

CANADA

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. C-36, as amended)

**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**

BCF LLP

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

-and-

MFC BANCORP LTD.

Objecting Party

**NOTICE OF OBJECTION BY MFC BANCORP LTD. TO
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**

(paragraph 57 of the Wabush Initial Order)

**TO THE HONORABLE JUSTICE STEPHEN W. HAMILTON, J.S.C. OF THE
SUPERIOR COURT SITTING IN THE COMMERCIAL DIVISION FOR THE
DISTRICT OF MONTREAL, THE OBJECTING PARTY, MFC BANCORP LTD.
RESPECTFULLY SUBMITS:**

1. MFC Bancorp Ltd. ("**MFC**") files this Notice of Objection in order to be allowed to make representations to the Court regarding Petitioners' *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*, dated June 13, 2017 (the "**Motion**");

2. As always, MFC's objection should be viewed in the context of its contractual rights with regards to certain of the Wabush Assets were specifically preserved by the Order issued by this Court on June 9, 2015 and reiterated in an Order dated December 4, 2015;
3. MFC's rights were recognized and protected, pending further developments in the file and subject to further debate between the parties if necessary;
4. MFC's contractual rights are detailed in various Court proceedings including the Motion as the Petitioners seek the Assignment of the Wabush Sub-Lease and other agreements which constitute the Mining Lease Documents;
5. A letter was sent to MFC dated June 13, 2017 by counsel for the Petitioners requesting MFC's consent to the assignment contemplated under the asset purchase agreement (the "**Asset Purchase Agreement**") dated June 2, 2017 between the Petitioners, Tacora Resources Inc. (the "**Purchaser**") and Magglobal LLC referenced in the Motion (the "**Consent Request Letter**").
6. MFC responded to the Consent Request Letter by letter dated June 20, 2017, requesting additional customary information regarding the Purchaser, the proposed transaction and the Purchaser's ability to finance its obligations under the Asset Purchase Agreement in order for MFC to be in a position to consider the provision of such consent. Such requested information included: (a) the Purchaser's plans for resuming mining operations at the Wabush mine, including the proposed timing thereof; (b) financial statements of the Purchaser; (c) a description of the Purchaser's sources of financing, including its sources of funding for the purchase price, assumed obligations and cure costs under the Asset Purchase Agreement and sources of financing; for its plans to re-commence mining operations at the Wabush mine; and (d) details of any discussions or arrangements, anticipated or in place, between the Purchaser and Cliffs Natural Resources Inc., regarding any financing of the Purchaser or other financial arrangements respecting the Purchaser's replacement financial sureties in respect of environmental reclamation obligations at the Wabush mine;
7. To date, MFC has not received a response thereto and the Petitioners and the Purchaser have only provided very general and basic information in the Affidavit of the Purchaser dated June 19, 2017, which, among other things, did not include any information regarding the financial position of the Purchaser, specific amounts and sources of funding of the Purchaser and details regarding the financing of its replacement financial sureties;

8. As a hearing has already been set regarding the issue of payment of the Minimum Royalties by the Petitioners, MFC wishes to make representations regarding the possible impact of a decision on that point regarding the future obligations of a potential assignee under the Wabush Sublease ;
9. However, as the Motion alleges that the potential assignee agrees to respect the terms and conditions of the assigned Wabush Sublease et al. it is not clear at this point what the impact of an eventual judgment regarding the payment of Minimum Royalties may be regarding said obligations;
10. Based on the foregoing, MFC believes that the Motion, as far as the assignment of the Wabush Sublease is concerned should not be granted or be subject to further Orders of this Court to preserve the rights of MFC;
11. The filing of the Notice of Objection is contemplated by paragraph 57 of the Wabush Initial Order as well as paragraph 155 of the Motion;
12. MFC reserves its rights to make further representations and to raise additional arguments at the hearing of the Motion;

FOR THE REASONS SET FORTH ABOVE, MAY IT PLEASE THE COURT TO:

RECEIVE this Notice of Objection and **ALLOW** MFC Bancorp Ltd. to make representations regarding Petitioners' Motion at the hearing set for June 26, 2017;

DISMISS the Motion as far as the assignment of the MFC Sublease and other Mining Lease Documents as defined in the Motion is concerned;

RENDER any order deemed necessary or useful to safeguard MFC's rights in the circumstances;

WITHOUT COSTS, save and except in case of contestation.

MONTREAL, June 22, 2017

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Our file: 39724-1

Attorneys for Objecting Party

MFC BANCORP LTD.

NOTICE OF PRESENTATION

TO: Service List

TAKE NOTICE that the present *Notice of objection in respect 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, 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 Montreal, in the Montreal Courthouse located at 1, Notre-Dame Est, Montreal, Quebec, on June 26, 2017 at a time and in a room to be determined.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, June 22, 2017

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ORIGINAL

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Our file: 39724.1



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