

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

**TWELFTH 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 (“**Bloom Lake GP**”), 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 Quebec (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 “**Wabush Filing Date**”), 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 6, 2015.
4. On April 17, 2015, Mr. Justice Hamilton J.S.C. granted an Order approving, as it relates to the Bloom Lake CCAA Parties, a sale and investor solicitation process (as may be amended from time to time, the “**SISP**”) involving the business and assets of the Bloom Lake CCAA Parties and the Wabush CCAA Parties (the “**SISP Order**”). The SISP was subsequently amended and restated to reflect the inclusion of the Wabush CCAA Parties in the CCAA Proceedings and approved *nunc pro tunc* as it relates to the Wabush CCAA pursuant to an Order granted June 9, 2015.
5. 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 Koskie Minsky LLP and Nicholas Scheib (collectively “**Representative Counsel**”) as legal counsel to the Representatives.
6. To date, the Monitor has filed eleven reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Twelfth Report (this “**Report**”), is to inform the Court on the on the following:
- (a) The receipts and disbursements of the CCAA Parties for the period ending October 16, 2015;
 - (b) The CCAA Parties’ revised and extended cash flow forecast for the period October 17, 2015 to January 29, 2016 (the “**October 23 Forecast**”);
 - (c) Matters relating to the Interim Financing Facility;
 - (d) Correspondence in respect of an alleged default in the minimum royalty payment (the “**Minimum Royalty Payment**”) under the Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited (now MFC Industrial Ltd.) (“**MFC**”) and Wabush Iron Co. Limited dated as of September 2, 1959 (as amended, restated, supplemented or modified from time to time, the “**Wabush Sublease**”);
 - (e) The progress of the SISP;
 - (f) The provision of confidential information to certain creditors;
 - (g) The status of the Monitor’s investigation of the 2014 Reorganization; and
 - (h) The CCAA Parties’ request for an extension of the Stay Period to January 29, 2016 and the Monitor’s recommendation thereon.

TERMS OF REFERENCE

7. 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**").
8. 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.
9. 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.
10. The Monitor has prepared this Report in connection with the CCAA Parties' Motion dated October 23, 2015, returnable November 5, 2015 in respect of the extension of the Stay Period (the "**Stay Extension Motion**"). The Report should not be relied on for other purposes.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Bloom Lake Initial Order, the Wabush Initial Order or previous reports of the Monitor.

EXECUTIVE SUMMARY

12. Capitalized terms used in the Executive Summary are as defined in the relevant section of the Report.
13. The Monitor is of the view that:
 - (a) The CCAA Parties have acted, and are acting, in good faith and with due diligence;
 - (b) Circumstances exist that make an extension of the Stay Period appropriate; and
 - (c) Creditors would not be materially prejudiced by an extension of the Stay Period to January 29, 2016.
14. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for an extension of the Stay Period to January 29, 2016 be granted.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO OCTOBER 16, 2015

THE BLOOM LAKE CCAA PARTIES

15. The Bloom Lake CCAA Parties' actual cash flow on a consolidated basis for the period from July 11 to October 16, 2015, was approximately \$5.9 million better than the July 17 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	460	1,968	1,508
Disbursements:			
Payroll & Employee Benefits	(2,979)	(3,037)	(58)
Termination & Severance	(29)	(489)	(460)
Utilities	(1,179)	(688)	491
Other Operating Disbursements	(4,211)	(2,551)	1,660
Operating Cash Flows	(7,938)	(4,797)	3,141
Restructuring Professional Fees	(4,555)	(1,787)	2,768
Projected Net Cash Flow	(12,493)	(6,584)	5,909
Beginning Cash Balance	36,404	36,404	0
Projected Net Cash Flow	(12,493)	(6,584)	5,909
Foreign Exchange Gain/(Loss)	0	752	752
Ending Cash Balance	23,911	30,572	6,661

16. Explanations for the key variances in actual receipts and disbursements as compared to the July 17 Forecast are as follows:

- (a) The favourable variance of approximately \$1.5 million in receipts is a combination of a permanent favourable variance of approximately \$1.7 million resulting from the collection of deferred payments in respect of a pre-filing sale of certain mining claims and the collection of vendor deposits and credit balances which had not been included in the July 17 Forecast due to uncertainty on timing and collectability, offset by a negative timing variance of \$0.2 million in respect of payments under the Mount-Wright Lease Agreement which were not paid on schedule;
- (b) The unfavourable variance of approximately \$0.5 million in severance and termination is a permanent variance arising from headcount reductions at the Bloom Lake mine and the Montreal head office which were not forecast to occur in the period;

- (c) The favourable variance of approximately \$0.5 million in utility costs is a combination of a timing variance of approximately \$0.3 million and a permanent variance of approximately \$0.2 million as a result of lower than forecast consumption;
 - (d) The favourable variance of approximately \$1.7 million in other operating disbursements consists of favourable permanent variances totalling approximately \$1.6 million as a result of lower than forecast requirements for maintenance and repairs, contractors and other costs and a favourable timing variance of approximately \$0.3 million offset by a permanent adverse variance of approximately \$0.2 million in respect of non-restructuring professional fees and other costs;
 - (e) The favourable variance of approximately \$2.8 million in aggregate professional fees is believed to be comprised of a combination of timing variances of approximately \$1.1 million that are expected to reverse in future periods and a permanent variance of approximately \$1.7 million; and
 - (f) The foreign exchange gain arises as the Bloom Lake CCAA Parties hold certain funds and make certain payments in U.S. dollars and actual exchange rates vary from those used in the July 17 Forecast.
17. The Bloom Lake Initial Order permits inter-company funding between the Bloom Lake CCAA Parties. To date inter-company funding in the amount of approximately \$2.7 million has been advanced from Bloom Lake LP to CQIM since the start of the CCAA Proceedings.

THE WABUSH CCAA PARTIES

18. The Wabush CCAA Parties' actual cash flow, excluding interim financing, on a consolidated basis for the period from July 11 to October 16, 2015, was approximately \$4.1 million better than the July 17 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	190	1,769	1,579
Disbursements:			
Payroll & Employee Benefits	(1,603)	(1,366)	237
Termination & Severance	0	0	0
Contractors	(2,314)	(2,393)	(79)
Utilities	(630)	(389)	241
Other Operating Disbursements	(869)	(985)	(116)
Operating Cash Flows	(5,226)	(3,364)	1,862
Restructuring Professional Fees	(3,400)	(1,158)	2,242
Projected Net Cash Flow	(8,626)	(4,522)	4,104
Beginning Cash Balance	1,192	1,192	0
Interim Financing Draws	7,625	4,330	(3,295)
Projected Net Cash Flow	(8,626)	(4,522)	4,104
Foreign Exchange Gain/(Loss)	0	7	7
Ending Cash Balance	191	1,007	816

Interim Financing Facility (C\$)			
Limit	12,965	12,965	0
Drawn	(9,983)	(6,354)	3,629
Available	2,982	6,611	3,629
Interim Financing Facility (US\$)			
Limit	10,000	10,000	0
Drawn	(7,700)	(4,900)	2,800
Available	2,300	5,100	2,800

19. Explanations for the key variances in actual receipts and disbursements as compared to the July 17 Forecast are as follows:

- (a) The favourable variance of approximately \$1.6 million in receipts is a permanent favourable variance comprising approximately \$1.3 million from tax refunds and approximately \$0.3 million from the sale of housing stock not contemplated in the July 17 Forecast due to uncertainty on timing and collectability;
- (b) The favourable variance of approximately \$0.2 million in payroll and employee benefits is a permanent variance arising from lower than forecast normal cost pension contribution requirements and lower than forecast vacation payment claims;
- (c) The favourable variance of approximately \$0.2 million in utilities is a combination of a timing variance of approximately \$0.1 million and a permanent variance of approximately \$0.1 million as a result of lower than forecast consumption;
- (d) The adverse variance of approximately \$0.1 million in other operating disbursements comprises a permanent adverse variance of \$0.75 million from the payment of the Minimum Royalty Payment offset by permanent favourable variances totalling approximately \$0.6 million in supplies and other costs; and
- (e) The favourable variance of approximately \$2.2 million in restructuring fees is believed to be comprised of a combination of timing variances of approximately \$0.6 million that are expected to reverse in future periods and a permanent variance of approximately \$1.6 million.

THE OCTOBER 23 FORECAST

20. The October 23 Forecast is attached hereto as **Appendix A**. The October 23 Forecast shows a net cash outflow of approximately \$9.4 million for the Bloom Lake CCAA Parties and approximately \$4.6 million for the Wabush CCAA Parties, excluding interim financing, in the period October 17, 2015 to January 29, 2016. The October 23 Forecast is summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties
	\$000	\$000
Receipts	345	224
Disbursements:		
Payroll & Employee Benefits	(2,309)	(1,507)
Termination & Severance	(133)	0
Contractors	0	(318)
Utilities	(855)	(662)
Other Operating Disbursements	(3,026)	(501)
Operating Cash Flows	(5,978)	(2,764)
Restructuring Professional Fees	(3,437)	(1,853)
Projected Net Cash Flow	(9,415)	(4,617)
Beginning Cash Balance	30,572	1,007
Interim Financing Draws	n/a	3,759
Projected Net Cash Flow	(9,415)	(4,617)
Ending Cash Balance	21,157	149

Interim Financing Facility (C\$)		
Limit	n/a	12,965
Drawn	n/a	(10,113)
Available	n/a	2,852
Interim Financing Facility (US\$)		
Limit	n/a	10,000
Drawn	n/a	(7,800)
Available	n/a	2,200

21. While the CCAA Parties have continued taking actions to attempt to minimize costs, there are no material changes in the key underlying assumptions in the October 23 Forecast as compared to the July 17 Forecast.

INTERIM FINANCING

22. Capitalized terms in this section of this Report not otherwise defined are as defined in the Interim Financing Term Sheet.
23. An Event of Default under the Interim Financing Agreement occurred as a result of the negative variance between the actual Net Cash Flow for the week ended July 24, 2015 and the Agreed Budget being greater than 10%. The Event of Default was waived in writing by the Interim Lender by letter dated August 3, 2015, a copy of which is attached hereto as **Appendix B**.
24. Pursuant to the Interim Financing Term Sheet, the Interim Facility is repayable in full on the Maturity Date, which is the earlier of:
- (a) The occurrence of an Event of Default that is continuing and has not been cured;
 - (b) The implementation of a plan of arrangement;
 - (c) Conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (the “BIA”);
 - (d) The sale of all or substantially all of the Collateral; and
 - (e) Six months from the date of the Wabush Initial Order, being November 20, 2015 (the “**Outside Maturity Date**”).

25. The Interim Financing Term Sheet provides that the Maturity Date may be extended from time to time by agreement of the Wabush CCAA Parties and the Interim Lender, provided that the extension shall be no more than six months without the approval of the Court.
26. Pursuant to an amending agreement between the Interim Lender and the Wabush CCAA Parties dated October 23, 2015 (the “**Interim Financing Amendment**”), the Wabush CCAA Parties and the Interim Lender have agreed to extend the Outside Maturity Date to February 19, 2016. A copy of the Interim Financing Amendment is attached hereto as **Appendix C**.

CORRESPONDENCE IN RESPECT OF MINIMUM ROYALTY PAYMENTS

27. On August 24, 2015, within thirty days of the payment date, the Wabush CCAA Parties made payments in the aggregate amount of \$750,000 in respect of the Minimum Royalty Payment purportedly owing under the Wabush Sublease. Such payments were made on a without prejudice basis with the Wabush CCAA Parties reserving their rights and remedies to assert or claim that all or some of the Minimum Royalty Payment was not due and owing.
28. On September 3, 2015, MFC issued a notice of default with respect to the Wabush Sublease (the “**MFC Notice of Default**”) alleging that the Minimum Royalty Payment had not been paid in full. A copy of the MFC Notice of Default is attached hereto as **Appendix D**. The MFC Notice of Default was disputed by the Wabush CCAA Parties by way of a letter from counsel to the Wabush CCAA Parties to counsel to MFC dated September 10, 2015, a copy of which is attached hereto as **Appendix E**.
29. On September 11, 2015, counsel to the Monitor requested that MFC confirm the amount of the Minimum Royalty Payment allegedly outstanding and provide the justification or particulars of that position.

30. Counsel to MFC responded to that request on September 18, 2015 asserting that under the terms of the Wabush Sublease, the minimum tonnage used to calculate the Minimum Royalty Payment had increased in 1973 from 10,000,000 gross tons per year to 10,833,000 gross tons per year and, accordingly, the Minimum Royalty Payment payable on July 25, 2015 was \$812,250 not \$750,000. A copy of the letter dated September 18, 2015 is attached hereto as **Appendix F**.
31. On October 1, 2015 counsel to the Monitor replied to the letter dated September 18, 2015 noting that notwithstanding that mining activities at Wabush Mine had ceased in February 14, 2014 (and which would therefore be the latest date that the minimum tonnage provisions came into effect), MFC had never alleged prior to September 18, 2015 that there had been an underpayment in any of the quarterly Minimum Royalty Payments since that time. An offer was made on a without prejudice basis for the Wabush CCAA Parties to pay the alleged underpayment of \$62,000 in consideration of MFC confirming that there was no continuing or post-filing default under the Mining Sublease. A copy of the letter dated October 1, 2015 is attached hereto as **Appendix G**.
32. To date no response has been received to the letter dated October 1, 2015.

PROGRESS OF THE SISP

33. The SISP provided that the Phase II Bid Deadline for the submission of binding offers was 5:00 p.m. Montréal Time on July 16, 2015. As previously reported, a number of offers were received prior to the Phase II Bid Deadline, which offers were being reviewed by the CCAA Parties and the Monitor.
34. The Monitor also previously reported that, in parallel with the SISP, the Monitor has obtained a number of proposals for the liquidation of assets and that those liquidation proposals were being reviewed by the CCAA Parties and the Monitor in conjunction with their review of the offers submitted under the SISP.

35. 104 parties were contacted during the SISP and 25 parties executed non-disclosure agreements. Offers have been received for various assets, including the Bloom Lake Mine, the Pointe-Noire Port Facility and sundry small asset groups. The CCAA Parties, in consultation with the Monitor, are in the process of endeavouring to negotiate definitive agreements, subject to Court approval, with each of the leading bidders.
36. Regrettably, no offers were received for the Wabush Mine. Accordingly, the CCAA Parties, in consultation with the Monitor, are in the process of endeavouring to negotiate definitive agreements, subject to Court approval, for the liquidation of the equipment located at Scully Mine and sundry other assets.
37. In the event that the CCAA Parties are able to successfully conclude the negotiation of the various definitive agreements, they would seek Court approval of the transactions at the appropriate time. In the meantime, in order to protect the integrity of the SISP and of the negotiations, specific details in respect of the offers and the proposed transactions will be kept confidential at this time.

PROVISION OF CONFIDENTIAL INFORMATION TO CERTAIN CREDITORS

38. A number of parties have requested information with respect to the SISP. The CCAA Parties have provided certain confidential information to those parties that have executed a non-disclosure agreement.
39. EBC Inc. and Groupe UNNU-EBC s.e.n.c. (together, “UNNU”), creditors that have registered legal hypothecs on certain mining rights held by the Bloom Lake CCAA Parties, have been provided certain information with respect to the SISP pursuant to the terms of a non-disclosure agreement (“NDA”). By letter dated October 16, 2015, counsel to UNNU also requested certain information related to the SISP be provided on a non-confidential basis. A copy of the letter from counsel to UNNU requesting such information is attached hereto as **Appendix H**.

40. On October 26, 2015, UNNU served a motion to communicate information and/or documentation (the “**UNNU Disclosure Motion**”). The UNNU Disclosure Motion seeks, *inter alia*, the following:
- (a) Confirmation or denial of the identity of the prospective purchaser of certain assets including the Bloom Lake Mine;
 - (b) Copies of the offers received which encompass rights of Bloom Lake LP or Bloom Lake GP under the mining lease and mining claims against which UNNU has registered legal hypothecs (the “**UNNU Hypothec Assets**”);
 - (c) The solicitation list of potential interested parties contacted in the SISP;
 - (d) Access to the data room which was made available to interested parties;
 - (e) The amount of cash on hand for Bloom Lake LP and Bloom Lake GP;
 - (f) Data regarding the carrying costs of the Bloom Lake mine should the operation be mothballed and held for a period with a view to a sale at a later date;
41. The Monitor has discussed the UNNU Disclosure Motion with the CCAA Parties and their advisors. The CCAA Parties have informed the Monitor the following with respect to the items listed in the foregoing paragraph:
- (a) Without confirming or denying the identity of the prospective purchaser with whom the CCAA Parties are in negotiation, the prospective purchaser has been asked whether its name can be disclosed to UNNU on either a confidential or non-confidential basis;

- (b) Provided UNNU withdraws the UNNU Disclosure Motion, the CCAA Parties are prepared to make the items listed in paragraph 41(b) to (d) available to UNNU¹ on a confidential basis pursuant to the terms of its NDA;
 - (c) The amount of cash held by Bloom Lake LP and Bloom Lake GP has already been provided to UNNU and updated information can be provided; and
 - (d) No estimate of carrying costs of the Bloom Lake mine for an extended period of time has been prepared, but based on the October 23 Forecast, the carrying costs are estimated to be approximately \$1.8 million per month.
42. The Monitor will provide additional comments on the UNNU Disclosure Motion in a separate report if the Monitor determines that it is necessary or appropriate to do so.

THE 2014 REORGANIZATION

43. The Initial Motion included a brief description of the 2014 Reorganization, as defined therein. The (then Proposed) Monitor stated in its Pre-Filing Report that, subject to any Order that may be issued by the Court, it intended to review the 2014 Reorganization and its impact and to provide a report thereon to the Court in due course.

¹ Some redactions may be required as a result of confidentiality obligations of the CCAA Parties

44. The 2014 Reorganization was a complex, multi-stage corporate reorganization that had the effect of reducing inter-company indebtedness owed by CQIM to non-filing affiliates by approximately \$805.4 million from approximately \$5.6 billion to \$4.8 billion through the transfer to non-filing affiliates of cash from the Australian subsidiaries of CQIM (the “**Australian Subsidiaries**”), the assignment of inter-company notes and the transfer of preferred and common shares in the Australian Subsidiaries held by CQIM.
45. The Monitor has requested that CNR provide various documents and other information with respect to the 2014 Reorganization and the inter-company indebtedness in order that the Monitor can undertake its review. To date, CNR has co-operated with the Monitor in respect of its review of the 2014 Reorganization and has provided documents and information in response to the Monitor’s original request. The Monitor has made additional requests for documents and information and CNR has informed the Monitor that it intends to provide additional information shortly.
46. The Monitor intends to file a detailed report addressing the 2014 Reorganization once it has completed its review.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

47. The Stay Period currently expires on November 6, 2015. Additional time is required for the CCAA Parties to complete the negotiation of definitive agreements for the sale of assets, to seek Court approval of such agreements and complete the transactions, to implement the Claims Procedure if it is approved by the Court and to undertake the other activities necessary to complete the CCAA Proceedings. The continuation of the stay of proceedings is necessary to provide the stability needed during that time. Accordingly, the CCAA Parties now seek an extension of the Stay Period to January 29, 2016.

48. The October 23 Forecast demonstrates that, subject to the underlying assumptions thereof, the CCAA Parties have sufficient liquidity to fund the CCAA Parties' operations and the CCAA Proceedings to January 29, 2016.
49. 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 January 29, 2016.
50. 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.
51. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to January 29, 2016.

The Monitor respectfully submits to the Court this, its Twelfth Report.

Dated this 27th day of October, 2015.

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

Appendix A

The October 23 Forecast

Bloom Lake CCAA Parties Cash Flow Projection

Amounts in CAD in thousands

Week Ending Friday Forecast Week	23-Oct-15	30-Oct-15	6-Nov-15	13-Nov-15	20-Nov-15	27-Nov-15	4-Dec-15	11-Dec-15	18-Dec-15	25-Dec-15	1-Jan-16	8-Jan-16	15-Jan-16	22-Jan-16	29-Jan-16	15-Week Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Cash Flow from Operations																
Receipts	-	-	115	-	-	-	115	-	-	-	115	-	-	-	-	345
Payroll & Employee Benefits	(18)	(283)	(64)	(283)	(18)	(283)	(64)	(283)	(18)	(283)	(64)	(164)	(137)	(164)	(183)	(2,309)
Termination & Severance	-	-	-	(95)	(38)	-	-	-	-	-	-	-	-	-	-	(133)
Utilities	-	-	(161)	(124)	-	-	(161)	(124)	-	-	-	(161)	(124)	-	-	(855)
Other Operating Disbursements	(272)	(359)	(290)	(178)	(111)	(187)	(296)	(178)	(111)	(187)	(86)	(381)	(92)	(111)	(187)	(3,026)
Operating Cash Flows	(290)	(642)	(400)	(680)	(167)	(470)	(406)	(585)	(129)	(470)	(35)	(706)	(353)	(275)	(370)	(5,978)
Restructuring Professional Fees	(70)	(953)	(195)	(215)	(228)	(165)	(165)	(165)	(198)	(185)	(185)	(165)	(178)	(165)	(205)	(3,437)
Projected Net Cash Flow	(360)	(1,595)	(595)	(895)	(395)	(635)	(571)	(750)	(327)	(655)	(220)	(871)	(531)	(440)	(575)	(9,415)
Beginning Cash Balance	30,572	30,212	28,617	28,022	27,127	26,732	26,097	25,526	24,776	24,449	23,794	23,574	22,703	22,172	21,732	30,572
DIP Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Net Cash Flow	(360)	(1,595)	(595)	(895)	(395)	(635)	(571)	(750)	(327)	(655)	(220)	(871)	(531)	(440)	(575)	(9,415)
Ending Cash Balance	30,212	28,617	28,022	27,127	26,732	26,097	25,526	24,776	24,449	23,794	23,574	22,703	22,172	21,732	21,157	21,157

Notes:

- [1] The purpose of this cash flow projection is to determine the liquidity requirements of the Bloom Lake CCAA Parties during the forecast period.
- [2] Forecast Receipts consist of monthly lease payments in respect of the Mount-Wright Camp Lease Agreement approved by the Court on March 30, 2015.
- [3] Forecast Payroll & Employee Benefits disbursements are based on actual payroll funding in the period leading up to the forecast period combined with scheduled reductions in staffing.
- [4] Termination & Severance disbursements are based on estimated amounts payable for past and future planned headcount reductions.
- [5] Forecast Utilities disbursements consist primarily of hydro costs to maintain the Bloom Lake operations on care and maintenance mode, and reflect current payment terms, rates and estimated consumption over the forecast period.
- [6] Forecast Other Operating Disbursements reflect the wind-down, and placement on care and maintenance of Bloom Lake. The timing of Other Operating Disbursements are assumed to be cash on delivery.
- [7] Forecast Restructuring Professional Fees consist of legal and financial advisor fees associated with the CCAA proceedings based on estimates obtained from legal and professional advisors.

Wabush CCAA Parties Cash Flow Projection

Amounts in CAD in thousands (\$000s)

Week Ending Friday Forecast Week	23-Oct-15	30-Oct-15	6-Nov-15	13-Nov-15	20-Nov-15	27-Nov-15	4-Dec-15	11-Dec-15	18-Dec-15	25-Dec-15	1-Jan-16	8-Jan-16	15-Jan-16	22-Jan-16	29-Jan-16	15-Week Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Cash Flow from Operations																
Receipts	-	49	35	-	14	-	49	-	14	-	14	35	14	-	-	224
Payroll & Employee Benefits	(105)	(263)	(49)	(104)	(49)	(169)	(49)	(104)	(49)	(110)	(59)	(153)	(26)	(127)	(91)	(1,507)
Termination & Severance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contractors	(28)	(97)	(31)	(14)	(3)	(15)	(31)	(14)	(3)	(5)	(14)	(31)	(14)	(3)	(15)	(318)
Utilities	(35)	(132)	(165)	-	-	-	(165)	-	-	-	-	(165)	-	-	-	(662)
Other Operating Disbursements	(46)	(198)	(23)	(11)	(11)	(11)	(62)	(11)	(11)	(11)	(55)	(18)	(11)	(11)	(11)	(501)
Operating Cash Flows	(214)	(641)	(233)	(129)	(49)	(195)	(258)	(129)	(49)	(126)	(114)	(332)	(37)	(141)	(117)	(2,764)
Restructuring Professional Fees	(157)	(201)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(1,853)
Projected Net Cash Flow	(371)	(842)	(348)	(244)	(164)	(310)	(373)	(244)	(164)	(241)	(229)	(447)	(152)	(256)	(232)	(4,617)
Beginning Cash Balance	1,007	636	183	224	110	205	154	170	185	151	169	199	141	119	122	1,007
Projected Net Cash Flow	(371)	(842)	(348)	(244)	(164)	(310)	(373)	(244)	(164)	(241)	(229)	(447)	(152)	(256)	(232)	(4,617)
Interim Financing	-	389	389	130	259	259	389	259	130	259	259	389	130	259	259	3,759
Ending Cash Balance	636	183	224	110	205	154	170	185	151	169	199	141	119	122	149	149
Interim Financing																
Beginning Balance	6,354	6,354	6,743	7,132	7,262	7,521	7,780	8,169	8,428	8,558	8,817	9,076	9,465	9,595	9,854	6,354
Draws / (Repayments)	-	389	389	130	259	259	389	259	130	259	259	389	130	259	259	3,759
Ending Balance	6,354	6,743	7,132	7,262	7,521	7,780	8,169	8,428	8,558	8,817	9,076	9,465	9,595	9,854	10,113	10,113
Interim Financing - in USD																
Beginning Balance	4,900	4,900	5,200	5,500	5,600	5,800	6,000	6,300	6,500	6,600	6,800	7,000	7,300	7,400	7,600	4,900
Draws / (Repayments)	-	300	300	100	200	200	300	200	100	200	200	300	100	200	200	2,900
Ending Balance - in USD	4,900	5,200	5,500	5,600	5,800	6,000	6,300	6,500	6,600	6,800	7,000	7,300	7,400	7,600	7,800	7,800

Notes:

- [1] The purpose of this cash flow projection is to determine the liquidity requirements of the Wabush CCAA Parties during the forecast period.
- [2] Forecast receipts consist of storage fees from the Bloom Lake CCAA Parties for the storage of certain assets at Pointe Noire and are based on the amounts and payment terms of the underlying agreement
- [3] Forecast Payroll & Employee Benefits disbursements are forecast based on current staffing levels and recent payroll amounts, and do not include any payments in respect of post-employment benefits nor other restricted payments described in section 25(h) of the Interim Financing Term Sheet.
- [4] Forecast disbursements in respect of Contractors consist primarily of environmental monitoring and containment activities related to the Scully mine and the Pointe Noire facilities, and are assumed to be paid when services are rendered.
- [5] Forecast Utilities disbursements consist primarily of hydro costs to maintain the Scully Mine and Pointe Noire facilities and reflect current payment terms, rates and estimated consumption over the forecast period.
- [6] Forecast Other Operating Disbursements reflect costs of on-going monitoring and maintenance of the Scully mine and Pointe Noire facilities not reflected in other line items. The timing of Other Operating Disbursements is assumed to be cash on delivery.
- [7] Forecast Restructuring Professional Fees consist of legal, financial and sale advisor fees associated with the CCAA proceedings based on estimates obtained from the relevant advisors.
- [8] The cash flow projection includes draws/(repayments) under the Interim Financing from Cliffs Mining Company.
- [9] Forecast amounts denominated in U.S. dollars are converted to Canadian dollars at the rate of USD 0.77/CAD.

Appendix B

Interim Financing Default Waiver



CLIFFS NATURAL RESOURCES INC.
Cliffs Mining Company
200 Public Square, Suite 3300, Cleveland, OH 44114
P 216.694.5700 cliffsnaturalresources.com

August 3, 2015

Wabush Resources Inc. & Wabush Iron Co. Limited
c/o Blake, Cassel & Graydon LLP
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9 Canada
Attention: Steve Weisz and Milly Chow

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, Ontario M5K 1G8 Canada
Attention: Nigel Meakin and Steve Bissell

Norton Rose Fulbright Canada LLP
200 Bay Street, Suite 3800
Royal Bank Plaza, South Tower
Toronto, Ontario M5J 2Z4 Canada
Attention: Sylvain Rigaud and Evan Cobb

Dear Sir and Madame:

Reference is hereby made to the Interim Financing Term Sheet (the "Interim Financing Term Sheet"), dated as of May 19, 2015, between Cliffs Mining Company, as Interim Lender (the "Lender"), Wabush Resources Inc. and Wabush Iron Co. Limited, as Borrowers (the "Borrowers"), and Compagnie de Chemin de Fer Arnaud/Arnaud Railway Company and Wabush Lake Railway Company, Limited, as Guarantors. Defined terms not otherwise defined herein shall have the meaning set forth in the Interim Financing Term Sheet.

The actual Net Cash Flow of the Borrowers for the week ending July 24, 2015 was negative \$715,512 compared with projected Net Cash Flow in the Agreed Budget of negative \$604,350, resulting in a negative variance of greater than ten percent (10%) which constitutes an Event of Default under Section 27(d) of the Interim Financing Term Sheet. Pursuant to the terms of the Interim Financing Term Sheet, such an Event of Default requires written consent of the Lender to be waived.

This letter is to confirm that the Net Cash Flow payments for the week ending July 24, 2015 are acceptable to the Lender and the Lender waives any violation of the terms of the Interim Financing Term Sheet caused by the negative variance in actual Net Cash Flows being greater than 10% from the Agreed Budget for such period.

August 3, 2015
Page 2

This letter shall not constitute an agreement by the Lender to permit any actual Net Cash Flow of the Borrowers in the future to negatively vary from the Agreed Budget by more than ten percent (10%) for a particular period. The Lender reserves all of its rights and remedies under the Interim Financing Term Sheet.

This waiver is being delivered pursuant to Section 34 of the Interim Financing Term Sheet. Please advise if you have any further questions or concerns regarding this matter.

Regards,



James D. Graham
Secretary and General Counsel

cc: Grant B. Moffat

Appendix C

Interim Financing Amendment

CLIFFS MINING COMPANY

October 23, 2015

Via Email

Wabush Resources Inc. and
Wabush Iron Co. Limited
c/o Blake, Cassels & Graydon LLP
Commerce Court West
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Attention: Steven Weisz / Milly Chow

Dear Madames/Sirs:

Re: Indebtedness of Wabush Resources Inc. and Wabush Iron Co. Limited to Cliffs Mining Company as Interim Lender

We refer to the interim financing term sheet dated as of May 19, 2015 (the “**Interim Financing Term Sheet**”) between Cliffs Mining Company as lender (the “**Interim Lender**”) and Wabush Resources Inc. and Wabush Iron Co. Limited as borrowers (together, the “**Borrowers**”). Unless otherwise specified, capitalized terms used herein have the meanings ascribed thereto in the Interim Financing Term Sheet.

Pursuant to section 14 (Repayment) of the Interim Financing Term Sheet, the Interim Facility is repayable in full on the Maturity Date, as defined therein. The Maturity Date is defined with reference to the earliest to occur of certain events, including the date which is six months from the date of the Initial Order, being November 20, 2015 (the “**Outside Date**”). Further pursuant to section 14 of the Interim Financing Term Sheet, the Maturity Date may be extended from time to time at the request of the Borrowers with the prior written consent of the Interim Lender, for such period and on such terms and conditions as the Borrowers and the Interim Lender may agree.

The Borrowers have requested that the Interim Lender extend the Outside Date for an additional three month period to accommodate the Borrowers’ ongoing restructuring efforts within the CCAA Proceeding.


Further to the Borrowers’ request, we confirm that the Interim Lender and the Credit Parties have agreed to extend the Outside Date until February 19, 2016.

In all other respects, the Interim Financing Term Sheet shall remain in effect, unamended.

Please confirm your agreement to extend the Outside Date on the basis described above by executing and returning to the undersigned a copy of this letter agreement on or before October 23, 2015.

Yours very truly,

CLIFFS MINING COMPANY


Per: 
Dwayne Petish
Treasurer

cc: Nigel Meakin / Steven Bissell, FTI Consulting Canada Inc.
Sylvain Rigaud / Evan Cobb, Norton Rose Fulbright Canada LLP

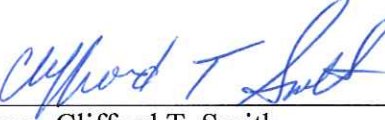
Each of the undersigned confirms its agreement to extend the Outside Date in respect of the Maturity Date in the Interim Financing Term Sheet in accordance with the terms of this letter agreement.

Borrowers

WABUSH RESOURCES INC.

Per: 
Name: Clifford T. Smith
Title: *President*
I have authority to bind the corporation.

WABUSH IRON CO. LIMITED

Per: 
Name: Clifford T. Smith
Title: *President*
I have authority to bind the corporation.

Guarantors

**COMPAGNIE DE CHEMIN DE FER ARNAUD
ARNAUD RAILWAY COMPANY**

Per:

Clifford T. Smith

Name: Clifford T. Smith

Title: *Vice President*

I have authority to bind the corporation.

WABUSH LAKE RAILWAY COMPANY, LIMITED

Per:

Clifford T. Smith

Name: Clifford T. Smith

Title: *Vice President*

I have authority to bind the corporation.

Appendix D

MFC Notice of Default



MFC INDUSTRIAL LTD

A Global Cement, Slag, Gypsum Company

September 3, 2015

Mr. Clifford T. Smith
Executive Vice President, Business Development
Cliffs Natural Resources Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114
U.S.A.

By courier, email and registered post

Re: Wabush Joint Venture

Dear Mr. Smith

Enclosed is a **Notice of Default** for under the amendment and consolidation of mining leases between Wabush Iron Co. Ltd. (Wabush Iron) and us dated September 2, 1959 respecting the Scully Mine (Wabush) and ancillary assets. As mentioned in the enclosed notice, we acknowledge that various of our rights, including the termination of the lease, may be subject to the prior lifting of the stay of proceedings ordered by the Honourable Mr. Justice Hamilton of the Superior Court of Quebec dated May 20, 2015 and related proceedings under the Companies' Creditors Arrangement Act involving Wabush Iron and related entities.

In reference to your recent email and possible sale of assets located at Wabush and elsewhere, I can confirm that we are very interested in buying the assets that are related to the Wabush mine. In connection therewith, and in order for us to properly consider a potential transaction, we ask that you provide the following information:

- a list of the assets that are available for sale and a general description thereof, including confirmation that the following are included:
 - the equipment comprising the Manganese reduction lines (whether on or off the mine site);
 - real property held in the Town of Wabush, including employee housing; and
 - the pelletizing plant located at the Port of Sept Îles;
- details and copies of current reclamation plans and environmental assessments;

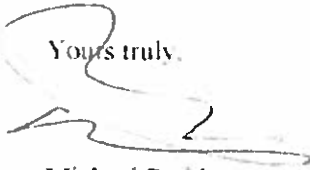
- information regarding current ownership of the subject assets;
- your current pricing expectations for such assets;
- the appropriate contact person for additional discussions and information requests; and
- your expected timeline for a transaction.

We are the only qualified buyer for these assets, other than the scrap dealers. As a result, we do not believe that there is any need for a new confidentiality agreement between us.

We expect that, within seven days of receipt of the above-requested information, we will be in a position to identify specific assets we are interested in acquiring, along with additional information regarding a potential offer, including a timeline for same.

Look forward to working with you.

Yours truly,



Michael Smith
Managing Director



MFC INDUSTRIAL LTD.

A Global Commodity Supply Chain Company

September 3, 2015

VIA COURIER, EMAIL AND REGISTERED POST

CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300
Cleveland, Ohio
U.S.A 44114-2315

WABUSH IRON CO. LIMITED
WABUSH RESOURCES INC.
200 Public Square, Suite 3300
Cleveland, Ohio
U.S.A 44114-2315

Attention: Clifford Smith

Dear Sirs:

Re: Amendment and Consolidation of Mining Leases entered into as of September 2, 1959, as amended from time to time, between Wabush Iron Co. Limited ("Wabush Iron") and Canadian Javelin Limited (the "Sub-Lease")

As you are aware, a quarterly minimum royalty payment was due from Wabush Iron to us on July 25, 2015 pursuant to Clause A(1) of the Sub-Lease (the "Minimum Payment"). This letter serves as notice pursuant to Clause C(4) of the Sub-Lease that the full amount of such Minimum Payment has not been paid to date and has been in arrears for more than 30 days as of the date hereof. Pursuant to Clause C(4) of the Sub-Lease, MFC hereby demands full payment of the prescribed Minimum Payment. If such default is not cured, we reserve our rights to pursue all such remedies as may be available to us, including the termination of the Sub-Lease, which may be subject to the prior lifting of the stay of proceedings ordered by the Honourable Mr. Justice Hamilton of the Superior Court of Quebec dated May 20, 2015 and related proceedings under the Companies' Creditors Arrangement Act involving Wabush Iron and related entities.

Regards,

MFC INDUSTRIAL LTD.

By: 

Michael Smith
Managing Director

Appendix E

**Letter from Counsel to Wabush CCAA Parties to Counsel to MFC
Dated September 10, 2015**



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

September 10, 2015

Steven J. Weisz
Dir: 416-863-2616
Steven.weisz@blakes.com

VIA EMAIL

Reference: 11573/374

Mtre Gary Rivard
BCF LLP
25th Floor, 1100, boul. René-Lévesque West
Montreal QC H3B 5C9

Email: gary.rivard@bcf.ca

RE: In the matter of the Plan of Compromise or Arrangement Wabush Iron Co. Limited and Wabush Resources Inc. (collectively, "**Wabush Mines JV**") *et al.*, as Petitioners, and Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company, Limited, *et al.*, as Mises-en-Cause, File No. 500-11-048114-157

Re: Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited (now MFC Industrial Ltd. ("**MFC**")) and Wabush Iron dated as of September 2, 1959 (as amended, restated, supplemented or modified from time to time, the "**Sublease**")

Dear Confrère:

We are in receipt of MFC's letter in respect of the Sublease dated September 3, 2015 (the "**Alleged Notice of Default**"), which has been forwarded to us.

Initially capitalized terms not herein defined have the meaning ascribed to them in the Alleged Notice of Default.

We disagree with MFC's contention in the Alleged Notice of Default that there has been a default under the Sublease for failure to make the Minimum Payment and that MFC is entitled to pursue remedies in respect of such alleged default. As evidenced by the enclosed wire transfer confirmation, the Minimum Payment was made by the Wabush Mines JV by way of wire transfer on August 24, 2015, which is within the 30 day cure period under Section C.4 of the Sublease. Therefore, there has been no default and the Sublease has been and continues to be in good standing.

Please note that while the Wabush Mines JV is attempting to work cooperatively with MFC and seek a consensual resolution of issues, the Minimum Payment was made on a without prejudice basis and the Wabush Mines JV reserves all of its rights and remedies to assert or claim that all or a portion of the Minimum Payment was not due and owing on a post-filing basis as at July 25, 2015 or otherwise.

Yours very truly,


Steven J. Weisz

Encl.



c: Colm Seviour, Stewart McKelvey
Harj Sangra, Sangra Moller LLP
Nigel Meakin, FTI Consulting Canada Inc. in its capacity as Monitor

Value Date	Funding Account	Funding Account Name	Amount	Currency	Beneficiary Name	Beneficiary Account Number	Status	Approvals Received
2015-08-24	01941026151	WABUSH MINES CF AP	800,200.00	CAD	MFC INDUSTRIAL LTD.	3858618	Confirmed	1 of 1

Ordering Customer Account: 01941026151
Ordering Customer Name: WABUSH MINES CLIFFS MINING CO
Ordering Customer Address: 1100 SUPERIOR AVENUE, 18th FLOOR, CLEVELAND OHIO 441142588, ... CA

Primary Contact Number of Ordering Customer:
Primary Contact Name of Ordering Customer:
Wire Type: Commercial
Entry Type: Template
Template Name: TERRA NOVA-MFC IND_Ltd

Charges: BEN - Additional routing charges will be paid by the beneficiary

Payment Details:
Reference Number: WW15082433530314 - 150824031593000 - LVTSSFEKTPMVZTR2
Created By: PETISH
Create Date: 2015-08-24 02:58 PM ET
Last Action: Approved
Last Action By: PRUSAK
Last Action Date: 2015-08-24 03:31 PM ET

Reason For Failure:
Beneficiary Address: 1820 - 400 Burrard Street, Vancouver, BC, V6C 3A8, CA
Beneficiary Bank ID: 0010000010
Beneficiary Bank ID Type: CC
Beneficiary Bank Name: CANADIAN IMPERIAL BANK OF COMMERCE
Beneficiary Bank Address: 400 BURRARD ST., VANCOUVER, BC V6C 3A8, CA

Account with Institution Bank ID:
Account with Institution Bank ID Type:
Account with Institution Bank Name:
Account with Institution Bank Address:

Intermediary Bank ID: CIBCCATT
Intermediary Bank ID Type: SWIFT
Intermediary Bank Name: Canadian Imperial Bank of Commerce
Intermediary Bank Address: Commerces Court, TORONTO, ON M5L 1A2, CA

Receiver's Corresponding ID:
Receiver's Corresponding Bank ID Type:
Receiver's Corresponding Name:
Receiver's Corresponding Address:

Sender to Receiver Information:
Related Reference Number:

Wire Type	Status	Currency	Number of Wires	Amount
Commercial	Confirmed	CAD	2	750,250.00

Appendix F

**Letter from Counsel to MFC to Counsel to Monitor
Dated September 18, 2015**

Gary Rivard, Lawyer
Direct Line: 514-397-6838
gary.rivard@bcf.ca

Montreal, September 18, 2015

BY EMAIL

Norton Rose Fullbright Canada LLP
1 Place Ville Marie, Suite 2500
Montreal, Quebec H3B 1R1

Attention: Sylvain Rigaud

Dear Sirs:

Re: Amendment and consolidation of mining leases between Canadian Javelin Limited (now MFC Industrial Ltd.) and Wabush Iron ("Wabush Iron") dated September 2, 1959, as amended (the "Sublease")
Our file: 39724-1

We are in receipt of your letter dated September 11, 2015. Wabush Iron's obligation to pay the "Minimum" under the Sublease is set forth at Clause A(1) thereof, which provides that:

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

*...
During 1973 and each year thereafter 10,833,000 Gross Tons per year"*

We note that the tonnage figure above was increased from "10,000,000" to "10,833,000" pursuant to the Amendment of Amendment and Consolidation of Mining Lease dated August 8, 1961 between the parties.

Based on the foregoing, the "Minimum" under the Sublease that was payable by Wabush Iron under the Sublease on July 25, 2015 was \$812,250 and not \$750,000. As such, Wabush Iron did not remit the full amount of the "Minimum" when due and is, therefore, in default under the Sublease. As set forth in the September 3, 2015 notice, our client

reserves its rights to pursue all such remedies as may be available to in connection with such default, including the termination of the Sub-Lease, which may be subject to the prior lifting of the stay of proceedings ordered by the Honourable Mr. Justice Hamilton dated May 20, 2015 and related proceedings under the Companies' Creditors Arrangement Act involving Wabush Iron and related entities.

We trust the foregoing to be in order. Please do not hesitate to contact the undersigned if you require any further clarifications regarding the foregoing.

We trust the above to be satisfactory.

Yours truly,

BCF LLP


Gary Rivard

GR/ct

CC. FTI Consulting Canada Inc.
(Attn: Nigel Meakin and Steven W. Bissell)

Blakes, Cassels & Graydon LLP
(Attn: Steven Weisz)

Sangra Moller LLP
(Attention: Harjit Sangra and Rod Talafar)

Client

Appendix G

**Letter from Counsel to Monitor to Counsel to MFC
Dated October 1, 2015**

October 1st, 2015

Sent By E-mail

Mtre. Gary Rivard
BCF Attorneys LLP
25^e floor
1100, René-Lévesque Blvd. West
Montreal, Quebec H3B 5C9

Norton Rose Fulbright Canada LLP
1 Place Ville Marie, Suite 2500
Montréal, Québec H3B 1R1 Canada

F: +1 514.286.5474
nortonrosefulbright.com

Sylvain Rigaud
+1 514.847.4702
sylvain.rigaud@nortonrosefulbright.com

Assistant
+1 514.847.4557
jean-rene.ladouceur@nortonrosefulbright.com

Your reference

Our reference
01028478-0001

Dear Confrere,

In the matter of the Plan of Compromise or Arrangement of Wabush Iron Co. Limited, Wabush Resources Inc., Wabush Mines, Arnauld Railway Company and Wabush Lake Railway Company, Limited (collectively the "Wabush CCAA Parties") – Amended and Consolidation of Mining Leases made between Canadian Javelin Limited (now MFC Industrial Ltd.) and Wabush Iron dated as of September 2, 1959 (as amended, restated, supplemented or modified from time to time (the "Sub-Lease")

We have been instructed to respond to your September 18, 2015, letter as follows.

We are surprised that despite the numerous exchanges to date referenced below, MFC Industrial Ltd. ("MFC") is taking for the first time the position that royalty payments made subsequent to the end of mining activities in February of 2014 are insufficient.

As evidenced by the wire confirmation submitted in support of the September 11, 2015 letter by Wabush CCAA Parties' counsel, the Wabush CCAA Parties made two payments on August 24, 2015, in the aggregate amount of \$ 750,250 in favour of MFC and the Newfoundland government. Payment of the Minimum Payment (as defined in Clause 1A of the Sub-Lease) was made within the applicable 30-day cure period following the second quarterly Payment Date (as defined in the Sub-Lease) for the current year.

We note that MFC never alleged in the past that the Wabush CCAA Parties had underpaid the Minimum Payments. We refer you to MFC's co-counsel letter dated April 16, 2015, MFC's letter dated May 8, 2015 addressed to the Chairman, President and CEO of Cliff Natural Resources Inc. and to your June 5, 2015 comprehensive Notice of objection filed on behalf of MFC.

As a matter of fact, the first reference to an alleged underpayment of the Minimum Payments is to be found in MFC's September 3, 2015, notice of alleged default, which reads in part as follows:

This letter serves as notice pursuant to Clause C(4) of the Sub-Lease that the full amount of such Minimum Payment has not been paid to date and has been in arrears for more than

DOCSMTL: 8268317V2

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Mtre. Gary Rivard
October 1st, 2015

NORTON ROSE FULBRIGHT

30 days as of the date hereof. Pursuant to Clause C(4) of the Sub-Lease, MFC hereby demands full payment of the prescribed Minimum Payment. If such default is not cured, we reserve our rights to pursue all such remedies as may be available to us, including the termination of the Sub-Lease, which may be subject to the prior lifting of the stay of proceedings...

Upon receipt of MFC's notice of alleged default, we wrote you a letter on September 11, 2015, asking you to clarify your client's position in light of the payments made on August 24, 2015.

It was only on September 18, 2015, that you finally alleged a \$ 62,500 [sic] underpayment¹ of the Minimum Payment on the basis of an amendment to the Sub-Lease dated August 8, 1961.

As you are aware, the Wabush CCAA Parties became subject to the *Companies' Creditors Arrangement Act* by way of an initial order rendered on May 28, 2015 (as amended, restated and extended from time to time the "Wabush Initial Order"). The Wabush Initial Order provides a stay of proceedings against the Wabush CCAA Parties and allows only for the payment of reasonable expenses incurred by them in carrying on their business and operations after the Wabush Initial Order. We are of the view that only the prorated post-filing portion of the Minimum Payment for the 2015 second quarter (from April 26 to July 25) in the amount of \$ 588,265 (on the basis of a \$ 812,250 Minimum Payment) or \$ 541,847 (on the basis of a \$ 750,250 Minimum Payment) was payable on July 25, such that as a matter of fact the Minimum Payment owing in relation to the post-filing period was fully paid.

In view of your client's termination rights under the Sub-Lease and the critical importance of preserving the Wabush CCAA Parties' tenancy rights for the general benefits of all its stakeholders, we understand that the Wabush CCAA Parties would be prepared to pay the alleged underpayment of \$ 62,000 and the Monitor would agree to said payment in consideration of a confirmation by MFC that there is no continuing or post-filing default pursuant to the Sub-Lease, the whole without any admission that MFC is entitled to claim that the Minimum Payment for the second quarter of 2015 was underpaid or prejudice to the Wabush CCAA Parties' legal arguments, including those based on estoppel by conduct or similar doctrines.

This proposal remains open for acceptance in writing up until October 9, 2015.

Yours very truly,


Sylvain Rivard
Partner

SAR/jrl

¹ The amount of the alleged underpayment should be \$ 62,000 not \$ 62,500.

Appendix H

**Letter from Counsel to UNNU to Counsel to Wabush CCAA Parties
Dated October 16, 2015**

François D. Gagnon
Tél. 514-954-2553
fgagnon@blg.com

Borden Ladner Gervais s.e.n.c.r.l., s.r.l. / LLP
1000, rue De La Gauchetière Ouest
Bureau / Suite 900
Montréal, QC, Canada H3B 5H4
Tél. 514.879.1212
Télééc./F 514.954.1905
blg.com



Montreal, October 16, 2015

BY EMAIL

Mtre Bernard Boucher
BLAKE, CASSELS & GRAYDON S.E.N.C.R.L.
600 boulevard de Maisonneuve Ouest
Suite 2200
Montréal QC
H3A 3J2

Re : In the matter of the Plan of Compromise pursuant to
the *Companies' Creditors Arrangements Act*
of BLOOM LAKE GENERAL PARTNER LIMITED et *als.* (the "**Petitioners**")
Our file : 296328-000001

Dear counsel,

The present is further to our letter of August 13th, 2015.

As you know, we represent the interests of EBC Inc. and Groupe UNNU-EBC s.e.n.c., secured creditors of the Petitioners who have registered construction legal hypothecs on the assets of The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake General Partner Limited (hereinafter, together "**Bloom Lake**"), more particularly, Bloom Lake's rights under Mining Lease BM 877 and the mining claims held by Bloom Lake, as more fully described in the legal hypothecs in favour of our clients, published in the Public Register of real and immoveable Mining Rights under numbers 55 903 and 55 904 and in the Land Registry for the Cadastral Division of Saguenay under numbers 21 400 256 and 21 400 270 (hereinafter, the "**Mining Rights**").

As you also know, our clients are, together, the holders of the largest construction legal hypothecs in value published against the Mining Rights, although several other creditors hold similar rights (the "**Construction creditors**"), and that as a result, our clients and the Construction Creditors have similar rights and interests. Moreover, to our knowledge, the construction legal hypothecs published in favour of our clients and of the Construction creditors against the Mining Rights constitute first ranking charges against such Mining Rights.

Pursuant to the Sale and Investor Solicitation Process (the "**SISP**") approved by the Court, final binding offers were to be received by Bloom by no later than July 19th, 2015, namely almost three months ago. To this date, no information whatsoever has been communicated generally to

the creditors and other stakeholders of Bloom Lake by the Monitor or Bloom Lake, by way of report to the Court or any other way, with respect to the results of the SISP.

However, our client has recently learned that the employees at the Bloom Lake mine have been advised that Champion Iron Limited, or one of its affiliates (“**Champion**”) would allegedly become the owner of the Bloom Lake mine, and, we must assume, the Mining Rights. It is important to note that this information was not provided to our client or the undersigned by Bloom Lake or the Monitor. As a result of the foregoing, and presuming the information above is correct, unless denied by Bloom Lake, we must assume that Bloom Lake is in the midst of finalizing an agreement with Champion and that a motion for approval of the sale and vesting order will follow suit.

Our clients, in their capacity as holders of the largest construction legal hypothecs in value published against the Mining Rights, have a very important vested interest in the result of the SISP and intend to examine the SISP process carefully before agreeing to the disposition of the Mining Rights. Our clients are not prepared to wait until the issuance of a motion for approval of the sale and of a vesting order to obtain relevant information in such respect. Moreover, as you are aware, our clients have appointed PricewaterhouseCoopers inc. as their financial advisers, to assist in reviewing the SISP process and in evaluating the impact of the sale of the Mining Rights in the context of the SISP.

As such, our clients require, the following information with respect to developments regarding the SISP, as such process relates to the Mining Rights, namely:

1. Confirmation or denial of the proposed transaction with Champion;
2. If such transaction is confirmed, a copy of the offer made by Champion;
3. A copy of all other offers received by Bloom Lake within the context of the SISP and which encompass the Mining Rights.
4. Access to Moelis' solicitation list of potential acquirers for the assets of Bloom Lake, in order to assess whether the breadth and depth of contacts identified was in line with what we would have expected for an asset of this type.
5. Access to Moelis' data room which was made available to potential purchasers, and to all documents contained therein, in order to assess the nature and quality of documentation made available to prospective purchasers;
6. The precise amount of cash on hand by Bloom Lake as of the current date;
7. All available data regarding the carrying costs of the Bloom Lake mine should the operation be mothballed and kept for a certain period of time with a view to disposing of it at a later date. Depending on the result of the SISP and the proposed consideration offered by Champion for the Mining Rights, our clients

and the other stakeholders holding security against the Mining Rights, including the Construction creditors and the City of Fermont, may wish to explore the viability of an alternative strategy whereby the Mining Rights are held for a certain period with a view of an improved resources market in the future and a better result to a sale process at a later date;

Our clients reserve the right to request further information in the event same becomes relevant.

We do not see how providing this information could be prejudicial to the Petitioners or affect the integrity of the SISP, considering that final offers were to be received almost three (3) months ago. Moreover, providing such information is appropriate under the circumstances, considering that the purpose of Petitioners' CCAA process is, for all intents and purposes, to allow for an orderly liquidation of Petitioners' assets, that the rights of our clients and of the Construction creditors are most affected by the Petitioners insolvency' and the CCAA process, as same relate to the Mining Rights. Moreover, providing such information may, if the value allocated to the Mining Rights pursuant to the Subject Offers is sufficient, satisfy our clients and provide them with some comfort that the SISP will result in full payment of their secured claims.

Please note however that if Petitioners refuse to provide the information above, our clients intend to seek redress from the Court. In such circumstances, we intend to seek support from the Construction creditors as well as other creditors of the Petitioners.

We thank you for your prompt and diligent cooperation.

Best regards,

BORDEN LADNER GERVAIS, S.E.N.C.R.L., S.R.L.



François D. Gagnon
FDG/sb

c.c. Mtre. Sylvain Rigaud, *Norton Rose Fulbright Canada*
Mtre Virginie Fortin, *EBC Inc.*
Mr. Martin Houle, *EBC Inc.*
Mr. Philippe Jordan, *PriceWaterhouseCoopers Inc.*

Best regards,

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