C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

N°: **500-11-048114-157**

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

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

WABUSH LAKE RAILWAY COMPANY LIMITED

Petitioners

-and-

WABUSH MINES

Mise-en-cause

-and-

TACORA RESOURCES INC.

MAGGLOBAL LLC

Mises-en-cause

-and-

THE REGISTRAR OF DEEDS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE MINERAL CLAIMS RECORDER FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE REGISTRAR OF MOTOR VEHICLES FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE DIRECTOR OF COMMERCIAL REGISTRATIONS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

MOTION FOR THE ISSUANCE OF AN APPROVAL AND VESTING ORDER WITH RESPECT TO THE SALE OF CERTAIN ASSETS AND AN ASSIGNMENT ORDER WITH RESPECT TO THE ASSIGNMENT OF CERTAIN CONTRACTS
(Sections 11, 11.3 and 36 *ff.* of the *Companies' Creditors Arrangement Act*)

TO THE HONOURABLE STEPHEN W. HAMILTON, 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 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, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership (the "**Bloom Lake LP**") and Bloom Lake Railway Company Limited (collectively, the "**Bloom Lake CCAA Parties**"), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record.

2. In the aforementioned Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor of the Bloom Lake CCAA Parties (the "**Monitor**") and a stay of proceedings was granted to the Bloom Lake CCAA Parties until February 26, 2015 (the "**Bloom Lake Stay Period**").

3. On April 17, 2015, Mr. Justice Hamilton issued, *inter alia*, the following orders:

   a) an Order (the "**Sale Advisor Order**"), *inter alia*, authorizing the engagement of Moelis & Company LLC pursuant to an engagement letter (the "**Sale Advisor Engagement Letter**") as the Bloom Lake CCAA Parties' mergers and acquisitions financial advisor (in such capacity, the "**Sale Advisor**"), as appears from a copy of the Sale Advisor Order, which forms part of the Court record; and

   b) an Order (the "**SISP Order**"), *inter alia*, approving sale and investor solicitation procedures (the "**Initial SISP**") in respect of the Bloom Lake CCAA Parties, as appears from a copy of the SISP Order, which forms part of the Court record.

4. On May 20, 2015 (the "**Wabush Filing Date**"), 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, an unincorporated contractual joint venture (the "**Wabush Mines JV**"), Arnaud Railway Company and Wabush Lake Railway Company Limited (the **"Wabush Lake Railway Company**", collectively, the "**Wabush CCAA Parties**", which Wabush CCAA Parties, together with the Bloom Lake CCAA Parties, are collectively, the "**CCAA Parties**"), as appears from the Wabush Initial Order dated May 20, 2015, which forms part of the Court record.

5. Pursuant to the Wabush Initial Order, *inter alia*:

   a) the Monitor was appointed as the monitor of the Wabush CCAA Parties (para. 39 of the Wabush Initial Order) and a stay of proceedings was granted to the Wabush CCAA Parties until June 19, 2015 (the "**Wabush Stay Period**") (para. 7 *ff*. of the Wabush Initial Order);

   b) the Wabush CCAA Parties were authorized to borrow, repay and reborrow up to USD $10 million from Cliffs Mining Company, as lender (in such capacity, the "**Interim Lender**") pursuant to the Interim Financing Documents (as defined in the Wabush Initial Order) to fund the ongoing expenditures of the Wabush CCAA Parties and to pay other such amounts as permitted by the terms of the Wabush Initial Order and the Interim Financing Documents, the whole subject to an Interim Lender Charge (as defined in the Wabush Initial Order) of CAD $15 million (para. 22 *ff.* of the Wabush Initial Order); and

   c) the Wabush CCAA Parties were authorized, subject to approval of the Monitor, Sections 11.3 and 36 of the CCAA and further order of the Court, to pursue all avenues to, *inter alia*, market, convey, transfer, assign or in any other manner dispose of the Business or Property (as such terms are defined in the Wabush Initial Order), in whole or part (para. 33(b) of the Wabush Initial Order).

6. On June 9, 2015, Mr. Justice Hamilton, issued an order (the "**Wabush Comeback Order**"), *inter alia*:

   a) extending the Wabush Stay Period to July 31, 2015;

   b) approving the Initial SISP as it relates to the Wabush CCAA Parties, authorizing the amendment and restatement of the Initial SISP *nunc pro tunc*, and approving an amended and restated sale and investor solicitation process in respect of all CCAA Parties (the "**SISP**"), a copy of which is communicated herewith as **Exhibit R-1**;

   c) approving the engagement of the Sale Advisor by the Wabush CCAA Parties *nunc pro tunc*; and

   d) amending the Wabush Initial Order to grant priority to the CCAA Charges, including the Interim Lender Charge, ahead of all Encumbrances (as these terms are defined in the Wabush Initial Order);

   the whole as appears from the Wabush Comeback Order, which forms part of the Court record.

7. On June 26, 2015, Mr. Justice Hamilton issued an order (the "**Pension Priority and Suspension Order**"), *inter alia*:

   a) granting priority to the Interim Lender Charge created by the Wabush Initial Order ahead of statutory deemed trusts for payments due by the Wabush CCAA Parties to the DB Pension Plans (as defined below) for employees of various Wabush CCAA Parties; and

b) ordering the suspension of payment by the Wabush CCAA Parties of monthly amortization payments and annual lump sum "catch-up" payments coming due to the DB Pension Plans and of certain other post-employment benefits ("**OPEBs**") to former hourly and salaried employees;

the whole as appears from the Pension Priority and Suspension Order, which forms part of the Court record.

8. 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 "**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 Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Claims Procedure Order.

9. The Bloom Lake Stay Period and the Wabush Stay Period (collectively, the "**Stay Period**") have been extended by order of the Court from time to time, most recently on January 30, 2017, and currently expire on June 30, 2017, as appears from the Court record. By way of a separate Motion returnable June 26, 2017, the CCAA Parties will be seeking a further extension of the Stay Period.

2. ORDERS SOUGHT

10. Wabush Iron, Wabush Resources and Wabush Lake Railway Company (collectively, the "**Vendors**") hereby seek the issuance of an Approval and Vesting Order substantially in the form of the draft Approval and Vesting Order communicated herewith as **Exhibit R-2** (the "**Draft Approval and Vesting Order**"), which provides for, *inter alia*:

a) the Court's approval of the proposed transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated as of June 2, 2017 (as may be amended, modified or supplemented in accordance with its terms and the terms of the Approval and Vesting Order (if granted), the "**Asset Purchase Agreement**") by and between the Vendors and the Mises-en-cause Tacora Resources Inc., as purchaser (and together with its permitted assigns under the Asset Purchase Agreement, the "**Purchaser**"), and MagGlobal LLC, as guarantor (the "**Parent**");

b) the vesting of all of the Vendors' right, title and interest in and to the Purchased Assets (as defined below) in the Purchaser, free and clear of all encumbrances other than the permitted encumbrances set out in Schedule "B" to the Draft Approval and Vesting Order (the "**Permitted Encumbrances**"), upon the issuance to the Vendors and the Purchaser of a certificate by the Monitor in the form of Schedule "A" to the Draft Approval and Vesting Order

(the "**Monitor's Certificate**"), the whole as provided in the Asset Purchase Agreement and as further detailed below.

11. The Vendors further seek the issuance of an Assignment Order substantially in the form of the draft Assignment Order communicated herewith as **Exhibit R-3** (the "**Draft Assignment Order**"), which provides for, *inter alia*, the assignment of all rights and obligations of the Vendors under the Assignment Order Contracts (as defined below), upon the issuance to the Vendors and the Purchaser of the Monitor's Certificate, the whole as provided in the Asset Purchase Agreement and as further detailed below.

12. A copy of the Asset Purchase Agreement is communicated herewith as **Exhibit R-4**.

13. Unless otherwise defined herein, all initially capitalized terms used in this Motion shall have the meanings given to them in the Asset Purchase Agreement.

3. OVERVIEW OF THE PROPOSED TRANSACTION

14. Operations at the iron ore mine and processing facility located north of the Town of Wabush in Newfoundland and Labrador, commonly known as either the "Wabush Mine" or the Scully "Mine" (the "**Scully Mine**") were suspended in March 2014 and permanently idled in November 2014.

15. Prior to the suspension and permanent idling of operations at the Scully Mine, the Vendors operated the following businesses (collectively, the "**Business**"): (i) the Scully Mine, and (ii) a railway connecting the Scully Mine to the Northern Land Railway for the transportation of iron ore concentrate (the "**Wabush Lake Railway**").

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

17. Since early 2014 and until the Wabush Filing Date, the Vendors sought investors and buyers for the Business, or any part thereof (the "**Pre-Filing Scully Mine Sale Process**"), without any success. During the SISP, the Vendors sought investors and buyers for the Business, or any part thereof, without any success. It was only in late 2016 (after the SISP had run its course) that the Vendors were approached by the Purchaser regarding the Transaction.

18. The Transaction represents the divesture of substantially all of the Vendors' right, title and interest in the remaining assets of the Vendors which are used in, arising from or otherwise related to the Business (or any part thereof), as set out in Schedule "K" to the Asset Purchase Agreement (collectively, the "**Purchased Assets**"), including, *inter alia*:

    a) the Mining Leases, mining claims, mining concessions and any other mining or mineral rights related to the Scully Mine;

    b) the Owned Real Property as more fully set out in Schedule "I" to the Asset Purchase Agreement;

    c) the Real Property Leases as more fully set out in Schedule "L" to the Asset Purchase Agreement and the Amendment and Consolidation of Mining Leases

dated September 2, 1959 initially made between Canadian Javelin Limited (now MFC Bancorp Ltd. ("**MFC**")), as lessor, and Wabush Iron, as lessee, as the same has been amended and assigned from time to time, pursuant to which Wabush Mines JV has been granted rights to conduct mining operations at the Scully Mine (the "**Wabush Sub-Lease**");

d) all supply inventory, raw materials, parts and other inventories located at the Scully Mine;

e) the Manganese Reduction Equipment;

f) the Knoll Lake Shares and the Northern Land Shares; and

g) the Northern Land Indebtedness.

19. The Transaction also contemplates the assignment to the Purchaser of all of the Vendors' rights, benefits, interest and obligations in, to and under (i) the Assigned Contracts, and (ii) the Permits and Licences, to the extent assignable. There are no Critical Permits and Licenses, the assignment of which would have been required as a condition of Closing.

20. The Purchased Assets are being sold, and the Assumed Liabilities are being assumed, on an "as is, where is" basis.

21. The Purchased Assets exclude the Excluded Assets which include, *inter alia*, (i) all cash, accounts receivable, tax returns, Proprietary Marks and minute books and corporate records of the Vendors, (ii) all residential properties, and (iii) all minute books and corporate records of Knoll Lake Minerals Limited ("**Knoll Lake**") and Northern Land Company Limited ("**Northern Land**"), as more fully described in Schedule "G" to the Asset Purchase Agreement.

22. The Asset Purchase Agreement further provides that on Closing the Purchaser will assume the Assumed Liabilities, as set out in Schedule "E" to the Asset Purchase Agreement, in addition to becoming responsible for the Environmental Liabilities. The Assumed Liabilities consist of:

a) all Liabilities relating to the Purchased Assets arising from and after the Closing Time; and

b) all Liabilities under the Assigned Contracts and Permits and Licenses (in each case to the extent such Assigned Contract or Permit and License is effectively assigned to the Purchaser) arising from and after, or taking effect on or after the Closing Time.

23. If the Draft Approval and Vesting Order is granted, all rights, title and interest of the Vendors in and to the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser on Closing, free and clear of all Encumbrances other than Permitted Encumbrances. The Permitted Encumbrances do not include any claim, liability or obligation related to the Employee Plans, including any Pension Plans or OPEBs (collectively, the "**Employee Plan Claims**") or any asbestos-related, inhalable dust-

related or silica-related claims arising by reason of any occurrence prior to the Closing Time (the "**Employee Health Claims**").

24. The Draft Approval and Vesting Order also provides that neither the Purchaser nor the Parent shall incur, suffer, assume or be deemed to incur, suffer or assume any claim, liability or obligations (including any statutory obligations) in respect of, in connection with, or in relation to the Employee Plan Claims or the Employee Health Claims. The Purchaser requires this relief in the Draft Approval and Vesting Order as a condition to the Asset Purchase Agreement.

25. As previously reported in the Monitor's Thirty-Fourth Report, Employee Plan Claims in respect of the Pension Plans and OPEBs have been filed pursuant to the Claims Procedure Order. The Vendors have been advised by the Monitor that it is not aware of any Employee Health Claims having been filed by the Claims Bar Date (as defined in the Claims Procedure Order). Accordingly, any such claims have been extinguished pursuant to the Claims Procedure Order.

26. The Transaction also contemplates that as a condition to Closing, (i) the Vendor Surety Bonds will be cancelled at Closing or immediately thereafter, and (ii) the Vendors will no longer be bound by the Vendor Closure Plan at Closing or immediately thereafter. The aggregate total value of the Vendor Surety Bonds is approximately CAD $50 million.

27. The consideration to be paid by the Purchaser for the Purchased Assets is set out in Section 3.1 of the Asset Purchase Agreement and consists of the Cash Purchase Price in the amount of CAD $2.05 million and the agreed the value of the Assumed Liabilities as set forth in Schedule "N" to the Asset Purchase Agreement, as well as the Cure Costs payable by the Purchaser as part of the Transaction in relation to the Assigned Contracts as set out in Schedule "O" to the Asset Purchase Agreement (the "**Cure Costs**"). The Cure Costs can be up to a maximum of approximately CAD $18.8 million (subject to adjustment), as set out in greater detail in Section 6.10 below.

28. The allocation of the Purchase Price to be paid by the Purchaser for the Purchased Assets as between the various Vendors and classes of assets has been determined by the Purchaser and agreed upon by the Vendors in consultation with the Monitor, as set out in Schedule "N" to the Asset Purchase Agreement.

29. The Purchaser has advised the Vendors that in the future, it intends to restart operations at the Scully Mine, thus creating future employment and business opportunities in the region.

4. THE VENDORS AND THEIR INTERESTS IN THE PURCHASED ASSETS

4.1 Wabush Mines JV

30. Wabush Mines JV is an unincorporated contractual joint venture of Wabush Iron and Wabush Resources and forms an integral part of the business and operations of certain of the Vendors.

31. As at the date of this Motion, there are four remaining salaried employees at the Scully Mine, all of which are employees of Wabush Mines JV.

4.2 Wabush Iron

32. Wabush Iron is a corporation incorporated pursuant to the laws of the State of Ohio, as appears from the company details search conducted with the Ohio Secretary of State communicated herewith as **Exhibit R-5**.

33. Wabush Iron's place of business is located at 1 Place Ville Marie, Bureau 3000, Montréal, Québec.

34. Wabush Iron holds a 26.8% undivided interest in the assets of the Wabush Mines JV and its sole activity is its joint venture participation in the Wabush Mines JV.

35. Wabush Iron has no employees.

4.3 Wabush Resources

36. Wabush Resources is a corporation incorporated pursuant to the federal laws of Canada, as appears from the company profile report communicated herewith as **Exhibit R-6**.

37. Wabush Resources' place of business is located at 1 Place Ville Marie, Bureau 3000, Montréal, Québec.

38. Wabush Resources holds a 73.2% undivided interest in the assets of the Wabush Mines JV and its sole activity is its joint venture participation in the Wabush Mines JV.

39. Wabush Resources has no employees.

4.4 Wabush Lake Railway Company

40. Wabush Lake Railway Company is a federally regulated railway incorporated pursuant to the laws of Newfoundland & Labrador, as appears from the company profile report communicated herewith as **Exhibit R-7**.

41. Wabush Lake Railway Company's registered office is located at 235 Water St, St John's, Newfoundland.

42. Wabush Lake Railway Company is owned by Wabush Resources (73.2%) and Wabush Iron (26.8%).

43. The Wabush Lake Railway Company's primary business was the operation of the Wabush Lake Railway.

44. The Wabush Lake Railway Company has not transported iron ore concentrate since the idling of the Scully Mine in 2014.

45. Wabush Lake Railway Company has no employees.

4.5 Knoll Lake

46. Knoll Lake is a corporation incorporated pursuant to the federal laws of Canada, as appears from the company profile report communicated herewith as **Exhibit R-8**.

47. Knoll Lake's registered office is located at 235 Water St, St John's, Newfoundland.

48. Knoll Lake is owned by Wabush Resources (42.64%), Wabush Iron (15.63%), MFC (39.51%) and certain other third party minority shareholders (2.22%).

49. Knoll Lake's primary business is holding the head mining lease, which it has subleased to MFC and which MFC has further subleased to Wabush Mines JV pursuant to the Wabush Sub-Lease. Wabush Iron and Wabush Resources maintain Knoll Lake's bank account.

50. Knoll Lake has no employees.

4.6 Northern Land

51. Northern Land is a corporation incorporated pursuant to the laws of Newfoundland & Labrador, as appears from the company profile report communicated herewith as **Exhibit R-9**.

52. Northern Land's registered office is 235 Water St, St John's, Newfoundland.

53. Northern Land is owned by Wabush Iron (50%) and Iron Ore Company of Canada ("**IOC**") (50%).

54. Northern Land's primary business is owning the Northern Land Railway. Pursuant to the Running Rights Agreement dated August 4, 1960 between Northern Land and Wabush Lake Railway Company, Northern Land has provided running rights to Wabush Lake Railway Company in respect of the Northern Land Railway.

4.7 Defined Benefit Plans & OPEBs

55. The pension plans for salaried employees of the Wabush CCAA Parties hired on or after January 1, 2013 were defined contribution schemes.

56. The pension plan for salaried employees of the Scully Mine hired before January 1, 2013 was a defined benefit plan (the "**Salaried DB Plan**").

57. The pension plan for unionized hourly employees of the Scully Mine was also a defined benefit plan (the "**Hourly DB Plan**"; collectively with the Salaried DB Plan, the "**DB Pension Plans**").

58. Both of the DB Pension Plans were administered by Wabush Mines JV.

59. On December 16, 2015 the DB Pension Plans were terminated by the pension regulator for the province of Newfoundland and Labrador, as appears from copies of termination notices communicated herewith, *en liasse*, as **Exhibit R-10**.

60. On March, 30, 2016, Morneau Shepell was appointed as the replacement pension plan administrator in respect to the DB Pension Plans (in such capacity, the "**Pension Plan Administrator**").

61. Pursuant to reports filed in December 2016 by the Pension Plan Administrator, the DB Pension Plans have a collective wind-up deficit of approximately CAD $57 million.

62. On June 26, 2015, the Court issued the Pension Priority and Suspension Order. Prior to the issuance of the Pension Priority and Suspension Order, the Wabush CCAA Parties provided certain OPEBs, including life insurance and health care, to former hourly and salaried employees hired before January 1, 2013.

5. THE SISP & SCULLY MINE SALE PROCEDURE

63. As outlined above, Mr. Justice Hamilton initially approved the engagement of the Sale Advisor and the Initial SISP in respect of the Bloom Lake CCAA Parties and thereafter, pursuant to the Wabush Comeback Order, approved the engagement of the Sale Advisor and the SISP in respect of the Wabush CCAA Parties *nunc pro tunc*.

64. The SISP contemplated two phases:

a) the first phase of the SISP contemplated delivery of non-binding letters of intent ("**LOIs**") by 5:00 p.m. (Montréal time) May 19, 2015; and

b) a subset of bidders with LOIs that met certain criteria, would be invited to submit binding offers in the second phase by July 16, 2015 at 5:00 p.m. (Montréal time) (the "**Original Bid Deadline**"), written notice of which was provided to such qualified bidders and posted on the Monitor's Website (as defined in the SISP).

65. The conduct of the SISP and Scully Mine Sale Procedure have been described in detail in previous motions and Reports of the Monitor, a summary of which is set out below.

66. The Scully Mine and the Wabush Lake Railway were made available in the SISP, but no offers were received by the Original Bid Deadline for these Purchased Assets.

67. As set out in previous Reports of the Monitor, including the Monitor's Twenty-Fourth Report, the Vendors have, in consultation with the Monitor, both during a process that took place concurrently with the SISP, and since the expiry of the SISP, sought and received liquidation proposals in respect of the Purchased Assets (the "**Scully Mine Liquidation Proposals**"). The Vendors have been advised by the Monitor that the Cash Purchase Price of the proposed Transaction exceeds the Scully Mine Liquidation Proposals.

68. Since the expiry of the SISP, the Wabush CCAA Parties have, in consultation with the Monitor, completed several Court-approved sales of equipment located at the Scully Mine. However, the Scully Mine and the Wabush Lake Railway remained unsold.

69. In the fall of 2016, while continuing their efforts to liquidate equipment located at the Scully Mine, the Wabush CCAA Parties received interest from several interested parties for the purchase of the Scully Mine and the Wabush Lake Railway (the "**Interested Parties**").

70. Given the multiple Interested Parties, the Wabush CCAA Parties, in consultation with the Monitor, determined that it would be appropriate to establish a formal procedure for the sale of the Scully Mine and the Wabush Lake Railway, to ensure a fair and transparent sale process.

71. Accordingly, the Wabush CCAA Parties, in consultation with the Monitor, developed a sale procedure for the sale of the Scully Mine and the Wabush Lake Railway (the "**Scully Mine Sale Procedure**") and communicated it to each of the Interested Parties.

72. The Scully Mine Sale Procedure set out, *inter alia*:

a) the requirement that all binding offers for the Scully Mine and the Wabush Lake Railway, together with a deposit of CAD $750,000 and the other items set out in the Scully Mine Sale Procedure, were to be received by the Vendors by no later than 5:00 p.m. (Toronto time) on Monday, March 27, 2017 (the "**Binding Offer Deadline**");

b) the manner and timeline in which an Interested Party could submit a binding offer for the purchase of the Scully Mine and the Wabush Lake Railway and the required contents of a binding offer;

c) the process and criteria for the ultimate selection of a successful bid, if any; and

d) the process for obtaining approval of a successful bid, if any,

as appears from a copy of the Scully Mine Sale Procedure, communicated herewith as **Exhibit R-11**.

73. Pursuant to the Scully Mine Sale Procedure, prior to the Binding Offer Deadline:

a) each Interested Party had the opportunity to complete due diligence, including any site visits, upon entering into a confidentiality agreement satisfactory to the Vendors; and

b) the Vendors, with the assistance of the Monitor, were to exercise commercially reasonable efforts to satisfy any reasonable due diligence request from the Interested Parties.

74. The Scully Mine Sale Procedure was carried out in accordance with its terms by the Wabush CCAA Parties, with the assistance of, and in consultation with, the Monitor.

75. Two proposals were received by the Binding Offer Deadline, including a binding offer from the Purchaser (the "**Tacora Binding Offer**").

76. Summaries of the proposals received prior to the Binding Offer Deadline pursuant to the Scully Mine Sale Procedure have been provided to the Court in the Confidential Appendices to the Monitor's Thirty-Third Report and the Monitor's Thirty-Fourth Report.

77. The Tacora Binding Offer was the only offer that contemplated a restart of operations at the Scully Mine. No binding offer was received that would have an Interested Party assume any of the Excluded Liabilities, including any liabilities in respect of the Employee Plan Claims.

78. The Vendors, in consultation with the Monitor, reviewed the offers received under the Scully Mine Sale Procedure, sought clarification from certain Interested Parties, and

determined that the Tacora Binding Offer was the highest and best proposal which contemplates a Transaction that is in the best interests of their stakeholders, as a whole.

79. Subsequently, the Vendors, in consultation with the Monitor, entered into negotiations with the Purchaser towards a definitive sale agreement. These negotiations culminated in the Vendors, the Purchaser and the Parent executing the Asset Purchase Agreement in respect of the Purchased Assets on June 2, 2017.

80. The Sale Advisor Engagement Letter approved by the Sale Advisor Order provided for a transaction fee that would ordinarily be payable by the Vendors to the Sale Advisor on Closing of the Transaction. In respect of the proposed Transaction, such transaction fee would have resulted in negative cash value to the Vendors.

81. In light of the foregoing, the CCAA Parties, in consultation with the Monitor, have successfully negotiated a fee waiver whereby the Sale Advisor has irrevocably agreed to waive any transaction fee that it would otherwise have been entitled to receive from the Vendors in connection with the sale of the Scully Mine.

6. THE ASSET PURCHASE AGREEMENT

6.1 The Purchaser

82. According to information provided to the Vendors by the Purchaser, the Vendors understand that the Purchaser is a special purpose acquisition vehicle that was incorporated under the laws of the Province of British Columbia for the purpose of consummating the Transaction.

83. According to information provided to the Vendors by the Purchaser, the Vendors understand that the Parent is a is a limited liability corporation incorporated under the laws of the State of Delaware. The Parent is a processing technology company focused on serving the global iron ore industry and is the sole holder of the voting common shares of the Purchaser.

84. Pursuant to the Asset Purchase Agreement, the Parent has guaranteed the due, complete and punctual observance and performance of each and every obligation of the Purchaser under the Asset Purchase Agreement arising on or before Closing. However, the Parent's guarantee of the Purchaser's obligation to procure Replacement Financial Assurance is subject to satisfaction or waiver of the Replacement Financial Assurance condition (such condition is described in greater detail below).

6.2 Purchase Price, Assumed Liabilities & Environmental Liabilities

85. The Asset Purchase Agreement contemplates the sale of the Purchased Assets for consideration comprising of the Cash Purchase Price, the assumption of the Assumed Liabilities and the agreed value of Cure Costs, which Cure Costs are payable to the Monitor, at or prior to Closing.

86. As set out in greater detail in Section 3 above, the Purchaser has agreed to:

a) assume the Assumed Liabilities which form part of the Purchase Price; and

b) be responsible for the Environmental Liabilities.

87. The Environmental Liabilities which the Purchaser has agreed to be responsible for under the Asset Purchase Agreement include obligations for the reclamation of the Scully Mine, in respect of which the Government of Newfoundland and Labrador has filed a claim in the amount of approximately CAD $49 million pursuant to the Claims Procedure Order. Pursuant to the Asset Purchase Agreement, Environmental Liabilities exclude any claims extinguished pursuant to the Claims Procedure Order.

6.3 Employees

88. The Purchaser has represented in the Asset Purchase Agreement that the Purchaser has entered into a new collective bargaining agreement with the Union, which will be effective no later than Closing, which replaces the Expired Collective Bargaining Agreement, and the Vendors have relied upon such representation. Additionally, the Union has press released that it has entered into such new collective bargaining agreement with the Purchaser, as appears from a copy of a press release by the Union, communicated herewith as **Exhibit R-12**.

89. Pursuant to the Asset Purchase Agreement, the Purchaser is not assuming any obligations in respect of any Employee Plan Claims.

90. There are only four remaining employees at the Scully Mine, all of whom are salaried employees. Pursuant to the Asset Purchase Agreement, (i) the employment of such salaried employees will be terminated effective on the Closing Date, and (ii) the Vendors will retain liabilities for, *inter alia*, salary, wages, bonuses, overtime pay and severance in respect of such terminations.

91. At the time of the commencement of the CCAA Proceedings, the CCAA Parties had advised the Court in their application materials that on termination of any of their employees during the CCAA Proceedings, such employees would be paid any accrued and unpaid vacation and statutory severance. Consistent with this approach and the treatment of other employees of the CCAA Parties that have been terminated since the commencement of the CCAA Proceedings, upon termination the remaining salaried employees will be paid any accrued and unpaid vacation and statutory severance. Further, the remaining salaried employees have been advised that their existing benefit plans will expire on August 31, 2017 and will not be renewed, irrespective of whether or not the Transaction closes.

92. The Vendors did not receive any offers for the Scully Mine which contemplated the assumption of any Employee Plan Claims by a prospective purchaser, nor did any of the offers received by the Vendors contemplate the continuation of the employment of the salaried employees.

6.4 Sale of Knoll Lake Shares

93. Pursuant to the Transaction, the Purchaser is acquiring all of the Vendors' right, title and interest in the Knoll Lake Shares and as a result, following Closing, the Purchaser will become the majority shareholder of Knoll Lake. On Closing, Knoll Lake's bank account will be closed and the funds on deposit therein transferred at the direction of Knoll Lake.

94. Pursuant to the Asset Purchase Agreement, the Vendors are required to deliver to the Purchaser the Books and Records of the Vendors (other than those that are Excluded Assets), including the minute books and corporate records of Knoll Lake. Although, the minute books and corporate records of Knoll Lake do not form part of the Purchased Assets, the Vendors will be delivering possession of such minute books and corporate records of Knoll Lake within 30 days following Closing.

95. As of the date of this Motion, certain nominees of Wabush Iron and Wabush Resources are directors and officers of Knoll Lake. Pursuant to the Asset Purchase Agreement, effective as at Closing, the nominees of the Vendors must have resigned as officers and directors of Knoll Lake and at least two nominees of the Purchaser must have been appointed to the board of directors of Knoll Lake, pursuant to resolutions passed at a board meeting of Knoll Lake duly called for such purpose. Prior to Closing, the director nominees of Wabush Iron and Wabush Resources intend to call a board meeting of Knoll Lake to effect this condition of the Asset Purchase Agreement.

6.5 Sale of Northern Land Shares & Northern Land Indebtedness

96. Pursuant to the Transaction, the Purchaser is acquiring all of the Vendors' right, title and interest in the Northern Land Shares and the Northern Land Indebtedness and as a result, following Closing, the Purchaser will own half of the issued and outstanding shares of Northern Land.

97. Pursuant to the Subscription Agreement among the shareholders of Northern Land, (i) within 30 days following written notice from Wabush Iron of its intention to dispose of all of its Northern Land Shares and notes of Northern Land, IOC and certain of its affiliates have a right of first refusal to purchase such common shares and notes on such terms as specified in the written notice (the "**ROFR**"), and (ii) to the extent Wabush Iron transfers its Northern Land Shares to a transferee, it must transfer a corresponding proportion of its notes to such transferee.

98. On June 2, 2017, IOC, on behalf of itself and its affiliates, irrevocably waived the exercise of its ROFR in respect of the Transaction, provided that the Transaction is completed prior to August 31, 2017, as appears from the Waiver of ROFR communicated herewith as **Exhibit R-13**.

99. The Northern Land Indebtedness is comprised of the total outstanding amount of all indebtedness advanced by or on behalf of Wabush Iron to Northern Land (including, without limitation, the outstanding principal amount remaining under a loan in the original principal amount of CAD $10 million made on or about March 5, 2012 by Wabush Iron to Northern Land).

100. The Purchaser has insisted that the Northern Land Indebtedness form part of the Purchased Assets. The Vendors, in consultation with the Monitor, have determined that (i) the Subscription Agreement may require the assignment of the Northern Land Indebtedness to the Purchaser, and (ii) the realizable value of the Northern Land Indebtedness, if any, is uncertain and the Vendors have no information to suggest that it could be collected. Therefore, the Vendors have agreed to include the Northern Land Indebtedness as part of the Purchased Assets.

6.6 Conditions to Closing

101. The Closing of the Transaction contemplated by the Asset Purchase Agreement is conditional upon a number of conditions set forth in Section 8.1 and Section 8.2 of the Asset Purchase Agreement, including (i) Court approval of the Asset Purchase Agreement, as contemplated by the Draft Approval and Vesting Order sought herein, (ii) Court approval of the assignment of the Assigned Contracts (to the extent the consents to the assignment of such Assigned Contracts have not been obtained from the applicable counterparties thereto), as contemplated by the Draft Assignment Order sought herein, and (iii) the delivery of a clearance letter in respect of Wabush Mines JV from the Newfoundland & Labrador Workplace Health, Safety and Compensation Commission ("**WHSCC**").

102. On or about June 7, 2017, Wabush Mines JV, in consultation with the Monitor, remitted payment to the WHSCC of the outstanding balance of WHSCC premiums owed by Wabush Mines JV. It is expected that the clearance letter will be obtained shortly.

103. Three material outstanding conditions to Closing under the Asset Purchase Agreement relate to (i) the Purchaser obtaining the agreement, authorization or approval of the Minister of Natural Resources under the *Mining Act* (Newfoundland and Labrador) (the "**Minister**") for the Purchaser Closure Plan, (ii) satisfactory arrangements between the Minister and the Purchaser regarding the Replacement Financial Assurance, and (iii) the cancellation of the Vendor Surety Bonds on or immediately after Closing.

104. As of the date of this Motion, the Vendors understand that none of these three material conditions have been satisfied. The *Mining Act* condition must be satisfied by Closing and the Replacement Financial Assurance condition must be satisfied by June 16, 2017.

6.7 Additional Notable Provisions of the Asset Purchase Agreement

105. Pursuant to the Asset Purchase Agreement, between the period of execution of the Asset Purchase Agreement and Closing, the Vendors are not to solicit, initiate or encourage any inquiries or proposals from, or enter into any agreement with, any Person (other than the Purchaser) relating to any transaction involving the Purchased Assets.

106. Pursuant to the Asset Purchase Agreement, the Purchaser is entitled to satisfy its withholding obligations under the *Income Tax Act* (Canada) in respect of the portion of the purchase price payable to Wabush Iron by directing the Vendors and the Monitor to retain in escrow with the Monitor, up to the full amount of the Cash Purchase Price (including the Deposit) until appropriate certificates of compliance are issued by the Minister of National Revenue (Canada) in respect of Wabush Iron. Preliminary application materials in respect of such certificates of compliance have been submitted. The Vendors do not expect that any amount will be required to be remitted in order to obtain the certificates.

6.8 Access Agreement

107. The Purchaser and the Vendors have also agreed to enter into an access agreement on Closing in substantially the form of the access agreement attached to the Asset

Purchase Agreement as Exhibit "A" (the "**Access Agreement**"). All initially capitalized terms used in this Subsection 6.8 shall have the meaning given to them in the Access Agreement.

108. The key terms of the Access Agreement are as follows:

a) the Monitor and Access Parties, being *inter alios*, the CCAA Parties and certain other persons who have purchased Excluded Assets that are located at the Scully Mine (and their respective Agents) are provided with access rights to the Scully Mine to conduct certain Activities, subject to the terms and conditions of the Access Agreement; and

b) the term of the Access Agreement in respect of each Access Party is until October 31, 2017 or such later date as may be agreed to in writing by the Purchaser and such Access Party.

109. The Activities include, *inter alia*, the dismantling, transferring, transporting, removing or disposing of any of the Excluded Assets.

110. The Excluded Assets include, *inter alia*:

a) all Wabush style fully enclosed bottom dumper railcars that were sold pursuant to an Asset Purchase Agreement dated December 23, 2015 among, *inter alios*, the Vendors and Investissement Québec, as assigned by Investissement Québec to Société ferroviaire et portuaire de Pointe-Noire s.e.c pursuant to an Assignment and Assumption Agreement dated as of January 29, 2016, and executed on February 1st, 2016;

b) the Remaining Scully Mine Equipment (as defined below) which is owned by Ritchie Bros (as defined below); and

c) all others assets previously sold by the Vendors or their affiliates in the CCAA Proceedings which remain at the Scully Mine site.

111. It is the Vendors' view that the access rights contained in the proposed Access Agreement are fair and reasonable and provide all Access Parties and the Monitor with a reasonable period of time to access the Scully Mine site in order to conduct the Activities in respect of the Excluded Assets.

6.9 The Ritchie Bros Relocation Deadline Extension

112. On October 11, 2016, Bloom Lake LP, Wabush Resources and Wabush Iron entered into an asset purchase agreement with Ritchie Bros Auctioneers (Canada) Ltd ("**Ritchie Bros**") for the sale of various mobile equipment located at the Bloom Lake Mine and the Scully Mine (the "**Ritchie Bros Asset Purchase Agreement**").

113. The Ritchie Bros Asset Purchase Agreement provides for a Relocation Deadline (as defined therein), by which Ritchie Bros is to relocate the purchased equipment from the Scully Mine.

114. The Relocation Deadline has, at the request of Ritchie Bros, been extended by Bloom Lake LP, Wabush Resources and Wabush Iron from time to time, and most recently to the earlier of (i) August 31, 2017 (ii) the day upon which the Wabush Sub-Lease is terminated, or (iii) 10 days prior to the date upon which a disclaimer of the Wabush Sub-Lease become effective (the "**Ritchie Bros Relocation Deadline Extension**"). The Vendors discussed the Ritchie Bros Relocation Deadline Extension with the Purchaser prior to agreeing to such extension and the Purchaser did not raise any objection to such extension.

115. Ritchie Bros has advised the Vendors that as of May 30, 2017, three pieces of mobile equipment purchased by Ritchie Bros remain at the Scully Mine (the "**Remaining Scully Mine Equipment**");

116. The Ritchie Bros Relocation Deadline Extension also provides that should Scully Mine be sold to a third party, the provisions of the Ritchie Bros Asset Purchase Agreement dealing with access to the Scully Mine will be replaced in their entirety by the terms and conditions of an access agreement to be entered into by the Vendors with the purchaser of the Scully Mine

117. Therefore, provided that the Transaction closes and the Vendors enter into an access agreement with the Purchaser and Ritchie Bros agrees to become a party to such access agreement, Ritchie Bros will have until at least October 31, 2017 to remove the Remaining Scully Mine Equipment from the Scully Mine site. Alternatively, Ritchie Bros can enter into its own access agreement with the Purchaser following Closing.

6.10 Assignment of Contracts & Cure Costs

118. Pursuant to the Asset Purchase Agreement, the Purchaser may:

a) at any time prior to the Assignment Order Contract Deadline (June 11, 2017), add additional contracts to which the Vendors are party to the list of Assigned Contracts that must be assigned (whether on consent or pursuant to the Assignment Order) and in respect of which Cure Costs (if any) would have to be paid as a condition of Closing; and

b) at any time prior to June 16, 2017, remove any contract from the list of Assigned Contracts that would otherwise have had to be assigned (whether on consent or pursuant to the Assignment Order) and in respect of which Cure Costs (if any) would have otherwise had to be paid as a condition of Closing.

119. No additional contracts were added by the Purchaser to the list of Assigned Contracts by the Assignment Order Contract Deadline (June 11, 2017).

120. Written requests from the applicable Vendors have been or will be sent to the counterparty of each of the Assigned Contracts seeking consent to the assignment of such Assigned Contract (the "**Assigned Contract Consents**"). As the Vendors have not yet obtained any of the Assigned Contract Consents, the Vendors are seeking the granting of the Assignment Order in respect of all of the Assigned Contracts listed on Schedule "A" to the Draft Assignment Order (collectively, "**Assignment Order Contracts**").

121. To the extent that any Assigned Contract Consents are received prior to the hearing of this Motion, the Vendors will not be seeking the Court ordered assignment of such Assigned Contract and will remove such Assigned Contract from Schedule "A" to the Draft Assignment Order.

122. The Draft Assignment Order, *inter alia*:

a) orders the assignment of all rights and obligations of the Vendors under the Assignment Order Contracts to the Purchaser upon the issuance of the Monitor's Certificate;

b) orders that the Cure Costs in respect of the Wabush Sub-Lease will be the aggregate of the MFC Pre-Filing Claim and the MFC Post-Filing Claim (as each term is defined in the Draft Assignment Order), as finally determined or agreed to in accordance with the Draft Assignment Order;

c) orders that the Cure Costs in respect of each of the Assignment Order Contracts (except Cure Costs in respect of the Wabush Sub-Lease) shall be disbursed by the Monitor in accordance with the Asset Purchase Agreement and the provisions of the Approval and Vesting Order;

d) orders that the MFC Pre-Filing Claim shall, unless otherwise agreed to by MFC and the Purchaser, be heard and determined by the Court;

e) orders that the MFC Post-Filing Claim shall be finally determined by agreement between the Vendors and MFC or on a motion before the Court; and

f) establishes the timing of disbursement by the Monitor of the Cure Costs in respect of the Wabush Sub-Lease, following the determination of the MFC Pre-Filing Claim and the MFC Post-Filing Claim.

123. Pursuant to the Asset Purchase Agreement, the Purchaser must pay on Closing, the Cure Costs (if any) in respect of each Assigned Contract up to the applicable Cure Cost Threshold for such Assigned Contract. The Cure Cost Threshold (being one hundred and one percent (101%) of the Cure Cost Amount) in respect of each Assigned Contract is set out on Schedule "O" to the Asset Purchase Agreement.

124. The Cure Cost Threshold does not apply to any Accrual Cure Costs which may continue to accrue until Closing. Under the Asset Purchase Agreement, the Purchaser is required to pay for all Accrual Cure Costs, regardless of the amount.

125. To the extent that the Cure Costs in respect of any Assigned Contract exceed the applicable Cure Cost Threshold and the Purchaser does not agree to pay all such Cure Costs in excess of the applicable Cure Cost Threshold, the Vendors may terminate the Asset Purchase Agreement.

126. As set out in Schedule "O" to the Asset Purchase Agreement, the estimated Cure Costs could be up to approximately CAD $18.8 million, with approximately CAD $11.2 million thereof being attributable to the Wabush Sub-Lease, in respect of the MFC Pre-Filing Claim.

127. The MFC Pre-Filing Claim is contested by the CCAA Parties, and the amount of Cure Costs required to be paid to MFC to remedy all pre-filing monetary defaults will be finally determined by agreement between the Purchaser and MFC or on a motion to be scheduled before the Court.

128. Pursuant to the Draft Assignment Order, the amount of the Cure Costs being allocated to the Wabush Sub-Lease will be held in trust by the Monitor pending final determination of the MFC Pre-Filing Claim. Should it be determined by the Court that such amount held in trust by the Monitor (or any portion thereof) are not Cure Costs that are payable to MFC, such amount (or portion thereof) will be returned to the Purchaser.

129. As previously reported to the Court, Wabush Iron and Wabush Resources have been paying Disputed Post-Filing Royalties in-trust to the Monitor. Unless otherwise agreed to between the Vendors and MFC, the amount of Disputed Post-Filing Royalties payable to MFC (if any) will, unless otherwise determined by agreement between the Vendors and MFC, be determined by the Court during a hearing to be held from July 19 to July 21, 2017.

130. Pursuant to the Draft Assignment Order, should it be determined that the Disputed Post-Filing Royalties (or any portion thereof) are not payable to MFC, such amounts held in-trust by the Monitor will be returned to the Vendors.

131. After Closing, the Vendors will cease making any payments in respect of the Wabush Sub-Lease, including any Disputed Post-Filing Royalties, as the Purchaser will become responsible for all obligations under the Wabush Sub-Lease upon Closing.

6.11 Closing Mechanics

132. Pursuant to the Asset Purchase Agreement and the terms of the Scully Mine Sale Procedure, the Purchaser has provided a cash deposit of CAD $750,000 in trust to the Monitor (the "**Deposit**").

133. The Asset Purchase Agreement authorizes the Monitor to hold and apply the Deposit against the Cash Purchase Price upon Closing, in accordance with the terms thereof.

134. The Asset Purchase Agreement also provides that payment of the balance of the Cash Purchase Price, Transfer Taxes which are payable upon Closing (if any) and Cure Costs shall be paid in full to the Monitor at Closing.

135. Pursuant to the Draft Approval and Vesting Order and the Asset Purchase Agreement, upon receipt by the Monitor of payment in full of the Cash Purchase Price, Transfer Taxes required to be paid at Closing (if any) and Cure Costs payable by the Purchaser on Closing, as well as receipt by the Monitor of the Conditions Certificates contemplated in Section 8.3 of the Asset Purchase Agreement, the Monitor shall issue its Monitor's Certificate concurrently to the Vendors and the Purchaser, at which time Closing shall be deemed to have occurred. The Monitor shall then file, as soon as practicable, a copy of the Monitor's Certificate with the Court (and shall thereafter provide a true copy of such filed certificate to the Vendors and the Purchaser).

136. The Draft Approval and Vesting Order, *inter alia*:

a) directs the Monitor to remit the Transfer Taxes received by it (if any are payable) from the Purchaser to the applicable taxing authority in accordance with Applicable Law;

b) directs the Monitor to remit Cure Costs received by it from the Purchaser to the applicable counterparties to the Assigned Contracts; and

c) directs the Monitor to receive and hold the Cash Purchase Price in accordance with the provisions set forth therein and, subject to remittance of Transfer Taxes and Cure Costs, to hold the Proceeds (as defined therein) on behalf of the Vendors pending further order of the Court.

137. Although pursuant to the Asset Purchase Agreement the Transaction is targeted to close on the date which is three Business Days following the issuance by the Court of the Approval and Vesting Order and the Assignment Order, the Vendors are hoping to close the Transaction as soon as possible following the issuance of such Orders. Under the Asset Purchase Agreement, the Transaction must close no later than July 31, 2017, subject to any extensions that may be mutually agreed upon by the Vendors and the Purchaser.

6.12 Overall Assessment

138. The Monitor has advised that it is preparing and will shortly be providing a comprehensive report to the Court with respect to the present Motion, which report will include the Monitor's views and recommendations in respect of the granting of the Draft Approval and Vesting Order and Draft Assignment Order.

6.13 Granting of the Draft Assignment Order

139. The Vendors are of the view that the Draft Assignment Order is appropriate in the circumstances, given that:

a) the Draft Assignment Order provides for the payment of any Cure Costs in respect of the Assignment Order Contracts;

b) the Purchaser has advised that it is able and willing to perform the obligations being assumed by it under the Assignment Order Contracts, as described above. Additionally, the Vendors understand that the Purchaser will be filing an affidavit providing details regarding same;

c) it is a condition precedent to closing of the Transaction; and

d) if this Transaction were not to close and the Scully Mine was liquidated and/or abandoned, the Assignment Order Contracts would be disclaimed pursuant to the CCAA.

6.14 Approval of Asset Purchase Agreement and Transaction

140. The Scully Mine Sale Procedure was, in consultation with the Monitor, (i) designed to ensure a fair and transparent process aimed at maximizing value, and (ii) carried out in

accordance with its terms. Therefore, the Vendors are satisfied that the Scully Mine Sale Procedure was implemented in a fair and reasonable manner.

141. The Vendors, applying their business judgment, are of the view that:

a) the Purchased Assets have been fairly and robustly marketed;

b) the Purchase Price for the Purchased Assets is fair and reasonable in the circumstances; and

c) the approval of the Asset Purchase Agreement and Transaction is in the best interests of the Vendors' stakeholders, as a whole.

142. In arriving at this view, the Vendors have consulted with the Monitor and considered:

a) the Pre-Filing Scully Mine Sale Process;

b) the results of the SISP and the fact that the Purchased Assets have been marketed for nearly two years during the CCAA Proceedings;

c) the Scully Mine Liquidation Proposals; and

d) the offers received in the Scully Mine Sale Procedure.

143. As the date for the Replacement Financial Assurance condition to be satisfied is June 16, 2017 and assuming that such condition is satisfied, the Vendors are satisfied that should this Court grant this Motion, the remaining conditions to Closing and closing mechanics should lead to the Closing of the Transaction.

144. Furthermore, the following notable aspects of the Asset Purchase Agreement support the approval by the Court of the Asset Purchase Agreement and the Transaction contemplated therein:

a) if the Transaction is not completed due to a material breach by the Purchaser or the Parent of any representation, warranty or covenant contained in the Asset Purchase Agreement, which breach has not been waived by the Vendors, and (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.2 of the Asset Purchase Agreement impossible to satisfy by the Outside Date (July 31, 2017), or (ii) if such breach is curable, the Vendors have provided written notice of such breach to the Purchaser and such breach has not been cured within five days of receipt of such notice, then the Vendors may terminate the Asset Purchase Agreement and the Monitor will retain the Deposit for the benefit of the Vendors;

b) the Purchased Assets are being sold on an "as is, where is" basis at the Purchaser's own risk, without recourse or legal or any other warranty;

c) the Purchaser will assume the Assumed Liabilities;

d) the Purchaser will be responsible for all Environmental Liabilities; and

e) the Excluded Assets include the cash of the Vendors and certain other assets that may potentially be monetized for the benefit of their creditors.

145. In addition, the Vendors submit that the following important factors favour the approval of the Asset Purchase Agreement:

a) there will be significant carrying costs with the continued maintenance of the Scully Mine which make the carrying of the Scully Mine uneconomic, and such costs are expected to increase over the balance of spring and summer, given warmer temperatures, the thawing of ice and dust control obligations;

b) the Purchaser has advised that it intends to restart operations at the Scully Mine and the Wabush Lake Railway which is in the best interests of the stakeholders of the Vendors as a whole.

146. Accordingly, the Vendors respectfully submit that the factors set out in Section 36 of the CCAA have all been met since, notably:

a) the Scully Mine Sale Procedure was carried out in accordance with its terms, and under the supervision of the Monitor and the process that was followed and which led to the Transaction was fair and reasonable in the circumstances;

b) the Monitor endorsed the process leading to the Transaction and the Vendors understand that the Monitor supports the Vendors' request for approval of the Transaction and will file a report in respect of the present Motion for the approval of the Transaction and Asset Purchase Agreement;

c) the Transaction is the best option available to the Vendors and will benefit the stakeholders of the Vendors as a whole, as explained more fully above;

d) the consideration to be received for the Purchased Assets is fair and reasonable, taking into account the extensive marketing efforts in respect of the Purchased Assets and their potential liquidation value; and

e) the Transaction is also advantageous to the broader constituency of stakeholders by favouring the eventual resumption of operations at the Scully Mine and the Wabush Lake Railway, which would have a positive social and economic impact on the town of Wabush and surrounding areas.

7. PROCEDURAL MATTERS

147. The Vendors submit that the notices given of the presentation of the present Motion are proper and sufficient.

148. Pursuant 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.

149. The service of the present Motion serves as notice pursuant to paragraphs 47 and 56 of the Wabush Initial Order.

150. The Asset Purchase Agreement provides for service and filing of this Motion as soon as practicable following execution of the Asset Purchase Agreement and no later than June 16, 2017, and for the sending of a notice, in form and substance acceptable to the Parties, acting reasonably, to unionized pension beneficiaries who used to be employed at the Scully Mine (the "**Unionized Pension Beneficiary Notice**") by no later than June 6, 2017 (the "**Pension Notice Deadline**"), or such later date as may be agreed by the Parties.

151. The Unionized Pension Beneficiary Notice was finalized on June 6, 2017, a copy of which is communicated herewith as **Exhibit R-14**.

152. The Pension Notice Deadline was subsequently extended to June 8, 2017. The Monitor has advised the Vendors that the Pension Plan Administrator has confirmed to the Monitor that (i) on June 8, 2017, the Pension Plan Administrator sent the Unionized Pension Beneficiary Notice to the unionized pension beneficiaries, and (ii) on June 12, 2017, the Pension Plan Administrator sent the Unionized Pension Beneficiary Notice to (a) the Financial Services Regulation Division, Government of Newfoundland and Labrador, (b) the Office of the Superintendent of Financial Institutions, Department of Justice (Canada), and (c) Retraite Québec, Government of Québec.

153. On June 12, 2017, counsel to the Vendors sent the Unionized Pension Beneficiary Notice to the Union and Representative Counsel for the Salaried Members. No similar notice was sent to beneficiaries of the Salaried Pension Plan by the Pension Plan Administrator as Representative Counsel received a copy of the Unionized Pension Beneficiary Notice and will also be served with this Motion.

154. In addition to the Representative Counsel, the federal and applicable provincial pension regulators have also been provided with a copy of the Unionized Pension Beneficiary Notice on the same date that the Unionized Pension Beneficiary Notice was mailed to unionized pension beneficiaries.

155. Paragraph 57 of the Wabush Initial Order requires 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 on the moving party and the Monitor, with a copy to all persons on the Service List by 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 person 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 June 22, 2017.

156. Paragraph 58 of the Wabush Initial Order further provides 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**").

157. Paragraph 59 of the Wabush Initial Order provides that the Monitor shall communicate with the Judge and the Service List with respect to the Hearing Details.

8. CONCLUSIONS

158. In light of the foregoing, the Vendors hereby respectfully (i) seek the issuance of an Order substantially in the form of the Draft Approval and Vesting Order (Exhibit R-2), which provides for the Court's approval of the Asset Purchase Agreement and the Transaction contemplated therein, and (ii) seek an Order substantially in the form of the Draft Assignment Order (Exhibit R-3), which provides for the assignment of the Assignment Order Contracts to the Purchaser.

159. The Vendors further submit that the notices given of the presentation of the present Motion (including the Unionized Pension Beneficiary Notice) are proper and sufficient because:

a) service by notice similar to the Unionized Pension Beneficiary Notice has previously been approved by the Court in an order dated May 28, 2015;

b) the Vendors are not aware of any third parties having a lien or charge over the Purchased Assets, save and except for the Permitted Encumbrances, and the charges set out in Schedule "D" to the Draft Approval and Vesting Order or created by the Orders issued in these CCAA Proceedings; and

c) save for the Permitted Encumbrances, updated searches conducted at the following registries against the Vendors did not disclose any third parties having registered a security interest over the Vendors' interest in the Purchased Assets, other than those encumbrances which are set out in Schedule ''D'' to the Draft Approval and Vesting Order, which are to be discharged as part of the Approval and Vesting Order:

i) Companies and Deeds Online, Registry of Deeds (Newfoundland & Labrador) on the Vendors' immovable property, communicated herewith as **Exhibit R-15**;

ii) Mineral Rights Inquiry search report (Newfoundland & Labrador) on the Vendors' mineral licences, communicated herewith as **Exhibit R-16**;

iii) Uniform Commercial List (Ohio, D.C, and Pennsylvania) search results summary on the Vendors' movable property, communicated herewith as **Exhibit R-17**; and

iv) Personal Property Security Act (Ontario and Newfoundland & Labrador) search results summary on Vendors' movable property communicated herewith as **Exhibit R-18**.

Copies of the raw search results for each of Exhibits R-17 to R-18 will be available at the hearing of the present Motion.

160. In light of the foregoing, the Vendors hereby respectfully seek the issuance of an Order substantially in the form of the Draft Approval and Vesting Order (Exhibit R-2), which provides for, *inter alia*:

a) the Court's approval of the Transaction and the Asset Purchase Agreement; and

b) the vesting of all of the Vendors' right, title and interest in and to the Purchased Assets in and with the Purchaser, free and clear of all encumbrances except the Permitted Encumbrances.

161. The Vendors further seek the issuance of an Order substantially in the form of the Draft Assignment Order (Exhibit R-3), which provides for, *inter alia*, the assignment of all rights and obligations of the Vendors under the Assignment Order Contracts to the Purchaser.

162. 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 Approval and Vesting Order (Exhibit R-2) communicated in support hereof;

ISSUE an order substantially in the form of the Draft Assignment Order (Exhibit R-4) communicated in support hereof;

WITHOUT COSTS, save and except in case of contestation.

Montréal, June 13, 2017

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, **CLIFFORD T. SMITH**, the President of Wabush Resources Inc., the President and a director of Wabush Iron Co. Limited, and the Vice-President and a director of Wabush Lake Railway Company Limited, having a place of business at 1 Place Ville Marie, Bureau 3000, Montréal, Québec, H3B 4N8, solemnly affirm that all the facts alleged in the present *Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of Certain Assets and an Assignment Order with Respect to the Assignment of Certain Contracts* are true.

AND I HAVE SIGNED:

CLIFFORD T. SMITH

SOLEMNLY DECLARED before me at Cleveland, Ohio, on this 19th day of June, 2017

Notary Public

NOTARIAL SEAL
STATE OF OHIO

ADAM D. MUNSON, Atty.
NOTARY PUBLIC
STATE OF OHIO
My Commission Has No
Expiration Date
Section 147.03 R.C.

NOTICE OF PRESENTATION

TO: **Service List**

Supplemental Service List (attached hereto as Schedule "A" to the Motion)

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota 55744
Attention: Joe Broking
Email: joe.broking@magnetation.com

MagGlobal LLC
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota 55744
Attention: Joe Broking
Email: joe.broking@magnetation.com

TAKE NOTICE that the present *Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of Certain Assets and an Assignment Order with Respect to the Assignment of Certain Contracts* will be presented for adjudication before the Honourable Stephen W. Hamilton, 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 **June 26, 2017**, at a time and in a room to be determined.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, June 13, 2017

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Petitioners

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF **MONTRÉAL**

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

N°: **500-11-048114-157**

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

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

WABUSH LAKE RAILWAY COMPANY LIMITED

Petitioners

-and-

WABUSH MINES

Mise-en-cause

-and-

TACORA RESOURCES INC.

MAGGLOBAL LLC

Mises-en-cause

-and-

THE REGISTRAR OF DEEDS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE MINERAL CLAIMS RECORDER FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE REGISTRAR OF MOTOR VEHICLES FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

THE DIRECTOR OF COMMERCIAL REGISTRATIONS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

LIST OF EXHIBITS

(In support of the *Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of Certain Assets and an Assignment Order with Respect to the Assignment of Certain Contracts*)

R-1 SISP;

R-2 Draft Approval and Vesting Order;

R-3 Draft Assignment Order;

R-4 Asset Purchase Agreement;

R-5 Company details search for Wabush Iron from Ohio Secretary of State;

R-6 Company profile for Wabush Resources;

R-7 Company profile for Wabush Lake Railway Company;

R-8 Company profile for Knoll Lake;

R-9 Company profile for Northern Land;

R-10 Salaried DB Plan Termination Notice & Hourly DB Plan Termination Notice, *en liasse*;

R-11 Scully Mine Sale Procedure;

R-12 Press Release by the Union;

R-13 Waiver of ROFR;

R-14 Unionized Pension Beneficiary Notice;

R-15 Companies and Deeds Online, Registry of Deeds (Newfoundland & Labrador) on the Vendors' immovable property;

R-16 Mineral Rights Inquiry search report (Newfoundland & Labrador) on the Vendors' mineral licences;

R-17 Uniform Commercial List (Ohio, D.C, and Pennsylvania) search results summary on the Vendors' movable property; and

R-18 Personal Property Security Act (Ontario and Newfoundland) search results summary on Vendors' movable property.

The exhibits are available at the following link:

https://blakes.sharefile.com/d-sd521ceec6fa42c78

Montréal, June 13, 2017

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Petitioners

N°: 500-11-048114-157

SUPERIOR COURT
(Commercial Division)
DISTRICT OF MONTREAL

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

WABUSH IRON CO. LIMITED ET AL.

Petitioners

-and-
WABUSH MINES

Mise-en-cause

-and-
TACORA RESOURCES INC.

MAGGLOBAL LLC

Mises-en-cause

-and-
THE REGISTRAR OF DEEDS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR ET AL.

Mises-en-cause

-and-
FTI CONSULTING CANADA INC.

Monitor

MOTION FOR THE ISSUANCE OF AN APPROVAL AND VESTING ORDER WITH RESPECT TO THE SALE OF CERTAIN ASSETS AND AN ASSIGNMENT ORDER WITH RESPECT TO THE ASSIGNMENT OF CERTAIN CONTRACTS
(Sections 11 and 36 *ff.* of the
Companies' Creditors Arrangement Act)
AFFIDAVIT, NOTICE OF PRESENTATION AND LIST OF EXHIBITS

ORIGINAL

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