

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
Commercial Division

File: No: 500-11-048114-157

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Montreal, May 20, 2015

Present: The Honourable  
Mr. Justice Stephen W. Hamilton, J.S.C.

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**IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, AS AMENDED:**

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

Petitioners

- and -

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

Mises-en-cause

- and -

**FTI CONSULTING CANADA INC.**

Monitor

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## INITIAL ORDER

**ON READING** Petitioners Wabush Iron Co. Limited and Wabush Resources Limited (the “**Wabush Petitioners**”)’s Motion for an Initial Order pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the “**CCAA**”) and the exhibits, the affidavit of Clifford Smith sworn on May 19, 2015 filed in support thereof (the “**Petition**”), the consent of FTI Consulting Canada Inc. to act as monitor of the Wabush CCAA Parties as hereinafter defined (the “**Monitor**”), relying upon the submissions of counsel for the Petitioners and the Mises-en-cause and the Monitor and being advised that the Interim Lender (as defined herein), the Directors (as defined herein) and the Monitor have received service of the Petition;

**GIVEN** the provisions of the CCAA;

### **WHEREFORE, THE COURT:**

1. **GRANTS** the Petition.
2. **ISSUES** an order pursuant to the CCAA (the “**Order**”), divided under the following headings:
  - Service
  - Application of the CCAA
  - Effective Time
  - Plan of Arrangement
  - Procedural Consolidation
  - Stay of Proceedings against Wabush CCAA Parties and the Property
  - Stay of Proceedings against the Directors and Officers
  - Possession of Property and Operations
  - No Exercise of Rights or Remedies;
  - No Interference with Rights
  - Continuation of Services
  - Non-Derogation of Rights
  - Interim Financing (DIP)

- Directors' Indemnification and Charge
- Restructuring
- Powers of the Monitor
- Priorities and General Provisions Relating to CCAA Charges
- General

### **Application of the CCAA**

3. **DECLARES** that the Wabush Petitioners are debtor companies to which the CCAA applies and although not Petitioners, the Mises-en-cause Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company, Limited (collectively, the "**Wabush Mises-en-cause**") shall enjoy the protections and authorizations provided by this Order.

### **Effective time**

4. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

### **Plan of Arrangement**

5. **DECLARES** that the Wabush Petitioners and the Wabush Mises-en-cause (collectively hereinafter referred to as the "**Wabush CCAA Parties**") shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

### **Procedural Consolidation**

6. **ORDERS** that the consolidation of these CCAA proceedings in respect of the Wabush CCAA Parties subject to this Order and the Bloom Lake CCAA Parties subject to the Initial Order of January 27, 2105 (as amended) (collectively, the "**CCAA Parties**") shall be for administrative purposes only and shall not effect a consolidation of the assets and property of each of the CCAA Parties, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

### **Stay of Proceedings against the Wabush CCAA Parties and the Property**

7. **ORDERS** that, until and including June 19, 2015, or such later date as the Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of Wabush CCAA Parties or affecting the business operations and activities of the Wabush CCAA Parties (the “**Business**”) or the Property (as defined below), including as provided in paragraph 11 hereinbelow except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Wabush CCAA Parties or affecting the Business or the Property of the Wabush CCAA Parties are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.
- 8.1 The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of subsection 11.09 CCAA.

### **Stay of Proceedings against the Directors and Officers**

8. **ORDERS** that during the Wabush Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Wabush CCAA Parties nor against any person deemed to be a director or an officer of any of the Wabush CCAA Parties under subsection 11.03(3) CCAA (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Wabush CCAA Parties where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

### **Possession of Property and Operations**

9. **ORDERS** that the Wabush CCAA Parties shall remain in possession and control of their present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the “**Property**”), the whole in accordance with the terms and conditions of this order including, but not limited, to paragraph 15 hereof.

10. **ORDERS** that the Wabush CCAA Parties shall be entitled to continue to utilize the central cash management system currently in place as described in the Petition or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Wabush CCAA Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined herein below) other than the Wabush CCAA Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
11. **ORDERS** that each of the Wabush CCAA Parties are authorized to complete outstanding transactions and engage in new transactions with other Wabush CCAA Parties or their affiliates, and to continue, on and after the date of this Order, to buy and sell goods and services, including, without limitation head office and shared services, and allocate, collect and pay costs, expenses and other amounts from and to the other Wabush CCAA Parties or their affiliates, or any of them (collectively, together with the Cash Management System and all transactions, inter-company funding and other processes and services among any of the Wabush CCAA Parties or their affiliates, the “**Intercompany Transactions**”) in the ordinary course of business. All ordinary course Intercompany Transactions among the Wabush CCAA Parties or their affiliates shall continue on terms consistent with existing arrangements or past practice, subject to such changes thereto, or to such governing principles, policies or procedures as the Monitor may require, or subject to further Order of this Court.
12. **ORDERS** that the Wabush CCAA Parties shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, bonuses, employee and current service pension contributions, expenses, benefits, vacation pay and termination and severance obligations payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
  - (b) the fees and disbursements of any agents retained or employed by the Wabush CCAA Parties in respect of these proceedings, at their standard rates and charges.
13. **ORDERS** that, except as otherwise provided to the contrary herein, the Wabush CCAA Parties shall be entitled but not required to pay all reasonable expenses incurred by the Wabush CCAA Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including Directors and Officers insurance), maintenance and security services; and
  - (b) payment for goods or services actually supplied to the Wabush CCAA Parties following the date of this Order.
14. **ORDERS** that the Wabush CCAA Parties shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes; and
  - (b) all goods and services, harmonized sales or other applicable sales taxes

(collectively, "Sales Taxes") required to be remitted by the Wabush CCAA Parties and in connection with the sale of goods and services by the Wabush CCAA Parties, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order.

#### **No Exercise of Rights or Remedies**

15. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the Wabush CCAA Parties is a party as a result of the insolvency of the Wabush CCAA Parties and/or these CCAA proceedings, any events of default or non-performance by the Wabush CCAA Parties or any admissions or evidence in these CCAA proceedings, of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Wabush CCAA Parties, or affecting the Business, the Property or any part thereof are hereby stayed and suspended except with leave of this Court.
16. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Wabush CCAA Parties, or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Wabush CCAA Parties, or any of them become(s) bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Wabush CCAA Parties, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Wabush CCAA Parties in determining the 30 day periods

referred to in Sections 81.1 and 81.2 of the BIA.

### **No Interference with Rights**

17. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Wabush CCAA Parties, except with the written consent of the Wabush CCAA Parties, as applicable, and the Monitor, or with leave of this Court.

### **Continuation of Services**

18. **ORDERS** that during the Stay Period and subject to paragraph 20 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Wabush CCAA Parties or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility, fuel or other goods or services made available to the Wabush CCAA Parties, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Wabush CCAA Parties, and that the Wabush CCAA Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Wabush CCAA Parties, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Wabush CCAA Parties or such other practices as may be agreed upon by the supplier or service provider and the Wabush CCAA Parties, as applicable, with the consent of the Monitor, or as may be ordered by this Court.
19. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration



provided to the Wabush CCAA Parties on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Wabush CCAA Parties.

20. **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by any Wabush CCAA Parties with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing or accruing to such Person or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by any of the Wabush CCAA Parties and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into a Wabush CCAA Party's account or the account of any of the Wabush CCAA Parties until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

#### **Non-Derogation of Rights**

21. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Wabush CCAA Parties shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

#### **Interim Financing (DIP)**

22. **ORDERS** that the Wabush Petitioners be and are hereby authorized to borrow, repay and reborrow from Cliffs Mining Company (the "**Interim Lender**") such amounts from time to time as the Wabush Petitioners may consider necessary or desirable, up to a maximum principal amount of USD \$10 million outstanding at any time, on the terms and

conditions as set forth in the Interim Financing Term Sheet attached hereto as Schedule A (the “**Interim Financing Term Sheet**”) and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of the Wabush CCAA Parties and to pay such other amounts as are permitted by the terms of this Order and the Interim Financing Documents (as defined hereinafter) (the “**Interim Facility**”).

23. **ORDERS** that the Wabush CCAA Parties are hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the “**Interim Financing Documents**”) as may be required by the Interim Lender in connection with the Interim Facility and the Interim Financing Term Sheet, and the Wabush CCAA Parties are hereby authorized to perform all of their obligations under the Interim Financing Documents.

24. **ORDERS** that the Wabush CCAA Parties shall pay to the Interim Lender, when due, all amounts owing under the Interim Financing Documents (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the “**Interim Lender Expenses**”)) and shall perform all of their other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and this Order.

25. **DECLARES** that all of the Property of the Wabush CCAA Parties is hereby subject to a charge and security for an aggregate amount of CAD \$15 million (such charge and security is referred to herein as the “**Interim Lender Charge**”) in favour of the Interim Lender as security for all obligations of the Wabush CCAA Parties to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 46 and 47 of this Order.

26. **ORDERS** that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be, subject to the terms of this

Order, treated as an unaffected creditor in these proceedings and in any Plan.

27. **ORDERS** that the Interim Lender may:

- (a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and
- (b) notwithstanding the terms of the paragraph to follow, refuse in accordance with the provisions of the Interim Financing Term Sheet and the Interim Financing Documents to make any advance to the Wabush Petitioners.

28. **ORDERS** that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the “**Notice Period**”) of a default thereunder to the Wabush Petitioners, the Monitor and to creditors whose rights are registered or published at the appropriate registers or who have requested a copy of such notice prior to delivery of any such written notice to the Wabush Petitioners and without further order of this Court. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA.

29. **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 22 to 28 hereof unless either (a) notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order.

#### **Directors’ and Officers’ Indemnification and Charge**

30. **ORDERS** that the Wabush CCAA Parties shall indemnify their Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason

of or in relation to their respective capacities as directors or officers of the Wabush CCAA Parties after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA

31. **ORDERS** that the Directors of the Wabush CCAA Parties shall be entitled to the benefit of and are hereby granted a charge and security in the Property of the Wabush CCAA Parties to the extent of the aggregate amount of \$2 million (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 31 of this Order as it relates to obligations and liabilities that the Directors of the Wabush CCAA Parties may incur in such capacity after the Effective Time. The Directors' Charge shall have the priority set out in paragraphs 46 and 47 of this Order.

32. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 30 of this Order.

### **Restructuring**

33. **DECLARES** that, to facilitate the orderly restructuring of their business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, the Wabush CCAA Parties shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, downsize or shut down any of their operations or locations as they deem appropriate and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject

to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);

- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$100,000 or \$1,000,000 in the aggregate except that this amount shall not include amounts with respect to the sale or other disposition of employee homes by the Wabush CCAA Parties and any employee homes may be sold or otherwise disposed of by the Wabush CCAA Parties upon approval of the Monitor;
- (d) terminate the employment of such of their employees or temporarily or permanently lay off such of their employees as they deem appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Wabush CCAA Parties, as applicable, and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Wabush CCAA Parties may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of their agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Wabush CCAA Parties, as applicable, and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (f) subject to section 11.3 CCAA, assign any rights and obligations of Wabush CCAA Parties.

34. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of any of the Wabush CCAA Parties pursuant to section 33 of the CCAA and subsection 33(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants

during normal business hours by giving such Wabush CCAA Party and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Wabush CCAA Party, provided nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

35. **ORDERS** that the Wabush CCAA Parties, as applicable, shall provide to any relevant landlord notice of the intention of any of the Wabush CCAA Parties to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If a Wabush CCAA Party has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between such Wabush CCAA Party and the landlord.
36. **DECLARES** that, in order to facilitate the Restructuring, the Wabush CCAA Parties may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
37. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the Wabush CCAA Parties are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisers (individually, a “**Third Party**”), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for the sale of Property, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Wabush CCAA Parties binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Wabush CCAA

Parties or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Wabush CCAA Parties.

38. **ORDERS** that pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the Wabush CCAA Parties and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to any sales process in these CCAA proceedings.

#### **Powers of the Monitor**

39. **ORDERS** that FTI Consulting Canada Inc. is hereby appointed to monitor the business and financial affairs of the Wabush CCAA Parties as an officer of this Court (the “**Monitor**”) and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:

- (a) shall, as soon as practicable, (i) publish once a week for two (2) consecutive weeks, or as otherwise directed by the Court, in *La Presse* and the *Globe & Mail* National Edition and (ii) within five (5) business days after the date of this Order (A) post on the Monitor’s website (the “**Website**”) a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Wabush CCAA Parties of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the

estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;

- (b) shall monitor the receipts and disbursements of the Wabush CCAA Parties;
- (c) shall assist the Wabush CCAA Parties, to the extent required by the Wabush CCAA Parties, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) shall assist the Wabush CCAA Parties, to the extent required by the Wabush CCAA Parties, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall assist the Wabush CCAA Parties, to the extent required by the Wabush CCAA Parties, to review the Wabush CCAA Parties' businesses and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Wabush CCAA Parties, to the extent required by the Wabush CCAA Parties, with the Restructuring and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall report to the Court on the state of the business and financial affairs of the Wabush CCAA Parties or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order and may file consolidated Reports for the Wabush CCAA Parties;
- (h) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;



- (i) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (j) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (k) may act as a “foreign representative” of any of the Wabush CCAA Parties or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (l) may give any consent or approval as may be contemplated by the Order or the CCAA;
- (m) may hold and administer funds in connection with arrangements made among the Wabush CCAA Parties, any counter-parties and the Monitor, or by Order of this Court;
- (n) may, to the extent to which the Monitor considers it necessary or desirable to do so, develop, in consultation with the Wabush CCAA Parties, such principles, policies and procedures as are satisfactory to the Monitor to govern any or all category of Intercompany Transactions (the “**Intercompany Transaction Policies**”);
- (o) may review and monitor all Intercompany Transactions, including compliance with any Intercompany Transaction Policies that are applicable in the circumstances, in such manner as the Monitor, in consultation with the Wabush CCAA Parties, considers appropriate;
- (p) may have direct discussions and communications with the Interim Lender from time to time in accordance with the Interim Financing Documents and in

relation to the Interim Facility; and

- (q) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Wabush CCAA Parties, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Wabush CCAA Parties nor shall the Monitor be deemed to have done so.

40. **ORDERS** that the Wabush CCAA Parties and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Wabush CCAA Parties in connection with the Monitor's duties and responsibilities hereunder.

41. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Wabush CCAA Parties with information in response to requests made by them in writing addressed to the Monitor and copied to the counsel for the Wabush CCAA Parties. In the case of information that the Monitor has been advised by the Wabush CCAA Parties is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Wabush CCAA Parties unless otherwise directed by this Court.

42. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Wabush CCAA Parties or continues the employment of employees of the Wabush CCAA Parties, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.

43. **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days' notice to the Monitor and its counsel. The entities related to or affiliated

with the Monitor referred to in subparagraph 39(i) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

44. **ORDERS** that the Wabush CCAA Parties shall pay weekly the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, counsel for the Wabush CCAA Parties, independent counsel to the Directors, and other advisers directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.

45. **DECLARES** that the Monitor, the Monitor's legal counsel, legal counsel for the Wabush CCAA Parties, independent counsel to the Directors, and the Monitor and the Wabush Wabush CCAA Parties' respective advisers, as security for the professional fees and disbursements incurred both before and after the making of this Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property of the Wabush CCAA Parties to the extent of the aggregate amount of \$1,750,000 (the "**Administration Charge**"), having the priority established by paragraphs 46 and 47 hereof.

#### **Priorities and General Provisions Relating to CCAA Charges**

46. **DECLARES** that the priorities of the Administration Charge, the Directors' Charge and the Interim Lender Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows

- (a) first, the Administration Charge;
- (b) second, the Directors' Charge; and
- (c) third, the Interim Lender Charge.

47. **DECLARES** that each of the CCAA Charges shall rank ahead of all hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") in favour of Cliffs Mining Company and behind any and all other existing Encumbrances affecting the Property of

the Wabush CCAA Parties charged by such Encumbrances, in favour of any Persons that have not been served with notice of this Motion. The Wabush CCAA Parties and the beneficiaries of the CCAA Charges shall be entitled to seek priority for the CCAA Charges ahead of the Encumbrances in favour of parties other than Cliffs Mining Company affecting the Property of the Wabush CCAA Parties on notice to those parties likely to be affected by such priority (it being the intention of the Wabush CCAA Parties to seek priority for the CCAA Charges ahead of all Encumbrances at the Comeback Hearing (as defined below)).

48. **ORDERS** that, except as otherwise expressly provided for herein, the Wabush CCAA Parties shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Wabush CCAA Parties, as applicable, obtain the prior written consent of the Monitor, the Interim Lender and the prior approval of the Court.
49. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Wabush CCAA Parties, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
50. **DECLARES** that the CCAA Charges, the Interim Financing Term Sheet and the Interim Financing Documents and the rights and remedies of the beneficiaries of the CCAA Charges and the rights and remedies of the Interim Lender under the Interim Financing Term Sheet and the Interim Financing Documents, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) filed pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any of the Wabush CCAA Parties; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Wabush CCAA Parties (a “**Third Party Agreement**”), and

notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of any of the CCAA Charges nor the execution, delivery, perfection, registration or performance of the Interim Financing Term Sheet or the Interim Financing Documents shall create or be deemed to constitute a breach by the CCAA Parties of any Third Party Agreement to which any CCAA Party is a party; and
- (b) the beneficiaries of the CCAA Charges shall not have any liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges or the Wabush CCAA Parties entering into or performing their obligations under the Interim Financing Term Sheet and the Interim Financing Documents.

51. **DECLARES** that notwithstanding: (i) these proceedings and the declarations of insolvency made herein, (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any Wabush CCAA Party, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Wabush CCAA Parties pursuant to this Order, the Interim Financing Term Sheet and the Interim Financing Documents and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

52. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Wabush CCAA Parties and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Wabush CCAA Parties.

53. **ORDERS** that if the sale proceeds of assets charged by valid and enforceable security are used to satisfy in priority payment of amounts secured by any of the CCAA Charges, the secured creditor(s) holding such valid and enforceable security charging said assets

(the “**Impaired Secured Creditor**”) shall be deemed to have paid the holder of the CCAA Charge and such Impaired Secured Creditor shall be subrogated in its rights to the extent of the lesser of i) the net realization proceeds of the assets, charged in favor of the Impaired Secured Creditor, used to repay in priority amounts secured by the CCAA Charges; and (ii) the amounts otherwise owing to the Impaired Secured Creditor. In the event that more than one Impaired Secured Creditor is subrogated to the CCAA Charges as a result of a payment to the holder of the CCAA Charge, such Impaired Secured Creditors shall rank *pari passu* as subrogees, rateably in accordance with the extent to which each of them is subrogated to the holder of the CCAA Charge. The allocation of the burden of the CCAA Charges amongst the assets and creditors shall be determined by subsequent application to the Court if necessary.

54. **ORDERS** that no Impaired Secured Creditor shall be entitled to enforce any subrogation rights to the CCAA Charges before all the other claims subject to the CCAA Charges have been fully satisfied.

#### **General**

55. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Wabush CCAA Parties or of the Monitor in relation to the Business or Property of the Wabush CCAA Parties, without first obtaining leave of this Court, upon ten (10) days’ written notice to counsel for the Wabush CCAA Parties, the Monitor’s counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
56. **ORDERS** that, subject to further Order of this Court, 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 shall specify a date (the “**Initial Return Date**”) and time (the “**Initial Return Time**”) for the hearing.
57. **ORDERS** that any Person wishing to object to the relief sought on a motion in these CCAA proceedings must serve responding motion materials or a notice stating the objection to the motion and the grounds for such objection (a “**Notice of Objection**”) in

writing to the moving party, the Wabush CCAA Parties and the Monitor, with a copy to all Persons on the service list, no later than 5 p.m. Montreal Time on the date that is four (4) calendar days prior to the Initial Return Date (the “**Objection Deadline**”).

58. **ORDERS** that, if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion (the “**Presiding Judge**”) may determine: (a) whether a hearing is necessary; (b) whether such hearing will be in person, by telephone or by written submissions only; and (c) the parties from whom submissions are required (collectively, the “**Hearing Details**”). In the absence of any such determination, a hearing will be held in the ordinary course.
59. **ORDERS** that, if no Notice of Objection is served by the Objection Deadline, the Monitor shall communicate with the Presiding Judge regarding whether a determination has been made by the Presiding Judge concerning the Hearing Details. The Monitor shall thereafter advise the service list of the Hearing Details and the Monitor shall report upon its dissemination of the Hearing Details to the Court in a timely manner, which may be contained in the Monitor’s next report in these proceedings.
60. **ORDERS** that, if a Notice of Objection is served by the Objection Deadline, the interested parties shall appear before the Presiding Judge on the Initial Return Date at the Initial Return Time, or such earlier or later time as may be directed by the Court, to, as the Court may direct: (a) proceed with the hearing on the Initial Return Date and at the Initial Return Time; or (b) establish a schedule for the delivery of materials and the hearing of the contested motion and such other matters, including interim relief, as the Court may direct.
61. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Wabush CCAA Parties under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
62. **DECLARES** that, except as otherwise specified herein, the Wabush CCAA Parties and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or

other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Wabush CCAA Parties and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

63. **DECLARES** that the Wabush CCAA Parties and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Wabush CCAA Parties shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
64. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Wabush CCAA Parties and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the monitor or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings;
65. **DECLARES** that the Wabush CCAA Parties or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
66. **DECLARES** that any interested Person may apply to this Court to vary or rescind this Order or seek other relief at the comeback hearing scheduled for June 9, 2015 (the "**Comeback Hearing**") upon five (5) days' notice to the Wabush CCAA Parties, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order;
67. **DECLARES** that the Order and all other orders in these proceedings shall have full force



and effect in all provinces and territories in Canada.

68. **DECLARES** that the Monitor or an authorized representative of the Wabush CCAA Parties, and in the case of the Monitor, with the prior consent of the Wabush CCAA Parties, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement this Order and any subsequent orders of this Court and, without limitation to the foregoing, any orders under Chapter 15 of the *U.S. Bankruptcy Code*, including an order for recognition of these CCAA proceedings as “Foreign Main Proceedings” in the United States of America pursuant to Chapter 15 of the U.S. Bankruptcy Code, and for which the Monitor, or the authorized representative of the Wabush CCAA Parties, shall be the foreign representative of the Wabush CCAA Parties. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.
69. **REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court or in the United States of America and any court or administrative body elsewhere, to give effect to this Order and to assist the Wabush CCAA Parties, the Monitor and their respective agents in carrying out the terms of this Order. All Courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Wabush CCAA Parties and the Monitor as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the authorized representative of the Wabush CCAA Parties in any foreign proceeding, to assist the Wabush CCAA Parties and the Monitor, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.

70. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

May 20, 2015



Honourable Mr. Justice Stephen W. Hamilton, J.S.C.

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COPIE CONFORME



Jodie Cook  
Greiffier adjoint

## INTERIM FINANCING TERM SHEET

Dated as of May 19, 2015

WHEREAS, the Borrowers (as defined below) have requested that the Interim Lender (as defined below) provide financing to fund certain of the Borrowers' obligations during the pendency of the Borrowers' proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") to be commenced before the Quebec Superior Court [Commercial Division] (the "Court") and in accordance with the terms and conditions set out herein;

AND WHEREAS, the Interim Lender has agreed to provide funding in order to fund certain obligations of the Borrowers in the context of their CCAA Proceedings in accordance with the terms set out herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWERS:** Wabush Resources Inc. and Wabush Iron Co. Limited (each a "Borrower" and collectively the "Borrowers").
2. **LENDER:** Cliffs Mining Company (in its capacity as lender under the Interim Facility, the "Interim Lender").
3. **GUARANTORS:** Guarantees by Compagnie de Chemin de fer Arnaud Arnaud Railway Company and Wabush Lake Railway Company, Limited (the "Guarantors", and together with the Borrowers, the "Credit Parties").
4. **DEFINED TERMS:** Capitalized terms used in this Interim Financing Term Sheet have the meanings given thereto in Schedule "A".
5. **PURPOSE:** To provide for the short-term liquidity needs of the Credit Parties pursuant to the Agreed Budget while under CCAA protection and as more fully set forth herein.
6. **INTERIM FACILITY AND MAXIMUM AMOUNT:** A super priority (debtor-in-possession), interim, non-revolving credit facility (the "Interim Facility") up to a maximum principal amount of US\$10,000,000 (as such amount may be reduced from time to time pursuant to Section 22 hereof, the "Maximum Amount"), subject to the terms and conditions contained herein. Interim Advances shall be deposited into the Deposit Account, and utilized by the Borrowers in

accordance with the terms hereof.

The Interim Facility shall be comprised of two tranches:

1. Tranche A – in the aggregate maximum amount not exceeding US\$2,000,000; and
2. Tranche B – in the aggregate maximum amount not exceeding the Maximum Amount, less all amounts advanced under Tranche A.

Interim Advances shall be made to the Borrowers from the Interim Facility (such advances being referred to herein as "Interim Advances", and "Interim Advance" means each such advance) by the Interim Lender in accordance with the conditions set out in Section 16.

7. **CONDITIONS PRECEDENT TO INTERIM ADVANCES UNDER TRANCHES A AND B:**

The Interim Lender's agreement to make Interim Advances to the Borrowers is subject to the satisfaction of the following conditions precedent as determined by the Interim Lender in its sole discretion (unless otherwise specified herein):

1. The Court shall have issued the Initial Order on or before May 20, 2015, substantially in the form attached hereto as Schedule "E", approving this Interim Financing Term Sheet and the Interim Facility and granting the Interim Lender a charge in the principal amount of CDN\$15,000,000 (the "Interim Lender Charge") on the Collateral securing all obligations owing by the Credit Parties to the Interim Lender hereunder including, without limitation, all principal, interest and Interim Financing Fees and Expenses (collectively, the "Interim Financing Obligations"), which shall have priority over the Existing CMC Liens, and such Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim Lender in a material manner, without the consent of the Interim Lender.

2. The Interim Financing Credit Documentation shall be satisfactory to the Interim Lender, acting reasonably, and shall have been executed by the Credit Parties and the Interim Lender;

3. The Interim Lender shall, acting reasonably, be satisfied that the Credit Parties have complied with and are continuing to comply in all material respects with all applicable laws, regulations and policies in relation to their businesses other than as may be permitted under a Restructuring Court Order or as to which any enforcement in respect of non-compliance is stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order does not result in the occurrence of an Event of Default;

4. The Interim Lender shall have received a written request for an Interim Advance from the Borrowers, substantially in the form of Schedule "C" hereto (a "**Drawdown Certificate**"), which shall be executed by an officer on behalf of the Borrowers and shall certify, *inter alia*, that the requested Interim Advance is within the Maximum Amount and the Agreed Budget, and that the Borrowers and each of the other Credit Parties are in compliance with the Interim Financing Credit Documentation and the Restructuring Court Orders;

5. The Interim Lender shall have received the Agreed Budget in accordance with the terms of this Interim Financing Term Sheet;

6. The requested Interim Advance shall not, if advanced to the Borrowers, cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget;

7. All Interim Financing Fees and Expenses for which invoices have been provided to the Borrowers shall have been paid, or will be paid from the proceeds of the requested Interim Advance within such period of time as is acceptable to the Interim Lender in its discretion;

8. No Default or Event of Default has occurred or will occur as a result of the requested Interim Advance; and

9. The Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order.

For greater certainty, the Interim Lender shall not be obligated to advance or otherwise make available any funds pursuant to this Interim Financing Term Sheet unless and until all of the foregoing conditions have been satisfied and all of the foregoing documentation and confirmations have been obtained, each in form and content satisfactory to the Interim Lender.

8. **ADDITIONAL CONDITIONS  
PRECEDENT TO INTERIM  
ADVANCES UNDER TRANCHE B:**

In addition to the satisfaction of the conditions precedent set out in Section 7, the Interim Lender's agreement to make Interim Advances to the Borrowers under Tranche B is subject to the satisfaction of the following conditions precedent (the conditions under Section 7 and Section 8, the "**Funding Conditions**"), as determined by the Interim Lender, acting reasonably:

1. The Borrowers' application materials in connection with its application for the Interim Financing Priority Order shall be satisfactory to the Interim Lender and such application shall be brought before the Court on or before June 19, 2015, on notice to all parties on the service list in connection with the CCAA Proceedings and to such other parties as are acceptable to the Interim Lender.

2. Within thirty (30) days of the issuance of the Initial Order, the Court shall have issued an order (the "**Interim Financing Priority Order**"), in form and substance acceptable to the Interim Lender, providing that the Interim Lender Charge shall have priority over all Liens, other than:

- (a) an administration charge on the Collateral in an aggregate amount not to exceed CDN\$1.75 million (the "**Administration Charge**");
- (b) a directors and officers liability charge on the Collateral in an amount not to exceed CDN\$2 million (the "**Directors' Charge**"); and

(c) the Permitted Priority Liens other than the Priority Charges;

3. The Interim Financing Priority Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that adversely impacts the rights and interests of the Interim Lender in a material manner, without the consent of the Interim Lender.

4. There are no Liens ranking in priority to the Interim Lender Charge, other than the Permitted Priority Liens; and

**9. COSTS AND EXPENSES**

The Borrowers shall pay all of the Interim Lender's reasonable legal fees and out-of-pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the Interim Financing Credit Documentation or the CCAA Proceedings (collectively, the "Interim Financing Fees and Expenses").

**10. INTERIM FACILITY SECURITY AND DOCUMENTATION:**

All obligations of the Credit Parties under or in connection with the Interim Facility, this Interim Financing Term Sheet and any other documentation in respect of the Interim Facility that is requested by the Interim Lender (which shall be in form and substance satisfactory to the Interim Lender, acting reasonably, and shall not include a credit agreement) shall be secured by the Interim Financing Security (such documentation, together with the Interim Financing Security collectively, the "Interim Financing Credit Documentation") and the Interim Lender Charge. The Interim Financing Credit Documentation shall be subject to prior approval of the Monitor.

The Interim Financing Obligations shall be secured by:

1. the Interim Lender Charge; and
2. contractual security and contractual hypothecary documents granted by the Credit Parties (the "Interim Financing Security"), which shall grant a Lien on all Collateral, but excluding (i) such assets, if any, as the Interim

Lender, in its discretion, determines to be immaterial or to be assets for which the costs and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting such security interest, and (ii) such other exceptions agreed to by the Interim Lender and the Borrowers.

The Interim Financing Security shall be priority Liens, subordinate only to the Permitted Priority Liens. Notwithstanding the foregoing, and subject to the concluding sentence of this paragraph, no proceeds of any Interim Advance may be used to (a) investigate, object to or challenge in any way any claims of the Interim Lender against any of the Credit Parties in respect of the Interim Facility or of Cliffs Mining Company under the Pre-Filing Secured Credit Agreement, or (b) investigate, object to or challenge in any way the validity or enforceability of the Interim Financing Security Liens. Nothing in this paragraph shall restrict the Credit Parties or the Monitor, including the engagement by the Monitor of independent legal counsel, from (and receiving their fees, costs and expenses therefor) (i) assessing the validity and enforceability of the Existing CMC Liens in respect of advances under the Pre-Filing Secured Credit Agreement, and (ii) conducting a claims process in accordance with any Restructuring Court Order.

**11. CASH MANAGEMENT SYSTEM:**

Subject to the Agreed Budget and other limitations set forth herein, the Borrowers may only request and apply Interim Advances through the Borrowers' existing cash management system or otherwise as agreed to with the Interim Lender, acting reasonably. Except as set out in the Agreed Budget, the Borrowers shall not effect, and shall not permit to occur, any distribution of funds (whether from proceeds of the Interim Facility or otherwise) from the Credit Parties to any subsidiary or affiliate that is not a Credit Party.

**12. PERMITTED LIENS AND PRIORITY:**

All Collateral will be free and clear of all other Liens, except for the Permitted Liens.

**13. MONITOR:**

The monitor in the CCAA Proceedings is FTI Consulting Canada Inc. (the "Monitor"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive



information from the Monitor as may be requested by the Interim Lender from time to time.

**14. REPAYMENT:**

The Interim Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "Plan") which has been approved by the requisite majorities of the Credit Parties' creditors and by order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); (iv) the sale of all or substantially all of the Collateral; and (v) six months from the date of the Initial Order (the earliest of such dates being the "Maturity Date"). The Maturity Date may be extended from time to time at the request of the Borrowers and with the prior written consent of the Interim Lender for such period and on such terms and conditions as the Borrowers and the Interim Lender may agree, provided that no extension of the Maturity Date shall be by more than an aggregate additional six months from the Maturity Date, without the approval of the Court.

The commitment in respect of the Interim Facility shall expire on the Maturity Date (as may be extended pursuant to the terms hereof) and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date (as may be extended pursuant to the terms hereof), without the Interim Lender being required to make demand upon the Borrowers or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the obligations of the Borrowers and the other Credit Parties to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date the Plan is implemented.

**15. AGREED BUDGETS:**

Attached hereto as Schedule "B" is a 13-week detailed budget (the "Initial Agreed Weekly Budget"), which is in form and substance satisfactory to the Interim Lender.

By no later than the Friday of the second week following the date of the Initial Agreed Weekly Budget, and every two (2) weeks thereafter, the Borrowers will provide the Interim Lender with an updated weekly budget for the following 13-week period, in reasonably similar form to the Initial Agreed Weekly Budget (as updated, the "**Updated Weekly Budget**") describing the Borrowers' updated cash flow requirements, which must be prepared by the Borrowers in good faith and reviewed by the Monitor. If the Interim Lender determines that an Updated Weekly Budget has resulted in the occurrence of an Updated Budget Default, the Interim Lender shall provide written notice to the Borrowers and the Monitor stating that the Updated Weekly Budget has resulted in the occurrence of an Updated Budget Default by the close of business on the third Business Day following receipt of such Updated Weekly Budget, failing which such Updated Weekly Budget shall be deemed not to have resulted in the occurrence of an Updated Budget Default. The latest Updated Weekly Budget for which and as long as no notice of an Updated Budget Default has been given by the Interim Lender in accordance with this Section 15 shall be the "**Agreed Budget**" for the purpose of this Interim Financing Term Sheet.

**16. AVAILABILITY UNDER INTERIM FACILITY:**

Provided that a Default or an Event of Default has not occurred, each Interim Advance shall be made by the Interim Lender to the Borrowers within two (2) Business Days after satisfaction, as determined by Interim Lender in its discretion, acting reasonably, of all of the applicable Funding Conditions set out in this Interim Financing Term Sheet. The Interim Lender shall advise Borrowers of such satisfaction or non-satisfaction within two (2) Business Days of receipt of a Drawdown Certificate from the Borrowers. In accordance with the Agreed Budget, the Borrowers anticipate delivering a Drawdown Certificate to the Interim Lender on a weekly basis.

Interim Advances shall be available to the Borrowers in United States dollars. Each Interim Advance shall be in an aggregate amount that is a multiple of US\$100,000, and shall not be less than US\$100,000.

All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit

Account shall be subject to a priority Lien in favour of the Interim Lender, subordinate only to the Permitted Priority Liens.

Notwithstanding the foregoing, to the extent that an emergency cash need arises in respect of any Credit Party that is not contemplated in the Agreed Budget, the Borrowers may request an Interim Advance from the Interim Lender by providing written particulars relating to such emergency cash need, which Interim Advance shall only be permitted with the prior written consent of the Interim Lender, in its sole and absolute discretion. If such requested emergency Interim Advance is so consented to by the Interim Lender, such Interim Advance shall be made from the Interim Facility and deposited into the Deposit Account.

**17. USE OF PROCEEDS:**

The Borrowers are authorized to use Interim Advances: (i) to provide working capital and for other general corporate purposes of the Credit Parties; (ii) to make payments necessary to comply with the Initial Order; (iii) to provide guarantees, letters of credit, and other forms of credit support related to the Credit Parties; and (iv) to pay the fees and expenses of the Credit Parties' legal counsel, the Credit Parties' sales advisor, the Monitor, the Monitor's legal counsel, the Interim Lender's legal counsel, independent counsel to the directors and officers of the Credit Parties and such other agents, advisors and consultants of the Credit Parties as provided for in the Agreed Budget, in each case of the foregoing paragraphs (i) to (iv), consistent with the Agreed Budget in all material respects to the extent reasonably practicable in the circumstances; provided that no proceeds from the Interim Facility or the Collateral shall be used other than in accordance with this Interim Financing Term Sheet unless otherwise agreed in writing by the Interim Lender.

**18. EVIDENCE OF INDEBTEDNESS:**

The Interim Lender's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrowers to the Interim Lender pursuant to the Interim Facility.

**19. PREPAYMENTS:**

Provided the Monitor is satisfied that there are sufficient cash reserves in the Credit Parties to satisfy amounts secured by the Permitted Priority Liens, the Borrowers may prepay any amounts outstanding under the Interim Facility at any time prior to the Maturity Date (as may be extended pursuant to the terms of this Interim Financing Term Sheet), without any prepayment fee or penalty.

**20. FEES & INTEREST RATE:**

The Interim Advances shall bear interest at the prevailing 3 month LIBO Rate rate plus 2%, which rate shall be reset quarterly. Interest on Interim Advances shall accrue monthly in arrears and be added to the principal amount outstanding under the Interim Facility on the first business day of each month.

**21. CURRENCY:**

Unless otherwise stated, all monetary denominations shall be in lawful currency of the United States. Any payment under this Interim Financing Term Sheet which any Credit Party pays to the Interim Lender in a currency other than US Dollars (the "Other Currency"), whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction, will only discharge the Credit Parties' liability under this Agreement to the extent of US Dollar Equivalent Amount of the Other Currency so paid.

**22. MANDATORY REPAYMENTS:**

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that there are sufficient cash reserves in the Credit Parties to satisfy amounts secured by the Permitted Priority Liens, Interim Advances to the Borrowers shall be forthwith repaid and the Maximum Amount shall be permanently reduced: (i) upon a sale of any of the Collateral out of the ordinary course of business, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable costs and closing adjustments); (ii) upon receipt by any of the Credit Parties of insurance proceeds with respect to the Collateral, and (iii) upon receipt by any of the Credit Parties of a refund or payment on account of Taxes from any Governmental Entity, excluding refunds or payments on account of sales taxes.

**23. REPRESENTATIONS AND WARRANTIES:**

Each of the Credit Parties represents and warrants to the Interim Lender, upon which the Interim Lender relies in entering into this Interim Financing

Term Sheet and the other Interim Financing Credit Documentation, as follows:

- (a) The transactions contemplated by this Interim Financing Term Sheet and the other Interim Financing Credit Documentation:
- (i) upon the granting of the Initial Order, are within the powers of each of the Credit Parties;
  - (ii) have been duly authorized by all necessary corporate and, if required, shareholder approval of each of the Credit Parties;
  - (iii) have been duly executed and delivered by or on behalf of each of the Credit Parties;
  - (iv) upon the granting of the Initial Order, constitute legal, valid and binding obligations of each of the Credit Parties; and
  - (v) upon the granting of the Initial Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the Interim Lender Charge or the Interim Financing Security.
- (b) The activities at the Wabush Mine by the Credit Parties will be conducted in material compliance with all applicable provincial and federal laws, subject to the provisions of the CCAA and any Restructuring Court Order, unless (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Restructuring Court Order.
- (c) Each of the Credit Parties has maintained its obligations for payroll, source deductions, current normal cost pension liabilities, retail sales tax, Québec sales tax, goods and services tax and harmonized sales tax, as applicable, and is not in arrears in respect of payment of these obligations.

- (d) All representations and warranties made by each of the Credit Parties in all Interim Financing Credit Documentation are true and correct in all material respects as of the time such representations and warranties were made.

The Interim Lender represents and warrants to the Credit Parties, upon which the Credit Parties rely in entering into this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, that the performance of the Interim Lender's obligations hereunder are within the Interim Lender's corporate powers and have been duly authorized by all necessary corporate and shareholder action, as applicable, and the Interim Lender has, or has unrestricted access to, sufficient financial resources to make Interim Advances in accordance with the terms hereof.

#### 24. AFFIRMATIVE COVENANTS:

In addition to all of the other covenants and obligations contained herein, the Credit Parties covenant and agree to perform and do each of the following until the Interim Facility is permanently and indefeasibly repaid in full and terminated:

- (a) Allow the Interim Lender or its agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each of the Credit Parties' assets and properties, and provide the Interim Lender and their agents or advisors, on reasonable notice and during normal business hours, full access to the books and records of the Credit Parties' and cause management thereof to fully cooperate with the Interim Lender, its agents and advisors.
- (b) Use reasonable efforts to keep the Interim Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Credit Parties, the development of a Plan or a Restructuring Option.
- (c) Deliver to the Interim Lender the Updated Weekly Budget as and when set out herein, and such other reporting and other information from time to time reasonably

requested by the Interim Lender. Without limiting the foregoing, the Borrowers shall use commercially reasonable efforts to deliver to the Interim Lender copies of any financial reporting provided to the Monitor in a timely manner and forthwith provide to the Interim Lender any reports or commentary received from the Monitor regarding the financial position of the Borrowers.

- (d) Use the proceeds of the Interim Facility only for the purposes described in Section 17, and in a manner consistent with the restrictions set out herein.
- (e) Comply with the provisions of the court orders made in the CCAA Proceedings applicable to the Credit Parties (collectively, the "**Restructuring Court Orders**" and each a "**Restructuring Court Order**"); provided that if any such Restructuring Court Order contravenes this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation so as to adversely impact the rights or interests of the Interim Lender in a material manner, the same shall be an Event of Default hereunder.
- (f) Preserve, renew and keep in full force its respective corporate existence and its respective material licenses, permits, approvals, etc. required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed by the Interim Lender.
- (g) Use commercially reasonable efforts consistent with the Agreed Budget to (i) maintain the insurance, in existence as at the date hereof, with respect to the Collateral subject to the Interim Lender Charge, or (ii) obtain insurance over such Collateral where none exists or has expired, on terms acceptable to the Interim Lender, acting reasonably.
- (h) Conduct all activities in a manner consistent with the Agreed Budget.
- (i) Forthwith notify the Interim Lender of the occurrence of any Default or Event of

Default, including an Updated Budget Default.

- (j) Provide the Interim Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file within the CCAA Proceedings as soon as practically possible prior to any such filing.
- (k) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan, Restructuring Option, the SISP and any information which may otherwise be confidential subject to same being maintained as confidential by the Interim Lender. Notwithstanding the foregoing disclosure obligation or any other term of this Interim Financing Term Sheet, none of the CCAA Parties shall be obligated to disclose to the Interim Lender any information regarding the identify of any bidders or the details of bids received by the Borrower or the Monitor as part of the SISP unless such information is otherwise disclosed to other stakeholders in the CCAA Proceedings.

## 25. NEGATIVE COVENANTS:

The Credit Parties covenant and agree not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over CDN\$100,000 at any one time, or through a series of related transactions over CDN\$1,000,000 in the aggregate after the date hereof (excluding dispositions of employee housing or obsolete assets), without the prior written consent of the Interim Lender, not to be unreasonably withheld, or the Court. For greater certainty, in the case of any transfer, lease, sale or other disposition of any property, assets or undertaking of the Credit Parties, or any affiliates or subsidiaries thereof, all proceeds of such transfer, lease, sale or other disposition shall be subject to the provisions herein under Section 22.



- (b) Make any payment of principal or interest in respect of existing (pre-filing) debt or obligation other than as may be permitted by a Restructuring Court Order that does not result in an Event of Default, and is provided for in the Agreed Budget.
- (c) Create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt, debt contemplated by this Interim Financing Term Sheet and post-filing trade payables.
- (d) Make any payments not consistent with the Agreed Budget.
- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, financial guarantees or otherwise, to any person or Governmental Entity.
- (f) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity except as part of a transaction under a sale and investor solicitation process approved by a Restructuring Court Order, and on terms and conditions satisfactory to the Interim Lender, acting reasonably.
- (h) Make any payment in respect of post-employment benefit payments, special or amortization payments, solvency deficiencies or wind-up shortfalls in relation to any pension plan, provided however that the Credit Parties shall be entitled to make normal cost payments under defined benefit plans.

**26. INDEMNITY AND RELEASE:**

The Credit Parties agree, on a joint and several basis, to indemnify and hold harmless the Interim Lender and its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as

"Indemnified Persons") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, "Claims") as a result of or arising out of or in any way related to or resulting from the Interim Facility, this Interim Financing Term Sheet or any other Interim Financing Credit Documentation (regardless of whether such Claim is made in the CCAA Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrowers and other Credit Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrowers or the other Credit Parties. The Credit Parties shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages. Each Indemnified Party undertakes to repay any and all costs paid to such Indemnified Party in accordance with this Section 26 if it is ultimately determined that such Indemnified Party is not entitled to be indemnified therefor.

The indemnities granted under this Interim Financing Term Sheet shall survive any termination of the Interim Facility.

## 27. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Interim Financing

Term Sheet:

- (a) the issuance of an order of the Court (including any Restructuring Court Order) or any other court of competent jurisdiction:
  - (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against either Borrower or any of the other Credit Parties, or a material portion of their property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against either Borrower or any of the other Credit Parties;
  - (ii) granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Priority Charges;
  - (iii) staying, reversing, vacating or otherwise modifying the Interim Financing Credit Documentation or any Restructuring Court Order in a manner adverse to the interests of the Interim Lender;
  - (iv) adversely impacting the rights and interests of the Interim Lender in a material manner, without the prior written consent of the Interim Lender; or
  - (v) directing either Borrower to pay any post-employment benefits, amortization payments, special payment, solvency deficiencies or wind-up shortfalls in relation to any pension plan administered by either Borrower or any of the other Credit Parties as of the date hereof;
- (b) the filing of any pleading by any Credit Party seeking any of the matters set forth in clause (a) above or failure of the Credit Parties to diligently oppose any party that brings an

application or motion for the relief set out in paragraph (a) above and/or fails to secure the dismissal of such motion or application within 60 days from the date such application or motion is brought;

- (c) failure of any of the Credit Parties to comply with any negative covenants in this Interim Financing Term Sheet, which default has not been remedied or cured within five (5) Business Days;
- (d) an Updated Weekly Budget contemplates or forecasts an adverse change or changes from the then existing Agreed Budget and such change(s) constitute a Material Adverse Change, or any Updated Weekly Budget forecasts that borrowings under the Interim Facility will exceed the Maximum Amount at any time (unless and until the Interim Lender consents to increase the Maximum Amount, which shall be in the Interim Lender's sole and absolute discretion) (each, an "**Updated Budget Default**"), or the occurrence of any negative variance in "Net Cash Flow" as shown on the Agreed Budget that is greater than 10% in any given week, or an Updated Weekly Budget is not delivered to the Interim Lender within two (2) Business Days of the time period specified herein;
- (e) a Restructuring Court Order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions (financial or otherwise), of any of the Credit Parties, that will in the Interim Lender's judgment, acting reasonably, materially further impair either Borrower's or the other Credit Parties' financial condition or ability to comply with its obligations under this Interim Financing Term Sheet, any other Interim Financing Credit Documentation, or any Restructuring Court Order or carry out a Plan or Restructuring Option reasonably acceptable to the Interim Lender (a "**Material Adverse Change**");
- (f) any representation or warranty by either Borrower or any of the other Credit Parties herein or in any Interim Financing Credit Documentation shall be incorrect or

misleading in any material respect when made;

- (g) borrowings under the Interim Facility exceed the Maximum Amount at any time without the prior consent of the Interim Lender;
- (h) any material violation or breach of any Restructuring Court Order upon receipt by either Borrower or any of the other Credit Parties of notice from the Interim Lender of such violation or breach;
- (i) an event of default has occurred under any of the Interim Financing Credit Documentation;
- (j) any proceeding, motion or application is commenced or filed by any of the Credit Parties, or if commenced by another party, supported or otherwise consented to by any Credit Party, seeking the invalidation, subordination or other challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Term Sheet, or any of the other Interim Financing Credit Documentation or, unless the Plan or Restructuring Option provides for repayment in full of the Interim Facility, the approval of any Plan or Restructuring Option which does not have the prior written consent of the Interim Lender;
- (k) any Plan is sanctioned or any Restructuring Option is consummated by any of the Credit Parties that is not consistent with or contravenes any provision of this Interim Financing Term Sheet or other Interim Financing Credit Documentation in a manner that is adverse to the interests of the Interim Lender or would reasonably be expected to adversely affect the interests of the Interim Lender, unless the Interim Lender has consented thereto;
- (l) except as set out in the Agreed Budget, or as otherwise agreed to in writing by the Interim Lender, any of the Credit Parties are required by any Governmental Entity to make expenditures or pay damages, fines, claims, costs or expenses to remediate, or in respect of, any Environmental Liabilities, and such

requirement is not stayed by a Restructuring Court Order;

- (m) if either Borrower or any of the other Credit Parties pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements incurred by any other party in the CCAA Proceedings without the prior consent of the Interim Lender, other than the Interim Financing Fees and Expenses and the professional fees and disbursements of the Credit Parties, the Monitor, the Monitor's legal counsel and independent counsel to the directors and officers of the Credit Parties;
- (n) failure of any Credit Party to perform or comply with any other term or covenant under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation, and such default shall continue unremedied for a period of three (3) Business Days; and
- (o) if any Credit Party commences an action or takes any other proceeding to obtain any form of relief against Cliffs Mining Company (including in its capacity as Interim Lender) or any affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by Cliffs Mining Company or any affiliate thereof to any Credit Party if Cliffs Mining Company or such affiliate disputes such debt.

**28. REMEDIES:**

Upon the occurrence of an Event of Default, and subject to the Restructuring Court Orders, the Interim Lender may, in its sole discretion, elect to terminate the Interim Lender's commitments to make Interim Advances to the Borrowers hereunder and declare the obligations in respect of the Interim Financing Credit Documentation to be immediately due and payable and cease making any further Interim Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, subject to any

Restructuring Court Order:

- (a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of either Borrower or any of the other Credit Parties;
- (b) set-off or combine any amounts then owing by the Interim Lender to the Credit Parties against the obligations of any of the Credit Parties to the Interim Lender hereunder;
- (c) apply to the Court for an order, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrowers or any of the Credit Parties, to take all necessary steps in the CCAA Proceedings;
- (d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Newfoundland and Labrador), the *Personal Property Security Act* (Ontario), the *Civil Code of Québec* or any legislation of similar effect; and
- (e) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the Interim Financing Credit Documentation, the Restructuring Court Orders and applicable law.

**29. INTERIM LENDER'S APPROVALS:**

Any consent, approval, instruction or other expression of the Interim Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the Interim Lender, or its counsel, pursuant to the terms hereof.

**30. TERMINATION BY CREDIT PARTIES:**

At any time following the indefeasible payment in full in immediately available funds of all of the outstanding Interim Financing Obligations, the Credit Parties shall be entitled to terminate this Interim Financing Term Sheet upon notice to the Interim Lender. Effective immediately upon such termination, all obligations of the Credit Parties and the Interim Lender under this Interim

Financing Term Sheet and the other Interim Financing Credit Documentation shall cease, except for those obligations in Section 26 that explicitly survive termination.

**31. TAXES:**

All payments by the Borrowers and any other Credit Parties under this Interim Financing Term Sheet and the other Interim Financing Credit Documentation to the Interim Lender, including any payments required to be made from and after the exercise of any remedies available to the Interim Lender upon an Event of Default, shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively "Taxes"); provided, however, that if any Taxes are required by applicable law to be withheld ("Withholding Taxes") from any amount payable to the Interim Lender under any Interim Financing Credit Documentation, the amount so payable to the Interim Lender shall be increased to the extent necessary to yield to the Interim Lender on a net basis after payment of all Withholding Taxes, the amount payable under such Interim Financing Credit Documentation at the rate or in the amount specified in such Interim Financing Credit Documentation and the Borrowers shall provide evidence satisfactory to the Interim Lender that the Taxes have been so withheld and remitted.

If the Credit Parties pay an additional amount to the Interim Lender to account for any deduction or withholding, the Interim Lender shall reasonably cooperate with the applicable Credit Parties to obtain a refund of the amounts so withheld, including filing income tax returns in applicable jurisdictions, claiming a refund of such tax and providing evidence of entitlement to the benefits of the Canada-US tax treaty. The amount of any refund so received, and interest paid by the tax authority with respect to any refund, shall be paid over by the Interim Lender to the applicable Credit Parties promptly. If reasonably requested by the Credit Parties, the Interim Lender shall apply to the relevant taxing authority to obtain a waiver from such withholding requirement, and the Interim



Lender shall cooperate with the applicable Credit Parties and assist such Credit Parties to minimize the amount of deductions or withholdings required.

**32. FURTHER ASSURANCES:**

The Credit Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Interim Lender may reasonably request for the purpose of giving effect to this Interim Financing Term Sheet.

**33. ENTIRE AGREEMENT; CONFLICT:**

This Interim Financing Term Sheet, including the schedules hereto and the Interim Financing Credit Documentation, constitute the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Interim Financing Term Sheet and any of the other Interim Financing Credit Documentation, this Interim Financing Term Sheet shall govern.

**34. AMENDMENTS, WAIVERS, ETC.:**

No waiver or delay on the part of the Interim Lender in exercising any right or privilege hereunder or under any other Interim Financing Credit Documentation will operate as a waiver hereof or thereof unless made in writing by the Interim Lender and delivered in accordance with the terms of this Interim Financing Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

**35. ASSIGNMENT:**

The Interim Lender may assign this Interim Financing Term Sheet and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights and obligations hereunder, (i) at any time to an affiliate of the Interim Lender; (ii) prior to the occurrence of an Event of Default, subject to the consent of the Borrowers, not to be unreasonably withheld; and (iii) following the occurrence of an Event of Default, to any party acceptable to the Interim Lender in its sole and absolute discretion (subject in all cases to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the Interim Lender hereunder). Neither this Interim Financing Term Sheet nor any right or obligation

hereunder may be assigned by any Credit Party.

**36. SEVERABILITY:**

Any provision in this Interim Financing Term Sheet or any other Interim Financing Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**37. NO THIRD PARTY BENEFICIARY:**

No person, other than the Credit Parties and the Interim Lender, is entitled to rely upon this Interim Financing Term Sheet and the parties expressly agree that this Interim Financing Term Sheet does not confer rights upon any party not a signatory hereto.

**38. COUNTERPARTS AND FACSIMILE SIGNATURES:**

This Interim Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

**39. NOTICES:**

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by fax or electronic mail to the attention of the person as set forth below:

In the case of the Interim Lender, to

Cliffs Mining Company  
200 Public Square, Suite 3300  
Cleveland, OH 44114-2315

**Attention: James Graham**  
Fax: 216.694.6509  
Email: [james.graham@CliffsNR.com](mailto:james.graham@CliffsNR.com)

With a copy to:

Thornton Grout Finnigan LLP  
100 Wellington Street West, Suite 3200  
P.O. Box 329, Toronto-Dominion Centre  
Toronto, Ontario M5K 1K7

**Attention: Grant B. Moffat**

Fax: (416) 304-1313  
Email: [gmoftat@tgf.ca](mailto:gmoftat@tgf.ca)

In the case of the Borrowers or any of the other  
Credit Parties, to:

Wabush Resources Inc. & Wabush Iron Co.  
Limited:  
c/o Blake, Cassels & Graydon LLP  
199 Bay Street, Suite 4000  
Toronto, ON M5L 1A9

**Attention: Steven Weisz / Milly Chow**  
Fax: 416.863.2653  
Email: [steven.weisz@blakes.com](mailto:steven.weisz@blakes.com)  
[milly.chow@blakes.com](mailto:milly.chow@blakes.com)

In either case, with a copy to the Monitor:

FTI Consulting Canada Inc.  
TD Waterhouse Tower, Suite 2010  
79 Wellington Street  
Toronto, Ontario M5K 1G8

**Attention: Nigel Meakin / Steven Bissell**  
Fax: (416) 649-8101  
Email: [nigel.meakin@fticonsulting.com](mailto:nigel.meakin@fticonsulting.com)  
[steven.bissell@fticonsulting.com](mailto:steven.bissell@fticonsulting.com)

And a copy to:

Norton Rose Fulbright Canada LLP  
200 Bay Street, Suite 3800  
P.O. Box 84  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2Z4

**Attention: Sylvain Rigaud / Evan Cobb**  
Fax: (514) 286-5474/(416) 216-3930  
Email: [sylvain.rigaud@nortonrosefulbright.com](mailto:sylvain.rigaud@nortonrosefulbright.com)  
[evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)

Any such notice shall be deemed to be given and  
received when received, unless received after 5:00  
Eastern Time or on a day other than a Business  
Day, in which case the notice shall be deemed to  
be received the next Business Day.

**40. ENGLISH LANGUAGE:**

The parties hereto confirm that this Interim Financing Term Sheet and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

**41. GOVERNING LAW AND JURISDICTION:**

This Interim Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender to enforce this Interim Financing Term Sheet in any other proper jurisdiction, the Credit Parties irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of Quebec, and further acknowledge and agree that any disputes arising in respect of the Interim Financing Credit Documentation shall be heard by the CCAA Court.

**42. JOINT & SEVERAL**

The obligations of the Credit Parties hereunder and under the other Interim Financing Credit Documentation are joint and several.

**[signature pages follow on separate pages]**

IN WITNESS HEREOF, the parties hereby execute this Interim Financing Term Sheet as at the date first above mentioned.

**Interim Lender**

**CLIFFS MINING COMPANY**

Per:

  
Name: P. Kelly Tompkins

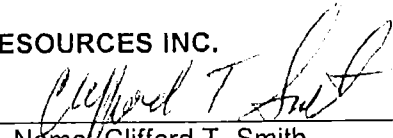
Title:

I have authority to bind the corporation.

**Borrowers**

**WABUSH RESOURCES INC.**

Per:

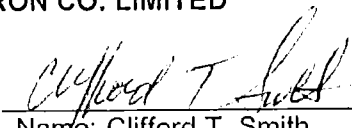
  
Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

**WABUSH IRON CO. LIMITED**

Per:

  
Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

**Guarantors**

**COMPAGNIE DE CHEMIN DE FER ARNAUD  
ARNAUD RAILWAY COMPANY**

Per:

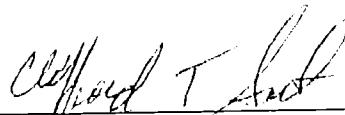
  
Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

WABUSH LAKE RAILWAY COMPANY,  
LIMITED

Per:



Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

## SCHEDULE "A"

### DEFINED TERMS

"**Administration Charge**" has the meaning given thereto in Section 8.2(a).

"**Agreed Budget**" has the meaning given thereto in Section 15.

"**Borrowers**" has the meaning given thereto in Section 1.

"**Business Day**" means any day other than a Saturday, Sunday or any other day in which banks in Montreal, Québec are not open for business.

"**CCAA**" has the meaning given thereto in the Recitals.

"**CCAA Proceedings**" has the meaning given thereto in the Recitals.

"**Collateral**" means all now owned or hereafter acquired assets and property of each of the Credit Parties, real and personal, tangible or intangible.

"**Court**" has the meaning given thereto in the Recitals.

"**Credit Parties**" means the Borrowers and the Guarantors, collectively.

"**Default**" means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

"**Deposit Account**" means the account in the name of Wabush Resources Inc. with the Bank of Montreal, or such other account with a financial institution acceptable to the Interim Lender as may be approved in writing by the Interim Lender.

"**Directors' Charge**" has the meaning given thereto in Section 7.2(b).

"**Drawdown Certificate**" has the meaning given thereto in Section 7.4.

"**Environmental Liabilities**" means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Entity against any of the Credit Parties including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Credit Parties.

"**Equivalent Amount**" means, with respect to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency determined by reference to the noon spot rate of the Bank of Canada for converting the first currency to the other currency at the time of determination.

"**Event of Default**" has the meaning given thereto in Section 27.

**"Existing CMC Liens"** means the Liens granted by the Borrowers in favour of Cliffs Mining Company to secure obligations under the Pre-Filing Secured Credit Agreement.

**"Filing Date"** means May 20, 2015.

**"Final Order"** means all applicable appeal periods related to the subject order have expired and any appeal or motion for leave to appeal has been finally disposed of with no further right of appeal or leave to appeal.

**"Funding Conditions"** has the meaning given thereto in Section 8.

**"Governmental Entity"** means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

**"Guarantors"** has the meaning given thereto in Section 3.

**"Indemnified Persons"** has the meaning given thereto in Section 26.

**"Initial Agreed Weekly Budget"** has the meaning given thereto in Section 15.

**"Initial Order"** means the initial order of the Court dated May 20, 2015 pursuant to which the Borrowers became subject to the CCAA Proceedings.

**"Interim Advance"** and **"Interim Advances"** have the meanings given thereto in Section 6.

**"Interim Lender Charge"** has the meaning given thereto in Section 7.1.

**"Interim Financing Credit Documentation"** has the meaning given thereto in Section 10.

**"Interim Facility"** has the meaning given thereto in Section 6.

**"Interim Financing Fees and Expenses"** has the meaning given thereto in Section 9.

**"Interim Lender"** has the meaning given thereto in Section 2.

**"Interim Financing Obligations"** has the meaning given thereto in Section 7.1.

**"Interim Financing Priority Order"** has the meaning given thereto in Section 8.2.

**"Interim Financing Security"** has the meaning given thereto in Section 10.2.

**"LIBO Rate"** means (a) the applicable ICE Benchmark Administration Interest Settlement Rate as at 11:45 a.m. London, England time (subject to any intra-day refixing and republication) two Business Days prior to the first day of the relevant interest period; or (b) if the rate in paragraph (a) of this definition is not available for any particular day, the interest rate per annum offered to the Creditor for London interbank deposits of U.S. Dollars, for delivery in immediately available funds on the first day of the relevant interest period, of amounts comparable to the principal amount of the relevant Interim Advance to which such LIBO Rate is to apply with maturities comparable to the interest period for which such LIBO Rate will apply as of approximately 11:45 a.m. (London, England time) two Business Days prior to the first day of the relevant interest



period, and if, in either case, that rate is less than zero, the LIBO Rate shall be deemed to be zero.

**"Liens"** means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever granted by the Credit Parties or against the Collateral.

**"Material Adverse Change"** has the meaning given thereto in Section 27(e).

**"Maturity Date"** has the meaning given thereto in Section 14.

**"Maximum Amount"** has the meaning given thereto in Section 6.

**"Monitor"** has the meaning given thereto in Section 13.

**"Permitted Liens"** means (i) the Interim Lender Charge and the Interim Financing Security; (ii) any charges created under the Initial Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender in its discretion; (iii) validly perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (v) the Permitted Priority Liens.

**"Permitted Priority Liens"** means: (i) the Priority Charges; (ii) statutory super-priority Liens for unpaid employee source deductions; (iii) those Liens evidenced by the registrations listed in Schedule "D" hereto; (iv) Liens for unpaid municipal property taxes or utilities that are given first priority over other Liens by statute; and (v) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, including mining claims, shall not be "Permitted Priority Liens".

**"Plan"** has the meaning given thereto in Section 14.

**"Pre-Filing Secured Credit Agreement"** means the Demand Credit Agreement dated February 23, 2015 among Wabush Iron Co. Limited and Wabush Resources Inc., as borrowers, and Cliffs Mining Company, as lender.

**"Priority Charges"** means the Administration Charge and the Directors' Charge.

**"Restructuring Court Order"** and **"Restructuring Court Order"** have the meanings given thereto in Section 24(e).

**"Restructuring Option"** means any transaction involving the refinancing of any Credit Party, the sale of all or substantially all of the assets of any Credit Party or any other restructuring of the Credit Parties' businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of any of the Credit Parties.

**"SISP"** means the Sales and Investment Solicitation Process in respect of, among other things, certain assets of the Credit Parties, approved by the Court on April 17, 2015.

**"Taxes"** has the meaning given thereto in Section 31.

**"Updated Budget Default"** has the meaning given thereto in Section 27(d).

**"Updated Weekly Budget"** has the meaning given thereto in Section 15.

**"Wabush Mine"** means iron ore mine and processing facility located near the town of Wabush and Labrador City, Newfoundland & Labrador owned by the Borrowers.

**"Withholding Taxes"** has the meaning given thereto in Section 31.

**SCHEDULE "B"**  
**INITIAL AGREED WEEKLY BUDGET**

See attached.

SCHEDULE "C"

FORM OF DRAWDOWN CERTIFICATE

DRAWDOWN CERTIFICATE

TO: **Cliffs Mining Company** (the "Interim Lender")  
FROM: Wabush Resources Inc. & Wabush Iron Co. Limited  
(collectively, the "Borrowers")  
DATE: \_\_\_\_\_, 2015

1. This certificate is delivered to you, as Interim Lender, in connection with a request for a Interim Advance pursuant to the Interim Financing Term Sheet made as of May 19, 2015 between the Borrowers and the Interim Lender, as amended, supplemented, restated or replaced from time to time (the "Interim Financing Term Sheet"). All defined terms used, but not otherwise defined, in this certificate shall have the respective meanings set forth in the Interim Financing Term Sheet, unless the context requires otherwise.
2. The Borrowers hereby request a Interim Advance as follows:
  - (a) Date of Interim Advance: \_\_\_\_\_
  - (b) Aggregate amount of Interim Advance (US\$): \_\_\_\_\_
3. All of the representations and warranties of the Credit Parties as set forth in the Interim Financing Term Sheet are true and accurate as at the date hereof, as though made on and as of the date hereof.
4. All of the covenants of the Credit Parties contained in the Interim Financing Term Sheet together with all of the Funding Conditions applicable to the Interim Advance hereby requested and contained in the Interim Financing Term Sheet, and all other terms and conditions contained in the Interim Financing Term Sheet to be complied with by the Credit Parties, not properly waived in writing by the Interim Lender, have been fully complied with.
5. In addition to the foregoing, the Borrowers and the other Credit Parties are in compliance with the Interim Financing Credit Documentation and the Restructuring Court Orders.
6. The Interim Advance hereby requested is within the Maximum Amount and consistent with the relevant Agreed Budget.

7. No Default or Event of Default has occurred nor will any such event occur as a result of the Interim Advance hereby requested.

**WABUSH RESOURCES INC.**

Per: \_\_\_\_\_

*Clifford T. Smith*  
Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

**WABUSH IRON CO. LIMITED**

Per: \_\_\_\_\_

*Clifford T. Smith*  
Name: Clifford T. Smith

Title:

I have authority to bind the corporation.

**SCHEDULE "D"**  
**PRIORITY REGISTRATIONS**

**NIL**

**SCHEDULE "E"**

**INITIAL ORDER**

