

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N°: 500-11-048114-157

SUPERIOR COURT

Commercial Division

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

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

BLOOM LAKE GENERAL PARTNER LIMITED

QUINTO MINING CORPORATION

8568391 CANADA LIMITED

CLIFFS QUÉBEC IRON MINING ULC

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

Petitioners

-and-

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

BLOOM LAKE RAILWAY COMPANY LIMITED

WABUSH MINES

ARNAUD RAILWAY COMPANY

WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

MOTION FOR AUTHORIZATION TO MAKE A PLAN MODIFICATION
(Sections 6, 7 and 11 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 AND THE MISES-EN-CAUSE SUBMIT:**

1. INTRODUCTION

1. By way of the present Motion, Bloom Lake General Partner Limited (“**BLGP**”), Quinto Mining Corporation (“**Quinto**”), Cliffs Québec Iron Mining ULC (“**CQIM**”), Wabush Iron Co. Limited (“**Wabush Iron**”), Wabush Resources Inc. (“**Wabush Resources**”) and the Mises-en-cause, The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”), Wabush Mines and Arnaud Railway Company (“**Arnaud**”) (collectively, the “**Participating CCAA Parties**”) seek an order authorizing the Participating CCAA Parties make certain technical modifications to the Plan (as defined below) as set out in the Proposed Amended Plan (as defined below), substantially in the form of the draft order communicated herewith as **Exhibit R-1** (the “**Draft Plan Modification Order**”).
2. The capitalized terms not otherwise defined in this Motion have the meanings ascribed to them in the Proposed Amended Plan.

2. PROCEDURAL BACKGROUND

3. 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 the CCAA Proceedings pursuant to the CCAA in respect of BLGP, Quinto, 8568391 Canada Limited and CQIM and the Mises-en-cause BLLP and Bloom Lake Railway Company Limited (collectively, the “**Bloom Lake CCAA Parties**”), the whole as appears from the Court record. The proceedings commenced under the CCAA by the Bloom Lake CCAA Parties will be referred to herein as the “**CCAA Proceedings**”.
4. Pursuant to the Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor to the businesses and financial affairs of the Bloom Lake CCAA Parties (the “**Monitor**”) and a stay of proceedings was ordered in respect of the Bloom Lake CCAA Parties until February 26, 2015 (the “**Bloom Lake Stay Period**”).
5. 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 Wabush Iron and Wabush Resources and the Mises-en-cause Wabush Mines, Arnaud and Wabush Lake Railway Company Limited (“**Wabush Railway**”) (collectively, the “**Wabush CCAA Parties**”, and collectively with the Bloom Lake CCAA Parties, the “**CCAA Parties**”), the whole as appears from the Court record.
6. Pursuant to the Wabush Initial Order, *inter alia*, the Monitor was appointed as the monitor to the businesses and financial affairs of the Wabush CCAA Parties and a stay of proceedings was granted until June 19, 2015 (the “**Wabush Stay Period**”; collectively with the Bloom Lake Stay Period, the “**Stay Period**”).
7. The Stay Period has been extended on several occasions, most recently on June 29, 2018, and currently expires on November 30, 2018, as appears from the Court record.
8. Pursuant to the Bloom Lake Initial Order and the Wabush Initial Order, the Participating CCAA Parties have the authority to file with the Court and to submit to their creditors a plan of compromise or arrangement in accordance with the CCAA.
9. On April 20, 2018, Mr. Justice Hamilton issued a Plan Filing and Meetings Order, which, *inter alia*, accepted the filing of a Joint Plan of Compromise and Arrangement (the

“**Original Plan**”) dated April 16, 2018 by the Participating CCAA Parties (which then included Wabush Railway), authorized the Participating CCAA Parties to hold meetings of Unsecured Creditor Classes to consider and vote on a resolution to approve the Original Plan, and appointed Representative Counsel and USW Counsel as proxy holders for the Salaried Members and USW Members, respectively, for the purposes of casting the votes of the Salaried Members and the USW Members at meetings of creditors (each a “**Deemed Proxy**”), all subject to the right of Salaried Members and USW Members to opt-out of the Deemed Proxy.

10. On May 18, 2018, Mr. Justice Hamilton issued an Amended and Restated Plan Filing and Meetings Order (the “**Amended Meetings Order**”), which, *inter alia*, accepted the Amended and Restated Joint Plan of Compromise and Arrangement dated May 16, 2018 and filed on the Court record on May 16, 2018, as further amended on May 18, 2018 (the “**May 18 Plan**”) for filing by the Participating CCAA Parties, and authorized the Participating CCAA Parties to hold meetings of Classes of Affected Unsecured Creditors to consider and vote on a resolution to approve the May 18 Plan, the whole as appears from the Court record.
11. Paragraph 5 of the Amended Meetings Order authorizes the Participating CCAA Parties, with the consent of the Parent and the Monitor, prior to and after the Meetings (and both prior to and subsequent to obtaining the Sanction Order), to file any amendment, restatement, modification of or supplement to, the May 18 Plan (each a “**Plan Modification**”) (i) pursuant to a Court Order, or (ii) where such Plan Modification concerns (A) a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order, or (B) cure any errors, omissions or ambiguities, and in either case of the foregoing clauses (A) and (B), is not materially adverse to the financial or economic interests of the Affected Creditors. Any such Plan Modification shall for all purposes, be and be deemed to form part of and be incorporated into the Plan.
12. On June 18, 2018, the Meetings were held in accordance with the May 18 Plan and the Amended Meetings Order, and the May 18 Plan was approved by the Classes of Affected Unsecured Creditors, the whole as appears from the Court record.
13. On June 21, 2018, as permitted by paragraph 5 of the Amended Meetings Order, the Participating CCAA Parties, with the consent of the Parent and the Monitor, filed with the Court and served on the Service List a Plan Modification to the May 18 Plan in the form of a further Amended and Restated Joint Plan of Compromise and Arrangement dated as of May 16, 2018 (the “**Plan**”).
14. On June 29, 2018, Mr. Justice Hamilton issued the Sanction Order dated June 29, 2018 (the “**Plan Sanction Order**”), the whole as appears from the Court record.
15. Pursuant to the Plan, the implementation of the Plan is to occur by no later than July 31, 2018.
16. Since the issuance of the Plan Sanction Order, the Participating CCAA Parties have been working diligently to implement the Plan, but have determined that some of its provisions could potentially give rise to unintended adverse tax consequences.

3. THE PROPOSED PLAN MODIFICATION

3.1 The Proposed Plan Modification

17. The Plan provides for the substantive consolidation of CQIM and Quinto for voting and distribution purposes.
18. In the course of preparing for the implementation of the Plan, the Participating CCAA Parties determined that a distribution to creditors of CQIM and Quinto from one consolidated pool may give rise to unintended adverse tax results.
19. The issue arises because the consolidated distribution currently contemplated by the Plan could result in a material portion of Quinto's Available Cash being distributed to creditors of CQIM. This could result in unanticipated tax liabilities in excess of \$2 million.
20. Accordingly, in order to prevent the consolidation from giving rise to potential tax liabilities that could significantly reduce the distributions ultimately payable to creditors under the Plan, the Participating CCAA Parties are seeking the Court's authorization to amend the Plan, prior to its implementation, to provide that the Available Cash of Quinto is only distributed to Affected Unsecured Creditors of Quinto holding Proven Affected Unsecured Claims against Quinto and similarly, that the Available Cash of CQIM is only distributed to Affected Unsecured Creditors of CQIM holding Proven Affected Unsecured Claims against CQIM. A copy of the proposed amended Plan, blacklined to show the proposed modifications to the Plan (the "**Proposed Plan Modifications**") is communicated herewith as **Exhibit R-2** (the "**Proposed Amended Plan**").
21. The Proposed Plan Modifications are summarized as follows:
 - a) amendments to replace the CQIM/Quinto Unsecured Creditor Cash Pool with a separate CQIM Unsecured Creditor Cash Pool and Quinto Unsecured Creditor Cash Pool;
 - b) amendments to provide for distributions to CQIM creditors with Proven Affected Unsecured Claims to be made from the CQIM Unsecured Creditor Cash Pool and for distributions to Quinto creditors with Proven Affected Unsecured Claims to be made from the Quinto Unsecured Creditor Cash Pool;
 - c) amendments to provide that Non-Filed Affiliate Distribution/Payment Contribution will only be contributed to the CQIM Unsecured Creditor Cash Pool; and
 - d) minor conforming changes and other amendments to correct errors, omissions or ambiguities.
22. While the Proposed Plan Modifications result in distributions to the Affected Unsecured Creditors of CQIM and the Affected Unsecured Creditors of Quinto from segregated cash pools, the CQIM/Quinto Unsecured Creditor Class remains a consolidated class as ordered in the Amended Meetings Order. For the reasons noted below, there will be virtually no adverse economic impact on distributions to Affected Third Party Unsecured Creditors within this consolidated class as a result of the Proposed Plan Modifications and the treatment of these creditors under the Plan, as proposed to be amended by the Proposed Plan Modifications, remains equitable.

3.2 The Impact of the Proposed Plan Modifications

23. The CCAA Parties, in consultation with the Monitor, have determined that the Proposed Plan Modifications are beneficial as they would remove the risk of a potentially significant tax liability and the Proposed Plan Modifications would result in virtually no adverse economic impact on distributions to Affected Third Party General Unsecured Creditors because:
- a) the only Proven Claims against Quinto are claims by Non-Filed Affiliates (the “**NFA Quinto Claims**”) and a *de minimis* claim by BLLP in the amount of \$11,465 (the “**BLLP Quinto Claim**”);
 - b) distributions in respect of the NFA Quinto Claims will ultimately be contributed to CQIM for re-distribution to CQIM’s creditors, with the final result for Affected Third Party Unsecured Creditors of CQIM being substantially the same under the Plan;
 - c) given the very nominal amount of the BLLP Quinto Claim, any effect on the distributions to BLLP’s creditors would be *de minimis*;
 - d) any impact of the modification of the distribution provisions on Affected Third Party General Unsecured Creditors, including of CQIM and Quinto, would be *de minimis*;
 - e) the distributions from separate Unsecured Creditor Cash Pools, rather than one consolidated Unsecured Creditor Cash Pool for Affected Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class, are equitable;
 - f) the treatment of the Affected Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class under the Proposed Amended Plan is equitable; and
 - g) the Proposed Plan Modifications are consistent with the purpose and overall structure of the Plan as it relates to the settlement of the Non-Filed Affiliate Transaction Claims.

3.3 Support for the Proposed Plan Modifications

24. The Monitor has informed the CCAA Parties that:
- a) the Monitor supports the Proposed Plan Modifications; and
 - b) it has informed Québec North Shore and Labrador Company, Inc. (“**QNS&L**”), the single largest creditor of CQIM, BLGP, BLLP, Wabush Iron and Wabush Resources, the Salaried Members Representative Counsel, USW Counsel and the Canada Revenue Agency about the Proposed Plan Modifications and none of those stakeholders have to date raised any objection to the Proposed Plan Modifications.

4. AUTHORIZATION TO MAKE PROPOSED PLAN MODIFICATIONS

25. Given the nature and purpose of the Proposed Plan Modifications and that the Proposed Plan Modifications result in virtually no adverse economic impact on distributions to Affected Third Party General Unsecured Creditors, the Participating CCAA Parties believe that the Proposed Plan Modifications could be considered to be in the same spirit as the type of Plan Modifications permitted without Court authorization under paragraph 5(ii) of the Amended Meetings Order. However, out of an abundance of caution, the Participating CCAA Parties hereby seek authorization from the Court to make the Proposed Plan Modifications pursuant to paragraph 5(i) of the Amended Meetings Order.

4.1 Plan Implementation

26. Since the issuance of the Plan Sanction Order, the Participating CCAA Parties have made significant progress towards implementing the Plan, and subject to finalizing arrangements with the Taxing Authorities related to various tax matters and obtaining the authorization of the Court to make the Proposed Plan Modifications being requested in this Motion; the Plan, as amended by the Proposed Plan Modifications, is ready to proceed to implementation before the July 31, 2018 deadline in the Plan.

5. PROCEDURAL MATTERS

27. The Participating CCAA Parties submit that the notices given of the presentation of the present Motion are proper and sufficient.
28. 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 and time for the hearing.
29. The service of the present Motion serves as notice pursuant to paragraph 54 of the Bloom Lake Initial Order and 56 of the Wabush Initial Order.
30. Paragraph 55 of the Bloom 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 return date. 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 July 26, 2018.

6. CONCLUSIONS

31. In light of the foregoing, the Participating CCAA Parties hereby respectfully seek the issuance of an order substantially in the form of the Draft Plan Modification Order (Exhibit R-1) which provides for the Court's authorization to the Participating CCAA Parties to make the Proposed Plan Modifications.

32. The Participating CCAA Parties also seek declarations that the notice provided for presentation of the present Motion was proper and sufficient so that this Motion is properly returnable on July 30, 2018.
33. 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 Plan Modification Order communicated in support hereof (Exhibit R-1);

WITHOUT COSTS save and except in case of contestation.

Montréal, July 19, 2018



BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Petitioners and the Mises en cause

AFFIDAVIT

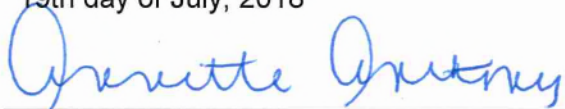
I, the undersigned, **CLIFFORD T. SMITH**, the Executive Vice-President and a director of Bloom Lake General Partner Limited and Cliffs Québec Iron Mining ULC, the President and a director of Bloom Lake Railway Company Limited and 8568391 Canada Limited, the President of Wabush Resources Inc., the President and a director of Wabush Iron Co. Limited, the Vice-President and a director of Arnaud Railway Company Limited and Wabush Lake Railway Company Limited, and a director of Quinto Mining Corporation, 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 Authorization to Make Plan Modifications* are true.

AND I HAVE SIGNED:



CLIFFORD T. SMITH

SOLEMNLY DECLARED before me at
Cleveland, Ohio, on this
19th day of July, 2018



Notary Public



ANNETTE ANTHONY
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Cuyahoga County
My Comm. Exp. 11/12/2022

NOTICE OF PRESENTATION

TO: Service List

AND: Office of the Superintendent of Bankruptcy Canada
Montreal Division Office
Sun Life Building
1155 Metcalfe Street, Suite 950
Montréal (Québec) H3B 2V6
Attention : François Leblanc
Email : ic.osbservice-bsfservice.ic@canada.ca

AND: Official Receiver for the Division of Montreal
Office of the Superintendent of Bankruptcy Canada
Montreal Division Office
Sun Life Building
1155 Metcalfe Street, Suite 950
Montréal (Québec) H3B 2V6
Attention : François Leblanc
Email : ic.osbservice-bsfservice.ic@canada.ca

TAKE NOTICE that this *Motion for the Authorization to Make a Plan Modification* 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 **July 30, 2018, at 9:00 a.m., in room 16.12.**

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, July 19, 2018


BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Petitioners and the Mises en cause

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. 36, as amended)

N°: 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

LIST OF EXHIBITS

(In support of the *Motion for the Authorization to Make a Plan Modification*)

R-1 Draft Plan Modification Order

R-2 Proposed Amended Plan (blacklined against the Plan)

Montréal, July 19, 2018



BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

N°: 500-11-048114-157

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

**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

**MOTION FOR AUTHORIZATION TO MAKE
A PLAN MODIFICATION,
AFFIDAVIT, NOTICE OF PRESENTATION
AND EXHIBITS**

(Sections 6, 7 and 11 CCAA)

ORIGINAL

The logo for the law firm Blakes, featuring the word "Blakes" in a stylized, cursive script font.

M^{re} Bernard Boucher

BB-8098

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