

May 19, 2016



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**Attention: To the parties on the Service List**

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Your reference

Our reference  
01028478-0001

**In the matter of the *Companies' Creditors Arrangement Act: Bloom Lake General Partner Limited et al.* – S.C.M. 500-11-048114-157**

We wish to inform you about the status of the proposed sale of the Wabush Mine (also referred to at times as the Scully Mine). Capitalized terms used in this letter shall have the meaning ascribed thereto in the Monitor's Reports.

In its Fifteenth Report dated December 31, 2015, the Monitor reported to the creditors that (at paragraph 38):

On December 23, 2015, the Monitor was introduced to a new party expressing a potential interest in the acquisition of the Wabush Mine. That party has now executed a non-disclosure agreement and has been provided access to the Wabush CCAA Parties' confidential data room. It is too early to predict whether the potential interest will result in an offer being made for the acquisition of the Wabush Mine. In addition to dealing with said potential purchaser, the Wabush CCAA Parties, in consultation with the Monitor, will continue with efforts to obtain revised liquidation proposals.

In its Sixteenth Report dated January 22, 2016, the Monitor provided an update concerning a potential transaction with respect to the Wabush Mine as follows (at paragraph 28):

Since the date of the Fifteenth Report, the interested party has been undertaking due diligence, including a visit to the Wabush Mine and discussions with various stakeholders. A letter of intent was submitted by the interested party on January 20, 2016 and is under consideration by the Wabush CCAA Parties in consultation with the Monitor. There is no guarantee that the letter of intent will lead to a binding agreement for the acquisition of the Wabush Mine.

In its latest Report, the Nineteenth Report dated April 13, 2016, the Monitor informed the creditors that (at paragraph 38):

Since the date of the Sixteenth Report, the interested party has continued its due diligence and discussions with various stakeholders. The Wabush CCAA Parties and the interested party have

To the parties on the Service List  
May 19, 2016



exchanged a number of drafts of an asset purchase agreement but to date no agreement has been reached. There is no guarantee that the efforts of the parties will lead to a binding agreement for the acquisition of the Wabush Mine.

We wish to advise you that the potential purchaser has advised that it will not proceed with the transaction. Accordingly, the CCAA Parties, in consultation with the Monitor, are in the process of analyzing liquidation offers and will endeavour to negotiate definitive agreements, subject to Court approval, for the liquidation of the equipment located at the Wabush Mine and sundry other assets.

Yours very truly,



Sylvain Rigaud  
Partner

SAR/nb