause Wabush Mines and Arnaud (collectively, the “**Wabush CCAA Parties**”, and collectively with the Bloom Lake CCAA Parties, the “**CCAA Parties**”), the whole as appears from the Court record;
4. Pursuant to the Wabush Initial Order, *inter alia*, the Monitor was appointed as the monitor to the businesses and financial affairs of the Wabush CCAA Parties and a stay of proceedings was granted until June 19, 2015 (as subsequently extended from time to time);
5. On June 22, 2016, Mr. Justice Hamilton issued an order appointing Michael Keeper, Terence Watt, Damien Lebel and Neil Johnson (the “**Salaried Representatives**”) as representatives of all salaried/non-Union employees and retirees of the Wabush CCAA Parties (the “**Salaried Members**”) and Koskie Minsky LLP and Nicholas Scheib (collectively, **Salaried Representative Counsel**) as legal counsel to the Salaried Representatives in their capacity as representatives for the Salaried Members in these CCAA proceedings.
6. On November 5, 2015, Mr. Justice Hamilton issued an order (as amended by an order of the Court issued on November 16, 2015 and as further amended from time to time, the “**Amended Claims Procedure Order**”), *inter alia*:
  - (a) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers; and
  - (b) ordering the extinguishment of all Claims, D&O Claims and Restructuring Claims (as each such term is defined in the Amended Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Amended Claims Procedure Order;

the whole as appears from a copy of the Amended Claims Procedure Order, which forms part of the Court record;

7. On March 26, 2018, Mr. Justice Hamilton issued an order (the “**Post-Filing Claims Procedure Order**”), *inter alia*,



- (a) approving a procedure for the submission, evaluation and adjudication of post-filing claims, if any, against the CCAA Parties and their current and former directors and officers; and
  - (b) ordering the extinguishment of all Post-Filing Claims and Post-Filing D&O Claims (each as defined in the Post-Filing Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Post-Filing Claims Procedure Order;
8. On April 20, 2018, Mr. Justice Hamilton issued an order (as rectified on April 25, 2018 (the “**Original Meetings Order**”), *inter alia*, accepting the filing of a Joint Plan of Compromise and Arrangement dated April 16, 2018 (the “**Original Plan**”) by the Participating CCAA Parties, authorizing the Participating CCAA Parties (as defined therein) to hold Meetings of the Unsecured Creditor Classes (as defined therein) to consider and vote on a resolution to approve the Original Plan, and permitting amendments to the Original Plan without further order of the Court only until May 18, 2018;
9. On May 18, 2018, Mr. Justice Hamilton issued an order (the “**Amended Meetings Order**”), which, *inter alia*, accepted the filing of the Amended and Restated Joint Plan of Compromise and Arrangement in respect of the Participating CCAA Parties (as defined therein), dated May 16, 2018 (as it may be further amended, restated or supplemented from time to time, the “**Plan**”), authorizing the Participating CCAA Parties to convene meetings of Unsecured Creditor Classes (as defined therein) of the Participating CCAA Parties (the “**Meetings**”) to consider and vote on a resolution to approve the Plan;
10. On June 18, 2018, the Meetings were held in accordance with the Plan and the Amended Meetings Order, and the Plan was approved by the Classes of Affected Unsecured Creditors (as defined therein), the whole as appears from the Court record;
11. On June 29, 2018, Mr. Justice Hamilton issued the Sanction Order dated June 29, 2018 (the “**Plan Sanction Order**”), the whole as appears from the Court record;
12. On July 30, 2018, Mr. Justice Hamilton issued the Plan Modification Order dated July 30, 2018, pursuant to which minor modifications were made to the Plan in order to avoid unanticipated tax liabilities, the whole as appears from the Court record;
13. On July 31, 2018, the Monitor issued the Plan Implementation Date Certificate, confirming the implementation of the Plan on July 31, 2018, the whole as appears from the Court record;

## 2. THE CLAIMS PROCEDURE ORDER

14. Paragraphs 28, 29 and 30 of the Amended Claims Procedure Order set out the process for the provision by the CCAA Parties of the Wabush Represented Employee Claimants List (as defined therein) to the Monitor and then from the Monitor to the Salaried Representative Counsel, and for Salaried Representative Counsel to provide any objections thereto;
15. Paragraph 31 of the Amended Claims Procedure Order also provided a mechanism for the filing of proofs of claim for any additional employees with OPEB or Other Employee

Claims (each as defined therein) by Salaried Representative Counsel to the extent not listed on the Wabush Represented Employee Claimants List);

16. By an Order issued on June 26, 2015, Mr. Justice Hamilton authorized the suspension of OPEB payments by the CCAA Parties. Employee coverage was consequently terminated as at May 31, 2015;
17. Pursuant to paragraphs 22 of the Amended Claims Procedure Order, creditors failing to file their Proof of Claim by the Claims Bar Date shall:
  - (a) be forever barred, estopped and enjoined from asserting or enforcing any Claim against any of the CCAA Parties, and all such Claims shall be forever extinguished;
  - (b) not be permitted to vote on any plan on account of such Claim(s);
  - (c) not be permitted to participate in any distribution under any Plan from the proceeds of any sale of the CCAA Parties' assets or otherwise, on account of such Claim(s); and
  - (d) not be entitled to receive further notice in respect of the Claims Procedure or these CCAA Proceedings generally, in relation to such Claim(s);
18. The Amended Claims Procedure Order defines the Claims Bar Date as 5:00 p.m. (prevailing Eastern time) on December 18, 2015, or such other date as may be ordered by the Court, as appears at paragraph 4.12 thereof;
19. Furthermore, the settlement agreements entered into with the Salaried Representative Counsel prior to the filing of the Plan (the "**Employee Settlement**"), attached as **Exhibit R-1** in support of the present Motion, contained releases of Claims (as defined therein).
20. The Plan and the Plan Sanction Order also provides that all Affected Claims (as defined in the Plan Sanction Order) are "fully, finally, irrevocably and forever compromised, discharged and released with prejudice" on the Plan Implementation Date (as defined therein). As noted above, the Plan Implementation Date occurred on July 31, 2018;

### **3. LATE CLAIMS**

21. On August 13, 2018 and after Salaried Representation Counsel conducted its own investigation, the CCAA Parties and the Monitor were informed by Salaried Representative Counsel of a possible late claim of a former salaried employee of Wabush Mines at the Scully Mine, Alvin Cluett. At the time of the Wabush Initial Order, Mr. Cluett had been on long-term disability since May 25, 2010;
22. In connection with the late claim asserted by Salaried Representative Counsel, the CCAA Parties and the Monitor were asked to identify any other former employees of Wabush Mines who were also on long-term disability or workers' compensation at the time of the Wabush Initial Order;
23. Given that the CCAA Parties have had no employees since July 2017 and the significant passage of time since the Wabush Represented Employee Claimants List



was prepared, the CCAA Parties have experienced significant challenges in trying to locate information on former employees of the CCAA Parties.

24. The CCAA Parties, primarily through their counsel, and the Monitor have expended considerable time and efforts to attempt to confirm as much employee information as possible from data and records related to the CCAA Parties in their possession and have made multiple inquiries made to Sun Life Assurance Company (“**Sun Life**”) and the Workplace WL in respect of former Wabush Mines employees on long-term disability or workers’ compensation.
25. In addition, the Monitor has communicated with the former Manager of Compensation and Benefits for the CCAA Parties.
26. From the CCAA Parties’ and the Monitor’s investigations, four additional salaried employees who appeared from the CCAA Parties’ records to have been on long-term disability were identified (together with Alvin Cluett, the “**Salaried Late Claim Employees**”).
27. It appears that the Salaried Late Claim Employees were left off of the Wabush Represented Employee Claimants List because they were on long-term disability. The CCAA Parties and the Monitor have confirmed, through the CCAA Parties’ records and Sun Life, that the Salaried Late Claim Employees were on long-term disability and Wabush Mines employees at the time of the Wabush Initial Order.
28. The names of each of the additional four individuals were conveyed to the Salaried Representative Counsel, together with the reasons why the CCAA Parties and the Monitor believed these additional former employees did not have claims and were not included on the Wabush Represented Employee Claimants List provided to Salaried Representative Counsel under the Amended Claims Procedure Order.
29. Upon further investigation, it was determined that two of these four employees, Reginald Hillier and Joseph Vandebroek did not appear to have been paid severance and termination. These two Salaried Late Claim Employees would therefore have had a claim but for the expiry of the Claims Bar Date, the Employee Settlement and the Plan Sanction Order.
30. The Monitor, CCAA Parties and Salaried Representative Counsel have agreed that the remaining two employees did not have any claims.

#### **4. THE SETTLEMENT**

31. After exchanging information about the Salaried Late Claim Employees, the CCAA Parties, the Monitor and Salaried Representative Counsel entered into negotiations towards a possible settlement of the Salaried Late Claim Employees’ claims as it was determined that the costs of a contested motion regarding the late claims would likely be greater than the distributions payable to the Salaried Late Claim Employees under the Plan if the late claims were allowed.
32. Subject to the approval of the Court, a settlement has been agreed to between the CCAA Parties, the Monitor and Salaried Representative Counsel in the form of a consent order (the “**Draft Order**”), attached in support of the present Motion as **Exhibit**

**R-2** pursuant to which the claims in the amounts set out in Schedule “A” to the Draft Order (the “**Salaried Late Employee Claims**”) will be deemed to have been filed and allowed.

33. The Monitor will recommend to the Court to allow the filing of the Salaried Late Employee Claims despite the releases provided by the Amended Claims Procedure Order, Employee Settlement and the Plan Sanction Order to avoid the costs of a contested hearing which would be greater than the impact of the Salaried Late Employee Claims on distributions to other creditors, which is, in any event, *de minimis*. The Monitor does not believe there will be any material prejudice to other creditors, as will be addressed in greater detail in the Monitor’s report to be filed in connection with this Motion.

## 5. PROCEDURAL MATTERS

34. The Monitor also seeks declarations that any prior delay for the presentation of this Motion is abridged and validated so that this Motion is properly returnable on November 27, 2018.
35. Pursuant to paragraph 54 of the Bloom Lake Initial Order and to paragraph 56 of the Wabush Initial Order, all motions in these CCAA Proceedings are to be brought on not less than ten (10) calendar days’ notice to all Persons on the service list. Each motion must specify a date (the “**Initial Return Date**”) and time for the hearing.
36. The service of the present Motion serves as notice pursuant to paragraph 54 of the Bloom Lake Initial Order and paragraphs 47 and 56 of the Wabush Initial Order.
37. Paragraph 55 of the Bloom Lake Initial Order and paragraph 57 of the Wabush Initial Order require that any Person wishing to object to the relief sought on a motion in the CCAA Proceedings must serve responding motion materials or a notice stating the objection to the motion and grounds for such objection (a “**Notice of Objection**”) in writing to the moving party and the Monitor, with a copy to all persons on the service list, no later than 5 p.m. Montréal time on the date that is four (4) calendar days prior to the Initial Return Date (the “**Objection Deadline**”). Accordingly, any parties wishing to object to the relief sought on this Motion must serve responding motion materials or a Notice of Objection by no later than 5 p.m. Montréal time on November 23, 2018.
38. Paragraph 56 of the Bloom Lake Initial Order and paragraph 58 of the Wabush Initial Order further provide that if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion may determine whether a hearing is necessary, whether such hearing will be in person, by telephone or in writing and the parties from whom submissions are required (collectively, the “**Hearing Details**”).
39. Paragraph 57 of the Bloom Lake Initial Order and paragraph 59 of the Wabush Initial Order provide that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.



**6. INSTRUCTIONS SOUGHT**

40. In light of the foregoing, the Monitor hereby seeks the issuance of an Order substantially in the form of the Draft Order communicated herewith as Exhibit R-2, which provides that:
- (a) the Salaried Late Claims Employees' Affected Third Party General Unsecured Claims against the Wabush Mines Parties will be allowed in the amounts set out in Schedule "A" to the Draft Order, each as an Affected Third Party Unsecured Creditor of the Wabush Mines Parties, which Affected Third Party General Unsecured Claims will be entitled solely to distributions from the Wabush Mines Parties Unsecured Creditor Cash Pool pursuant to the Plan<sup>1</sup>;
  - (b) the Employee Settlement (Exhibit R-1) applies *nunc pro tunc* to the Salaried Late Claims Employees and Schedule A to the Employee Settlement is deemed amended to include the Salaried Late Employee Claims;
  - (c) the claims of the Salaried Late Claim Employees for the amounts set out on Schedule "A" shall be deemed to have been filed as valid Employee Affected Third Party General Unsecured Claims on or before the Claims Bar Date (as defined in the Amended Claims Procedure Order):
41. The CCAA Parties have been consulted by the Monitor and support the conclusions sought herein;
42. 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** an order substantially in the form of the Draft Order (Exhibit R-2) communicated in support hereof;

**WITHOUT COSTS**, save and except in case of contestation.

Montréal, November 19, 2018



**NORTON ROSE FULBRIGHT CANADA LLP**  
Mtre Sylvain Rigaud and Mtre Chrystal Ashby  
Attorneys of the Monitor FTI Consulting Canada Inc.

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<sup>1</sup> Unless otherwise defined herein, all terms in this paragraph have the meaning ascribed to them in the Plan.

**SCHEDULE "A"**

<b>Name of Creditor</b>	<b>Amount Claimed and Allowed</b>
Alvin Cluett	\$48,306.18
Reginald Hillier	\$42,309.54
Joseph Vandebroeck	\$54,056.27



**AFFIDAVIT**

I, the undersigned, **NIGEL MEAKIN**, Senior Managing Director of FTI Consulting Canada Inc., having a place of business at 79 Wellington Street, Suite 2010, Toronto, Ontario, M5K 1G8, solemnly affirm that all the facts alleged in the present *Motion for Directions with respect to Late Claims* are true.

AND I HAVE SIGNED:



**NIGEL MEAKIN**

SOLEMNLY DECLARED before me at  
Toronto, Ontario, on this 19<sup>th</sup> day of  
November 2018

  
\_\_\_\_\_  
Notary Public

Hugo Mangoc LSO # 73267V

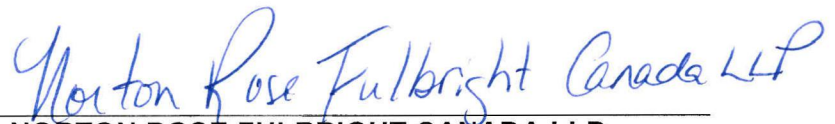
**NOTICE OF PRESENTATION**

**TO: Service List**

**TAKE NOTICE** that the present *Motion for Directions with respect to Late Claims* will be presented for adjudication before the Honourable Michel A. Pinsonnault, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montréal, in the Montréal Courthouse located at 1 Notre-Dame Street East, Montréal, Québec, on **November 27, 2018**, at **9:30 a.m.**, in a room to be determined.

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, November 19, 2018

A handwritten signature in blue ink that reads "Norton Rose Fulbright Canada LLP". The signature is written in a cursive, flowing style.

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**NORTON ROSE FULBRIGHT CANADA LLP**

Mtre Sylvain Rigaud and Mtre Chrystal Ashby

Attorneys of the Monitor FTI Consulting Canada Inc.

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF **MONTREAL**

N<sup>o</sup>: 500-11-048114-157

**SUPERIOR COURT**

Commercial Division

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

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**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

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**LIST OF EXHIBITS**

(In support of the *Motion for Directions with respect to Late Claims*)

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- R-1** Settlement and Release Agreement dated May 17, 2018 entered into between the Representatives, the CCAA Parties and the Monitor;
- R-2** Draft Consent Order concerning the Motion by the Monitor for Directions with respect to Late Claims.

Montréal, November 19, 2018

*Norton Rose Fulbright Canada LLP*

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**NORTON ROSE FULBRIGHT CANADA LLP**  
Mtre Sylvain Rigaud and Mtre Chrystal Ashby  
Attorneys of the Monitor FTI Consulting Canada Inc.

**Motion by the Monitor for Directions  
with respect to Late Claims - Exhibit R-1**

**SETTLEMENT AND RELEASE AGREEMENT**

Dated as of May 17, 2018

**BETWEEN:**

**NEIL JOHNSON, DAMIEN LEBEL, MICHAEL KEEPER  
AND TERRANCE WATT** the Court-appointed  
representatives of all Salaried/Non-union employees and  
retirees of the Wabush CCAA Parties (as hereinafter  
defined)

(hereinafter referred to as the **Representatives**)

**AND:**

**CLIFFS QUEBEC IRON MINING ULC**, an unlimited  
liability company governed by the laws of British Columbia,  
having its elected domicile at 199 Bay St., Suite 4000,  
Toronto, Ontario, M5L 1A9

(hereinafter referred to as **CQIM**)

**AND:**

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP**, a limited liability partnership formed  
pursuant to the laws of Ontario, having its elected domicile  
at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(hereinafter referred to as **Bloom Lake LP**)

**AND:**

**BLOOM LAKE GENERAL PARTNER LIMITED**, a  
corporation incorporated pursuant to the laws of Ontario,  
having its elected domicile at 199 Bay St., Suite 4000,  
Toronto, Ontario, M5L 1A9

(hereinafter referred to as **Bloom Lake GP**)

**AND:**

**QUINTO MINING CORPORATION**, a corporation  
incorporated pursuant to the laws of British Columbia,  
having its elected domicile at 199 Bay St., Suite 4000,  
Toronto, Ontario, M5L 1A9

(hereinafter referred to as **QMC**)

**AND:**

**8568391 CANADA LIMITED**, a corporation incorporated  
pursuant to the laws of Canada, person having its elected  
domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L  
1A9

(hereinafter referred to as **8568391**)

**AND:**

**BLOOM LAKE RAILWAY COMPANY LIMITED**, a  
corporation incorporated pursuant to the laws of  
Newfoundland and Labrador, having its elected domicile at  
199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(together with CQIM, Bloom Lake LP, Bloom Lake GP,  
QMC and 8568391, hereinafter referred to as



the **Bloom Lake CCAA Parties**)

**AND:**

**WABUSH IRON CO. LIMITED**, a corporation incorporated pursuant to the laws of the State of Ohio, United States of America, having its elected domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(hereinafter referred to as **WICL**)

**AND:**

**WABUSH RESOURCES INC.**, a corporation incorporated pursuant to the laws of Canada, having its elected domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(hereinafter referred to as **WRI**)

**AND:**

**WABUSH MINES**, an unincorporated contractual joint venture of Wabush Iron and Wabush Resources, governed by the laws of Newfoundland and Labrador, having its elected domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(hereinafter referred to as **Wabush Mines**)

**AND:**

**ARNAUD RAILWAY COMPANY**, a corporation incorporated pursuant to the laws of Québec, having its elected domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(hereinafter referred to as **Arnaud**)

**AND:**

**WABUSH LAKE RAILWAY COMPANY LIMITED**, a corporation incorporated pursuant to the laws of Newfoundland and Labrador, having its elected domicile at 199 Bay St., Suite 4000, Toronto, Ontario, M5L 1A9

(together with WICL, WRI, Wabush Mines and Arnaud, hereinafter referred to as the **Wabush CCAA Parties**; the Wabush CCAA Parties and the Bloom Lake CCAA Parties being referred to hereinafter as the **CCAA Parties**)

**AND:**

**FTI CONSULTING CANADA INC.**, duly constituted legal person having a place of business at 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1GB, in its sole capacity as Court-appointed monitor to the CCAA Parties and not in its personal or corporate capacity and without personal or corporate liability

(hereinafter referred to as the **Monitor**, and, together with the Representatives and the CCAA Parties, the **Parties**)

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**WHEREAS** the Bloom Lake CCAA Parties have commenced proceedings pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 in court file no. 500-11-048114-157 (the "**CCAA Proceedings**") following the issuance of an order dated January 27, 2015 (as subsequently amended, rectified and/or restated, the "**Bloom Lake Initial Order**") by the Superior Court of Québec, commercial division, in the district of Montreal (the "**CCAA Court**");

**WHEREAS** the Wabush CCAA Parties joined the CCAA Proceedings pursuant to an order of the CCAA Court dated May 20, 2015 (as subsequently amended, rectified and/or restated, the "**Wabush Initial Order**");

**WHEREAS** the Monitor has been appointed by the CCAA Court as monitor of the CCAA Parties for the purposes of the CCAA Proceedings pursuant to the Bloom Lake Initial Order and the Wabush Initial Order;

**WHEREAS** pursuant to an Order issued June 22, 2015 (the "**Representative Order**"), the Representatives were appointed as representatives of all salaried/non-Union employees and retirees of the Wabush CCAA Parties or any person claiming an interest under or on behalf of such employees or former employees or pensioners and surviving spouses, or group or class of them (excluding Opt-Out Individuals, as defined in the Representative Order) (collectively, the "**Salaried Members**") for the purpose of representing the Salaried Members in the CCAA Proceedings and in particular with respect to proving, settling or compromising the rights and claims of the Salaried Members in the CCAA Proceedings, which Salaried Members shall be bound by the actions of the Representatives and Representative Counsel (as defined in the Representative Order) in the CCAA Proceedings;

**WHEREAS** there are no Opt-Out Individuals;

**WHEREAS** the CCAA Court issued an amended and restated order on November 16, 2015 (the "**Claims Procedure Order**") approving a procedure for the submission, evaluation and adjudication of claims asserted against the CCAA Parties and their current and former directors and officers;

**WHEREAS** on or around December 18, 2015, pursuant to the Claims Procedure Order the Representatives filed a Notice of Dispute (as defined in the Claims Procedure Order) in respect of the Wabush Represented Employee Claimants List (as defined in the Claims Procedure Order) that disputed the Claims (as defined in the Claims Procedure Order) stated on the Wabush Represented Employee Claimants List for terminated health, life and other benefits (the "**Salaried OPEB Claims**");

**WHEREAS** on March 26, 2018, the CCAA Court issued an order (the "**Post-Filing Claims Procedure Order**") approving a procedure for the submission, evaluation and adjudication of claims asserted against the CCAA Parties and their current and former directors and officers that arose after the commencement of the CCAA Proceedings;

**WHEREAS** on April 20, 2018, the CCAA Court issued an Order, *inter alia*, accepting for filing the Joint Plan of Compromise and Arrangement pursuant to the CCAA dated April 16, 2018 (the "**Original Plan**"), filed by the CCAA Parties other than 8568391 Canada Limited and Bloom Lake Railway Company Limited;

**WHEREAS** the CCAA Parties other than 8568391 Canada Limited, Bloom Lake Railway Company Limited, and Wabush Lake Railway Company Limited (collectively, the "**Participating CCAA Parties**") have agreed to amend the Original Plan (the Plan as amended and restated, the "**Plan**") and Representative Counsel has agreed, for and on behalf of itself and the Salaried Members, to support the Plan pursuant to a Support Agreement dated May 17, 2018 (the "**Representative Support Agreement**");

**WHEREAS** the Monitor, in consultation with the CCAA Parties, may pursuant to the provisions of the Claims Procedure Order, consensually resolve any Claim; and



**WHEREAS** in connection with the Plan, the Parties agree that it is in their interest to settle the Salaried OPEB/Other Employee Claims pursuant to the terms and conditions set forth herein, without any admission of liability or responsibility.

**WHEREFORE THE PARTIES AGREE AS FOLLOWS:**

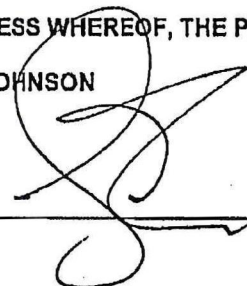
1. **Preamble.** The preamble forms an integral part of the present agreement;
2. **Effective Date.** This agreement will enter into effect and produce its effect upon execution by all Parties; however, if the Plan is not implemented, this agreement shall be null and void;
3. **No Admission of Liability.** The Parties agree that the execution of this agreement does not entail any admission of liability or responsibility by any of the Parties, and shall not be construed as such. Specifically, nothing herein shall be construed as a recognition by either the CCAA Parties or the Monitor as to the merits of the Salaried OPEB/Other Employee Claims;
4. **Allowed Claims.** In consideration for the releases and other terms and conditions provided for herein, the Parties hereby agree that the Salaried OPEB/Other Employee Claims as set out in **Schedule "A"** (the "**Allowed Salaried OPEB/Other Employee Claims**") shall be Allowed Claims (as defined in the Claims Procedure Order) for distribution and/or voting purposes under the Plan. For greater certainty, the Representatives hereby undertake to refrain from asserting that the Salaried Members are entitled to any consideration on account of the Allowed Salaried OPEB/Other Employee Claims other than a *pari passu* dividend as unsecured creditors of the Wabush Mines Parties (as defined in the Plan) as set out in the Plan. The Representatives acknowledge and agree, for and on behalf of themselves and the Salaried Members, that for the purposes of the Plan, no Salaried Member has an Employee Priority Claim, as defined in the Plan;
5. **Release.** In consideration for the allowance of the Allowed Salaried OPEB/Other Employee Claims and the distributions to the Salaried Members under the Plan, the Representatives, for and on behalf of themselves and the Salaried Members agree to the releases set out in the Plan, effective on the Plan Implementation Date (as defined in the Plan). For greater certainty, the Representatives hereby undertake not to assert or attempt to assert any D&O Claim or Restructuring Claim (as these terms are defined in the Claims Procedure Order), or Post-Filing Claim or D&O Post-Filing Claim (as these terms are defined in the Post-Filing Claims Procedure Order), in respect of any claims of the Salaried Members;
6. **Other Documents.** The Parties agree to execute such other documents and take such other action as may be needed to give full effect to this agreement.
7. **Transaction.** The Parties acknowledge that this agreement constitutes a transaction within the meaning of section 2631 and following of the *Civil Code of Québec*, CQLR, c. CCQ-1991, and that it shall have, as between the Parties, the authority of a final judgement;
8. **Successors and Assignees.** This agreement shall be binding upon the Parties and their respective successors, heirs and assigns;
9. **Representatives Duly Authorized.** The Parties hereby represent and warrant to each other that their respective undersigned representatives, where applicable, have been duly authorized to execute the present agreement;
10. **Entire Agreement.** This agreement supersedes all prior correspondence and discussions in connection with the Salaried OPEB/Other Employee Claims other than the Representative Support Agreement and, together with the Representative Support Agreement represents the entire agreement between the Parties, who acknowledge and declare that they understand the contents of this agreement and its legal effects;



11. **Counterparts.** This agreement may be executed in counterparts, which may be exchanged in electronic format by way of email, all of which together are deemed to constitute an original copy hereof;
12. **Applicable Law and Jurisdiction.** This agreement shall be governed by and interpreted in accordance with the law of the Province of Québec, including federal law applicable therein, and shall be subject to the exclusive jurisdiction of the CCAA Court or, following the termination of the CCAA Proceedings, of courts of the province of Québec generally.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED:

NEIL JOHNSON



DAMIEN LABEL

---

MICHAEL KEEPER

TERENCE WATT

---

CLIFFS QUEBEC IRON MINING ULC  
THE BLOOM LAKE IRON ORE MINE  
LIMITED PARTNERSHIP  
BLOOM LAKE GENERAL PARTNER  
LIMITED  
QUINTO MINING CORPORATION  
8568391 CANADA LIMITED  
BLOOM LAKE RAILWAY COMPANY  
LIMITED  
WABUSH IRON CO. LIMITED  
WABUSH RESOURCES INC.,  
WABUSH MINES  
WABUSH LAKE RAILWAY COMPANY  
LIMITED  
ARNAUD RAILWAY COMPANY

FTI CONSULTING CANADA INC., in its capacity as  
court-appointed Monitor of the CCAA Parties and not  
in its personal or corporate capacity

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Name: Nigel D. Meakin  
Title: Senior Managing Director

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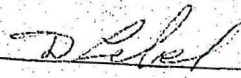
Name: Clifford T. Smith  
Title: Authorized Signing Officer

[Settlement and Release Agreement – Representatives OPEB/Other Employee Claims]

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED:

NEIL JOHNSON

DAMIEN LABEL



MICHAEL KEEPER

TERENCE WATT

CLIFFS QUEBEC IRON MINING ULC  
THE BLOOM LAKE IRON ORE MINE  
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Name: Nigel D. Meakin

Title: Senior Managing Director

Name: Clifford T. Smith

Title: Authorized Signing Officer

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED:

NEIL JOHNSON

DAMIEN LABEL

MICHAEL KEEPER

TERENCE WATT



CLIFFS QUEBEC IRON MINING ULC  
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LIMITED PARTNERSHIP  
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Title: Senior Managing Director

Name: Clifford T. Smith  
Title: Authorized Signing Officer

[Settlement and Release Agreement – Representatives OPEB/Other Employee Claims]



IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED

HEID JOHNSON

DAMIEN LABEL

MICHAEL KEEPER

TERENCE WATT



CLIFFS QUEBEC IRON MINING ULC  
THE BLOOM LAKE IRON ORE MINE  
LIMITED PARTNERSHIP  
BLOOM LAKE GENERAL PARTNER  
LIMITED  
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8688391 CANADA LIMITED  
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FTI CONSULTING CANADA INC., in its capacity as  
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in its personal or corporate capacity

Name: Nigel D. Meakin  
Title: Senior Managing Director

Name: Gifford T. Smith  
Title: Authorized Signing Officer



IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED:

NEIL JOHNSON

DAMIEN LABEL

MICHAEL KEEPER

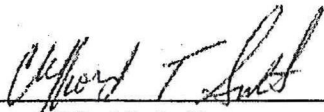
TERRANCE WATT

CLIFFS QUEBEC IRON MINING ULC  
THE BLOOM LAKE IRON ORE MINE  
LIMITED PARTNERSHIP  
BLOOM LAKE GENERAL PARTNER  
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Name: Nigel D. Meakin

Title: Senior Managing Director



Name: Clifford T. Smith

Title: Authorized Signing Officer

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SIGNED:

NEIL JOHNSON

DAMIEN LABEL

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

MICHAEL KEEPER

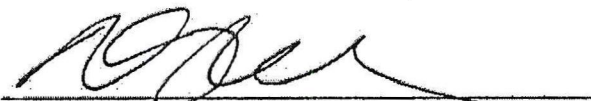
TERENCE WATT

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

CLIFFS QUEBEC IRON MINING ULC  
THE BLOOM LAKE IRON ORE MINE  
LIMITED PARTNERSHIP  
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FTI CONSULTING CANADA INC., in its capacity as  
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in its personal or corporate capacity



Name: Nigel D. Meakin  
Title: Senior Managing Director

\_\_\_\_\_  
Name: Clifford T. Smith  
Title: Authorized Signing Officer

**SUPERIOR COURT**

C A N A D A

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

N<sup>o</sup>: 500-11-048114-157

DATE: November 27, 2018

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**PRESIDING: THE HONOURABLE MICHEL A. PINSONNAULT**

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**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

(Petitioners and Mises-en-cause hereinafter the “**CCAA Parties**”)

-and-

**FTI CONSULTING CANADA INC.**

Monitor

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**ORDER**

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- [1] **THE COURT**, upon reading the *Motion by the Monitor for Directions with respect to Late Claims* (the "**Motion**") and having examined the Monitor's Report in connection thereto;
- [2] **SEEING** the notification of the Motion to the Service List;
- [3] **CONSIDERING** the submissions of counsel for the Monitor and the CCAA Parties;
- [4] **GIVEN** the terms of the Initial Order of this Court dated January 27, 2015 (as subsequently amended, rectified and/or restated), the Initial Order of this Court dated May 20, 2015 (as subsequently amended, rectified and/or restated), the Order of this Court with respect to the claims process issued on November 5, 2015 (as amended by an order of the Court issued on November 16, 2015 and as further amended from time to time), and the Order of this Court with respect to sanction of the Amended and Restated Joint Plan of Compromise and Arrangement in respect of the Participating CCAA Parties (as defined therein) dated June 29, 2018;
- [5] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

**FOR THESE REASONS, THE COURT HEREBY:**

- [6] **GRANTS** the Motion.
- [7] **DECLARES** that any delay for presentation of this Motion is hereby abridged in order that this Motion is properly returnable on November 27, 2018, with a dispensation from further service thereof.
- [8] **DECLARES** that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.
- [9] **DECLARES** that the claims of the Salaried Late Claim Employees for the amounts set out on Schedule "A" shall be deemed to have been filed as valid Employee Affected Third Party General Unsecured Claims on or before the Claims Bar Date.
- [10] **DECLARES** that the Salaried Late Employee Claims shall be allowed as Affected Third Party General Unsecured Claims against the Wabush Mines Parties in the amounts set out in Schedule "A" to this Order, each as an Affected Third Party Unsecured Creditor of the Wabush Mines Parties, which Affected Third Party General Unsecured Claims would be entitled solely to distributions from the Wabush Mines Parties Unsecured Creditor Cash Pool pursuant to the Plan (as such terms are defined in the Plan).
- [11] **DECLARES** that the Employee Settlement applies to the Salaried Late Claims Employees *nunc pro tunc* and that Schedule A to the Employee Settlement shall be deemed amended to include the Salaried Late Employee Claims.

**GENERAL**

- [12] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the necessity.

[13] **WITHOUT COSTS**, save in case of contestation.

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**MICHEL A. PINSONNAULT J.S.C.**

M<sup>re</sup> Sylvain Rigaud  
Norton Rose Fulbright Canada LLP  
Attorneys for the Monitor

Hearing date: November 27, 2018

**SCHEDULE "A"**

<b>Name of Creditor</b>	<b>Amount Claimed and Allowed</b>
Alvin Cluett	\$48,306.18
Reginald Hillier	\$42,309.54
Joseph Vandenbroeck	\$54,056.27

NO: 500-11-048114-157

SUPERIOR COURT  
DISTRICT OF MONTREAL

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

BLOOM LAKE GENERAL PARTNER LIMITED ET AL

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP  
ET AL.

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

**MOTION FOR DIRECTIONS WITH RESPECT TO LATE CLAIMS**

(Sections 11 and 23(k) of the  
*Companies' Creditors Arrangement Act*)

**AFFIDAVIT, NOTICE OF PRESENTATION, LIST OF EXHIBITS  
AND EXHIBITS R-1 AND R-2**

ORIGINAL

BO-0042

#10007517-1000149903

Mtre. Sylvain Rigaud and Mtre. Chrystal Ashby

**NORTON ROSE FULBRIGHT CANADA LLP**

BARRISTERS & SOLICITORS

1 Place Ville Marie, Suite 2500

Montréal, Quebec H3B 1R1 CANADA

Telephone: 514-847-4702

Telephone: 514-847-6076

Fax: +1 514.286.5474

[Notifications-mtl@nortonrosefulbright.com](mailto:Notifications-mtl@nortonrosefulbright.com)