

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF **MONTREAL**

N°: 500-11-048114-157

**SUPERIOR COURT**

Commercial Division

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, 1985 R.S.C., c. C-36, as amended)

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

**BLOOM LAKE GENERAL PARTNER LIMITED**

**QUINTO MINING CORPORATION**

**8568391 CANADA LIMITED**

**CLIFFS QUÉBEC IRON MINING ULC**

**WABUSH IRON CO. LIMITED**

**WABUSH RESOURCES INC.**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP**

**BLOOM LAKE RAILWAY COMPANY LIMITED**

**WABUSH MINES**

**ARNAUD RAILWAY COMPANY**

**WABUSH LAKE RAILWAY COMPANY LIMITED**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

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**MOTION FOR THE ISSUANCE OF AN ORDER  
APPROVING THE ALLOCATION METHODOLOGY AND OTHER RELIEF**  
(Section 11 *ff.* of the *Companies' Creditors Arrangement Act*)

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**TO MR. JUSTICE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONORABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE CCAA PARTIES (AS DEFINED BELOW) 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 ("**CQIM**") and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership ("**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. Pursuant to the Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor of the Bloom Lake CCAA Parties (the "**Monitor**") (para. 39 of the Bloom Lake Initial Order) and a stay of proceedings was ordered in respect of the Bloom Lake CCAA Parties until February 26, 2015 (the "**Bloom Lake Stay Period**") (para. 8 *ff.* of the Bloom Lake Initial Order).
3. On May 20, 2015, Mr. Justice Hamilton, issued an Initial Order (as subsequently amended, rectified and/or restated the "**Wabush Initial Order**") extending the scope of the CCAA Proceedings to the Petitioners Wabush Iron Co. Limited ("**Wabush Iron**") and Wabush Resources Inc. ("**Wabush Resources**") and the Mises-en-cause Wabush Mines, an unincorporated contractual joint venture (the "**Wabush Mines JV**"), Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively, the "**Wabush CCAA Parties**"; collectively with the Bloom Lake CCAA Parties, the "**CCAA Parties**"), as appears from the Initial Order dated May 20, 2015, which forms part of the Court record.
4. Pursuant to the Wabush Initial Order, *inter alia*, 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 until June 19, 2015 (the "**Wabush Stay Period**"; collectively with the Bloom Lake Stay Period, the "**Stay Period**") (para. 7 *ff.* of the Wabush Initial Order).
5. On November 5, 2015, Mr. Justice Hamilton issued an order (as amended on November 16, 2015, the "**Claims Procedure Order**"), *inter alia*, approving and setting out a Claims Procedure (as defined in the Claims Procedure Order) in respect of the CCAA Parties, as appears from the Claims Procedure Order, which forms part of the Court record.

6. The Stay Period has been extended by order of the Court from time to time, most recently on January 30, 2017, and currently expires on June 30, 2017, as appears from the Court record.

## 2. TRANSACTIONS APPROVED BY THE COURT

7. Through the course of CCAA Proceedings, the Court has approved several purchase and sale transactions, which provide for purchase price allocations as outlined below (collectively, the “**Purchase Price Allocations**”):
  - a) On April 27, 2015, the Court issued an Approval and Vesting Order approving the transaction contemplated by a Share Purchase Agreement dated as of March 22, 2015, which sets out a purchase price allocation among various CCAA Parties under Exhibit D thereto, as appears from the Court record.
  - b) On November 5, 2015, the Court issued an Approval and Vesting Order approving the transaction contemplated by a Sale of Goods Agreement dated as of September 30, 2015, as amended on October 7, 2015, which does not set out a purchase price allocation among various CCAA Parties, as appears from the Court record.
  - c) On January 27, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of December 11, 2015, which sets out a purchase price allocation among various CCAA Parties under Schedule R thereto, and thereby reserving arguments as to the allocation of the purchase price among the CCAA Parties<sup>1</sup>, as appears from the Court record.
  - d) On February 1, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of December 23, 2015, which sets out a purchase price allocation among various CCAA Parties under Schedule O thereto, and thereby reserving arguments as to the allocation of the purchase price among the CCAA Parties<sup>2</sup>, as appears from the Court record.
  - e) On February 1, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of January 26, 2016, which sets out a purchase price allocation among various CCAA Parties under section 3.3 (2) therein, and thereby reserving arguments as to the allocation of the purchase price among the CCAA Parties<sup>3</sup>, as appears from the Court record.

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<sup>1</sup> Para 29 of the Approval and Vesting Order dated January 27, 2016.

<sup>2</sup> Para 27 of the Approval and Vesting Order dated February 1, 2016.

<sup>3</sup> Para 23 of the Approval and Vesting Order dated February 1, 2016 in relation to the Asset Purchase Agreement dated as of January 26, 2016.

- f) On June 28, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of July 17, 2016, which involved CQIM as the only CCAA Party, as appears from the Court record.
- g) On July 20, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of June 30, 2016, which sets out a purchase price allocation among various CCAA Parties under Schedule B thereto, as appears from the Court record.
- h) On August 30, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of July 22, 2016, which involved CQIM as the only CCAA Party, as appears from the Court record.
- i) On September 23, 2016 and October 21, 2016, the Court issued two Approval and Vesting Orders partially approving the transaction contemplated by an Asset Purchase Agreement dated as of September 22, 2016, which sets out a purchase price allocation among various CCAA Parties under Schedule B thereto, as appears from the Court record.
- j) On October 28, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of October 11, 2016, which sets out a purchase price allocation among various CCAA Parties under Schedule R thereto, as appears from the Court record.
- k) On November 18, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of November 3, 2016, which sets out a purchase price allocation among various CCAA Parties under Schedule I thereto, as appears from the Court record.
- l) On November 18, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of November 7, 2016, which sets out a purchase price allocation among various CCAA Parties under Schedule C thereto, as appears from the Court record.
- m) On November 28, 2016, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of November 15, 2016, which involved CQIM as the only CCAA Party, as appears from the Court record.
- n) On May 16, 2017, the Court issued an Approval and Vesting Order approving the transaction contemplated by an Asset Purchase Agreement dated as of May 3, 2017, which involved CQIM as the only CCAA Party, as appears from the Court record.

**3. ORDERS SOUGHT**

8. On this Motion, the CCAA Parties hereby seek the approval of the Allocation Methodology (as defined below), the authorization of the repayment of the Bloom Lake Inter-Company Funding (as defined below) and the authorization of the payment of the Outstanding Property Taxes (as defined and to the extent set out below).

**4. APPROVAL OF THE ALLOCATION METHODOLOGY**

9. In order to determine the amounts available for distribution in each of the CCAA Parties' respective estates to each of the CCAA Parties' creditors, the Monitor has developed and recommended a proposed methodology to allocate proceeds and costs among the CCAA Parties (the "**Allocation Methodology**"), that is set out as follows (and that shall be more fully detailed in the Monitor's Report to be filed in respect of the present Motion):

- a) realizations from asset sale transactions are to be allocated amongst assets and CCAA Parties as set out in each respective Purchase Price Allocation;
- b) non-transaction realizations specifically attributable to a CCAA Party are to be applied to that CCAA Party, for example:
  - i) cash on hand at the commencement of the CCAA Proceedings;
  - ii) insurance proceeds;
  - iii) tax refunds; and
  - iv) collection of accounts receivable;
- c) non-transaction realizations not specifically attributable to a CCAA Party (such as interest on funds held in trust by the Monitor) are to be allocated pro-rata based on realizations;
- d) costs specifically attributable to an asset or asset category (such as railcar storage fees, for example) are to be applied to that asset or asset category;
- e) costs specifically attributable to a CCAA Party (such as the direct operating costs of the Bloom Lake Mine and the Wabush Mine, for example) are to be applied to that CCAA Party;
- f) costs not specifically attributable to a CCAA Party (such as the costs of management and legal and professional costs, for example) are to be allocated pro-rata based on net realizations after specifically attributable costs.
- g) due to its legal status as an unincorporated joint venture, any costs and realizations attributable to the Wabush Mines JV are to be allocated to Wabush Iron and Wabush Resources, in accordance with their ownership interests in Wabush Mines JV;

10. The Monitor has advised the CCAA Parties that it is of the view that the Allocation Methodology is appropriate, fair and reasonable in the circumstances and supports the CCAA Parties' request for approval of the Allocation Methodology.
11. The CCAA Parties understand that the Monitor will file a report regarding the Allocation Methodology.
12. The CCAA Parties submit that the Allocation Methodology is appropriate, fair and reasonable in the circumstances and seek its approval by this Court.

**5. AUTHORIZATION OF REPAYMENT OF BLOOM LAKE INTER-COMPANY FUNDING**

13. Pursuant to the Bloom Lake Initial Order, inter-company funding was permitted between the Bloom Lake CCAA Parties.
14. Approximately \$4.1 million had been advanced by Bloom Lake LP to CQIM since the start of the CCAA Proceedings (the "**Bloom Lake Inter-Company Funding**").
15. CQIM hereby seeks the authorization of the Court to repay the Bloom Lake Inter-Company Funding to Bloom Lake LP.

**6. AUTHORIZATION OF PAYMENT OF UNDISPUTED OUTSTANDING PROPERTY TAXES**

16. Pursuant to the Claims Procedure Order, secured claims have been or may be asserted against various CCAA Parties by certain municipalities, including the Municipality of Sept-Îles and the Municipality of Fermont, on account of accrued and outstanding real estate taxes (the "**Outstanding Property Taxes**");
17. The Municipalities of Sept-Îles and Fermont further claim that interest continue to accrue with respect to the Outstanding Property Taxes at an annual rate of 12%.
18. The CCAA Parties hereby seek the authorization of the Court to make payments on account of the Outstanding Property Taxes for any portion of the Outstanding Property Taxes that are not in dispute or otherwise contested, provided that:
  - a) there exists no competing claim which may rank equal or higher to the Outstanding Property Taxes pursuant to a security or priority (including the Pension Claims at stake in the Monitor's Motion for Directions with respect to Pension Claims); and
  - b) the proceeds of sale available further to the application of the Allocation Methodology are sufficient to do so.

**7. PROCEDURAL MATTERS**

19. The CCAA Parties submit that the notices given of the presentation of the present Motion are proper and sufficient.

20. Pursuant to paragraph 54 of the Bloom Lake Initial Order and 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.
21. The service of the present Motion serves as notice pursuant to paragraphs 47 and 54 of the Bloom Lake Initial Order and paragraphs 47 and 56 of the Wabush Initial Order.
22. Paragraph 55 of the Bloom Lake Initial Order and paragraph 57 of the Wabush Initial Order require that any Person wishing to object to the relief sought on a motion in the CCAA Proceedings must serve responding motion materials or a notice stating the objection to the motion and grounds for such objection (a "**Notice of Objection**") in writing to the moving party and the Monitor, with a copy to all persons on the service list, no later than 5 p.m. Montréal time on the date that is four (4) calendar days prior to the Initial Return Date (the "**Objection Deadline**"). Accordingly, any parties wishing to object to the relief sought on this Motion must serve responding motion materials or a Notice of Objection by no later than 5 p.m. Montréal time on May 26, 2017.
23. Paragraph 56 of the Bloom Lake Initial Order and paragraph 58 of the Wabush Initial Order further provide that if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion may determine whether a hearing is necessary, whether such hearing will be in person, by telephone or in writing and the parties from whom submissions are required (collectively, the "**Hearing Details**").
24. Paragraph 57 of the Bloom Lake Initial Order and paragraph 59 of the Wabush Initial Order provide that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.

**8. CONCLUSIONS**

25. In light of the foregoing, the CCAA Parties hereby seek the issuance of an Order substantially in the form of the draft Order communicated herewith as **Exhibit R-1**, which provides for the approval of the Allocation Methodology, the authorization for the repayment of the Bloom Lake Inter-Company Funding and for the payment of the Outstanding Property Taxes.
26. 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 in the form of the draft Order communicated in support hereof as Exhibit R-1;

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

Montréal, May 19, 2017

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the CCAA Parties



**AFFIDAVIT**

I, the undersigned, **CLIFFORD T. SMITH**, the Executive Vice-President and a director of Bloom Lake General Partner Limited, Quinto Mining Corporation and Cliffs Quebec Iron Mining ULC, the President and a director of Bloom Lake Railway Company Limited and 8568391 Canada Limited, the President of Wabush Resources Inc., the President and a director of Wabush Iron Co. Limited, the Vice- President and a director of Arnaud Railway Company and 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 Order Approving the Allocation Methodology and Other Relief* are true.

AND I HAVE SIGNED:



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**CLIFFORD T. SMITH**

SOLEMNLY DECLARED before me at  
Cleveland, Ohio, on this 19<sup>th</sup> day of May,  
2017

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



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**

**TAKE NOTICE** that the present *Motion for the Issuance of an Order Approving the Allocation Methodology and Other Relief* 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 **May 31, 2017** at a time and in a room to be determined.

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, May 19, 2017

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**

Attorneys for the CCAA Parties

CANADA

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. C-36, as amended)

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

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

**BLOOM LAKE GENERAL PARTNER LIMITED,  
QUINTO MINING CORPORATION,  
8568391 CANADA LIMITED,  
CLIFFS QUÉBEC IRON MINING ULC  
WABUSH IRON CO. LIMITED  
WABUSH RESOURCES INC.**

Petitioners

and

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

Mises-en-cause

and

**FTI CONSULTING CANADA INC.**

Monitor

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**LIST OF EXHIBITS**

(In support of the *Motion for the Issuance of an Order Approving the Allocation Methodology and Other Relief*)

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R-1 Draft Order.

Montréal, May 19, 2017

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**

Attorneys for the CCAA Parties

N°: 500-11-048114-157

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**SUPERIOR COURT  
DISTRICT OF MONTREAL  
(Commercial Division)**

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

**BLOOM LAKE GENERAL PARTNER LIMITED & AL.**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP & AL.**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

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**MOTION FOR THE ISSUANCE OF AN ORDER  
APPROVING THE ALLOCATION METHODOLOGY  
AND OTHER RELIEF, AFFIDAVIT, NOTICE OF  
PRESENTATION AND  
EXHIBIT R-1**

(Sections 11 ff. of CCAA)

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**COPY FOR BAILIFF**

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**M<sup>re</sup> Bernard Boucher**

**BB-8098**

**BLAKE, CASSELS & GRAYDON LLP**

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Our File: 11573-371