

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File: No: 500-11-048114-157

**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

**FIFTY-SECOND REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 27, 2015, Bloom Lake General Partner Limited (“**BLGP**”), Quinto Mining Corporation (“**Quinto**”), 8568391 Canada Limited (“**856**”) and Cliffs Québec Iron Mining ULC (“**CQIM**”) (collectively, the “**Bloom Lake Petitioners**”) sought and obtained an initial order (as amended, restated or rectified from time to time, the “**Bloom Lake Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) from the Superior Court of Québec (the “**Court**”), providing for, *inter alia*, a stay of proceedings against the Bloom Lake Petitioners until February 26, 2015, (the “**Bloom Lake Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The relief granted in the Bloom Lake Initial Order was also extended to The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Bloom Lake Railway Company Limited (“**BLRC**” and, together with BLLP, the “**Bloom Lake Mises-en-Cause**” and together with the Bloom Lake Petitioners, the “**Bloom Lake CCAA Parties**”). The proceedings commenced under the CCAA by the Bloom Lake CCAA Parties will be referred to herein as the “**CCAA Proceedings**”.

2. On May 20, 2015, the CCAA Proceedings were extended to include Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**” and together with WICL, the “**Wabush Petitioners**”), Wabush Mines, Arnaud Railway Company (“**Arnaud**”) and Wabush Lake Railway Company Limited (“**Wabush Railway**” and, collectively with Arnaud and Wabush Mines, the “**Wabush Mises-en-Cause**” and together with the Wabush Petitioners, the “**Wabush CCAA Parties**”) pursuant to an initial order (as amended, restated or rectified from time to time, the “**Wabush Initial Order**”) providing for, *inter alia*, a stay of proceedings against the Wabush CCAA Parties until June 19, 2015, (the “**Wabush Stay Period**”). The Bloom Lake CCAA Parties and the Wabush CCAA Parties will be referred to collectively herein as the “**CCAA Parties**”.
3. The Bloom Lake Stay Period and the Wabush Stay Period (together, the “**Stay Period**”) have been extended from time to time and currently expire on February 28, 2020.
4. On November 5, 2015, Mr. Justice Hamilton J.S.C. (as he then was) granted an Order (the “**Claims Procedure Order**”) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers (as amended, the “**Claims Procedure**”).
5. On March 26, 2018, Mr. Justice Hamilton J.S.C. (as he then was) granted an Order (the “**Post-Filing Claims Procedure Order**”) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties or their directors and officers arising since the commencement dates of the CCAA Proceedings (the “**Post-Filing Claims Procedure**”).
6. On June 29, 2018, Mr. Justice Hamilton J.S.C. (as he then was) granted an Order (the “**Sanction Order**”), *inter alia*, sanctioning the amended and restated joint plan of compromise and arrangement of the Participating CCAA Parties dated May 16, 2018 (as amended from time to time, the “**Plan**”).

7. On July 31, 2018, the Monitor issued and filed the Plan Implementation Date Certificate, *inter alia* certifying that:
 - (a) The Monitor had received from each of the Participating CCAA Parties and the Parent, the applicable Conditions Certificate confirming fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 11.3 of the Plan, and in accordance with the Sanction Order, and
 - (b) The Plan Implementation Date had occurred in accordance with the Plan.
8. The first interim distributions to Affected Third Party Unsecured Creditors were made from each of the Unsecured Creditor Cash Pools and Pension Cash Pools in August and September 2018¹, with approximately \$132.4 million being distributed to Affected Third Party Unsecured Creditors pursuant to the Plan.
9. To date, the Monitor has filed fifty-one reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Fifty-Second Report (this "**Report**"), is to provide information to the Court with respect to:
 - (a) The receipts and disbursements of the CCAA Parties for the period May 1 to September 30, 2019;
 - (b) The CCAA Parties' current cash balances;
 - (c) The progress of the Claims Procedure;
 - (d) The progress of the Post-Filing Claims Procedure;
 - (e) Matters completed since the date of the Monitor's Fiftieth Report;

¹ Distributions on account of the Salaried Late Employee Claims and the USW Late Employee Claims were made in January 2019.

- (f) The progress of other ongoing matters to be completed in the CCAA Proceedings.

TERMS OF REFERENCE

- 10. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Parties, the CCAA Parties' books and records, certain financial information prepared by the CCAA Parties and discussions with various parties (the "**Information**").
- 11. Except as described in this Report:
 - (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 12. The Monitor has prepared this Report to provide an update to the Court as stated in the Fiftieth Report, and this Report should not be relied on for other purposes.
- 13. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
- 14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the previous reports of the Monitor or the Plan.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO SEPTEMBER 30, 2019

15. The CCAA Parties' actual cash flow on a consolidated basis for the period from May 1 to September 30, 2019, is summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties
	\$000	\$000
Receipts	372	65
Disbursements:		
Payroll & Employee Benefits		
Termination & Severance		
Utilities		
Other Operating Disbursements	(3)	(17)
Operating Cash Flows	369	48
Tax Refunds/Sale Proceeds	97	710
Allocation Methodology Transfers		
Transfer from Related Party Distributions		
Third Party Distributions	(117)	
Restructuring Professional Fees	(658)	(464)
Net Cash Flow	(309)	294

CURRENT CASH BALANCES

16. As previously reported, all transactions are being processed through the Monitor's accounts on behalf of the CCAA Parties. As at September 30, 2019, the Monitor held approximately \$41.8 million on behalf of the Bloom Lake CCAA Parties and approximately \$6.9 million on behalf of the Wabush CCAA Parties, each net of unrepresented cheques.
17. Unrepresented cheques include 74 cheques in the aggregate amount of \$243,729.80 issued in respect of the interim distributions under the Plan. These cheques are stale-dated and payments will be reissued on the request of the creditor entitled to such payment or together with the final distributions under the Plan.

THE CLAIMS PROCEDURE

18. All claims filed pursuant to the Claims Procedure Order have now been finally determined, with the exception of the claims described below:
- (a) Certain claims of Revenu Québec (“**RQ**”) in the aggregate amount of \$13,565,511.95 in respect of sales and corporate taxes;
 - (b) The claims of the City of Fermont in the amount of \$27,010,686.80 with respect to property taxes, the determination of which is dependent on the outcome of the municipal tax contestation as discussed later in this Report;
 - (c) The claims of two construction legal hypothec creditors in the aggregate amount of \$3,862,078.26. While the aggregate quantum of these claims has been allowed, the determination of the portion that is secured on proceeds of realization and the portion that is unsecured is also dependent on the outcome of the municipal tax contestation; and
 - (d) The claims of the Commission Scolaire du Fer (“**CSF**”) remain subject to the CSF Claim Amendment Motion, which is contested and is discussed later in this Report, and are also dependent on the outcome of the municipal tax assessment contestation.

THE POST-FILING CLAIMS PROCEDURE

19. All Post-Filing Claims and the one D&O Post-Filing Claim that were filed in accordance with the Post-Filing Claims Procedure Order have been finally determined, except two claims, each in the amount of \$11,983,831.37, by City of Fermont, which claims are subject to the municipal tax contestation.

20. As previously reported, in addition to the Post-Filing Claims filed by other creditors in accordance with the provisions of the Post-Filing Claims Procedure Order, CSF sent an email to the Monitor on May 18, 2018, prior to the Post-Filing Claims Bar Date stating:

“Je vous transmets en annexe le solde dû à la Commission Scolaire en date 21 mai 2018.

Lors de notre dernier courriel en décembre 2015, le solde qui vous a été acheminé était de 2,123,051.83\$ (voir courriel transféré). Le nouveau solde dû à la Commission Scolaire du Fer est de 2,410,156.68\$, incluant les intérêts courus depuis cette période.”²

21. CSF did not file a Post-Filing Proof of Claim as required by the Post-Filing Claims Procedure Order.

MATTERS COMPLETED SINCE THE MONITOR’S FIFTIETH REPORT

22. Several open matters have been completed since the date of the Monitor’s Fiftieth Report, summarized as follows:
- (a) Various matters relating to title to six parcels of land transferred on closing of the sale of the Scully Mine have been resolved;
 - (b) Matters relating to the vacant land parcels in the Town of Wabush have now been completed, including the withdrawal of property tax claims related to those properties;

² English translation: “I am sending you the balance due to the School Board dated May 21, 2018. In our last email in December 2015, the balance that was sent to you was \$ 2,123,051.83 (see email forwarded). The new balance due to the Commission Scolaire du Fer is \$ 2,410,156.68, including accrued interest since that period.”

- (c) A refund in respect of post-filing sales taxes owed to WRI that Canada Revenue Agency (“CRA”) had attempted to set-off against pre-filing claims has been recovered;
- (d) The appeal of the municipal tax assessments of the City of Sept-Îles have been settled and the distribution on account of the Proven Secured Claim has been made;
- (e) The Land Only Appeal component, as defined later in this Report, of the pending contestation of the assessed value of the Bloom Lake Mine for the 2013-2015 triennial tax roll of the City of Fermont was heard September 17 and 18, 2019, with the Court of Québec reserving its decision;
- (f) Sales tax refunds owing to Wabush Railway have been successfully recovered;
- (g) Outstanding matters relating to 2015 tax filings for WICL have been resolved with RQ;
- (h) Outstanding matters relating to notices of assessment issued by RQ in respect of income tax filings for WRI for the period 2012-2014 have been resolved;
- (i) Outstanding matters relating to notices of assessment issued by CRA in respect of tax filings for CQIM for 2011 have been resolved;
- (j) Outstanding matters related to the Wabush Group RRSP Plan have been completed and SunLife as custodian of the Wabush Group RRSP Plan is in the final stages of completing the termination process; and

- (k) Outstanding matters related to the wind-up of the Cliffs Canadian Retirement Plan have been completed and the provisional administrator is in the final stages of completing the termination process.

ONGOING MATTERS TO BE COMPLETED IN THE CCAA PROCEEDINGS

23. Apart from final resolution of the outstanding claims described earlier in this Report and the final distributions pursuant to the Plan, the key matters to be completed in the CCAA Proceedings are summarized as follows:

- (a) The completion of various CRA and RQ tax audits, assessments and other tax-related matters and the collection of any remaining refund amounts owing to the CCAA Parties. The CRA and RQ tax audits are discussed in more detail later in this Report;
- (b) The determination of what steps, if any, to take in respect of shares of Twin Falls Power Corporations Limited (“**Twin Falls**”), as further discussed later in this Report;
- (c) The adjudication of the pending contestation of certain City of Fermont municipal tax assessments, or settlement thereof. The status of such contestation is discussed in more detail later in this Report;
- (d) The determination of the CSF Claim Amendment Motion, the hearing of which has been postponed pending a decision in the appeal of a preliminary decision rendered by TAQ in connection with the pending City of Fermont municipal tax assessment contestation, or settlement thereof, as discussed later in this Report;
- (e) The filing of a motion related to the distribution of proceeds by BLRC, as further discussed later in this Report;

- (f) The dissolution of various CCAA Parties, if appropriate, as contemplated by the Plan or the Sanction Order;
- (g) The collection of any amounts recoverable from the FX Class Action Claims, as described in the Monitor's Forty-Seventh Report, and the Canadian FX Class Action Claims, as described in the CCAA Parties' motion for an extension of the Stay Period dated May 9, 2019;
- (h) The payment of final distributions under the Plan;
- (i) The filing of final tax returns; and
- (j) The completion of the necessary statutory and administrative steps for the termination of the CCAA Proceedings and the discharge of the Monitor.

CRA AND RQ TAX AUDITS AND OTHER TAX MATTERS

24. While a number of CRA and RQ audits and assessments have been resolved, audits, assessments or appeals relating to 118 taxation periods for various of the CCAA Parties remain in progress, summarized as follows:
- (a) 80 sales tax periods are currently under audit by RQ and RQ is yet to issue a notice of assessment for further 16 sales tax periods. Four sales tax assessments by RQ are currently under appeal;
 - (b) 14 income tax periods are currently under audit by CRA and a CRA is yet to issue a notice of assessment for further two income tax periods; and
 - (c) Two income tax periods are under audit by RQ.

25. The CCAA Parties, with the assistance of the Monitor, have been diligent in addressing audit and information requests from CRA and RQ. However, the pace of activity by the tax authorities has been slow and there has been little success resulting from the efforts of the Monitor to encourage the tax authorities to accelerate matters. The key open matters are summarized as follows:
- (a) CRA has commenced audits of the 2015-2018 income tax returns of CQIM, BLLP and WRI. A response to certain of these audit queries was filed on October 31, 2019, with the balance of the responses being due by November 7, 2019;
 - (b) RQ has commenced an audit of the 2018 income tax return for Arnaud and has requested additional documentation, which was submitted on November 1, 2019. CRA has not completed its review of the return and has yet to issue a notice of assessment or audit query;
 - (c) CRA denied professional fee expenses included in the 2016 and 2017 income tax returns for Arnaud, which expenses were booked in accordance with the Allocation Methodology approved by the Court. There has been various correspondence on the matter, the latest being the submission by the CCAA Parties of a reconciliation of the professional fees and interest income on June 28, 2019, in response to a request by CRA. In October 2019, CRA informed the Monitor that they accepted in principle the adjustments made in the amended returns but needed to reconcile the adjustments before issuing any reassessment;
 - (d) In January 2019, RQ commenced an audit of Arnaud's amended 2017 income tax return and raised specific questions regarding the allocation of professional fee expenses. A detailed response to the audit enquiries was sent in February 2019. RQ has yet to provide any further response or assessment;

- (e) CRA holds a security deposit of approximately \$429,000 in respect of the HST account of CMC in its capacity as agent for Wabush Mines, the return of which was requested in June 2018. On April 22, 2019, CRA advised that approximately \$424,000 (the “**Excess Security Deposit**”) would be released. In July 2019, CRA informed the Monitor that a portion of the Excess Security Deposit had been applied to offset 2008 income tax obligations of CMC (obligations in its own right, not as agent for Wabush Mines) and a cheque for the balance of approximately \$288,000 was issued to CMC. By letter dated July 31, 2019, the Monitor disputed CRA’s offset of the Excess Security Deposit. CRA claimed to have not received the July 31 letter, which was resubmitted on October 3, 2019. CRA has yet to provide a response and the cheque has not been cashed pending resolution of the matter.;
- (f) RQ is withholding sales tax refunds in respect for WRI for April 2018 to July 2019 and an income tax refund for WRI for 2012 because of outstanding payroll remittance summaries. Those payroll remittance summaries were filed in accordance with the protocol agreed with RQ in advance of the Monitor making the interim distributions under the Plan, but were not processed by RQ. RQ has informed the Monitor that it is in the process of resolving that issue;
- (g) RQ is auditing CQIM’s sales tax returns for January 2015 to December 2017, which audit commenced in April 2018. Various correspondence was exchanged between April 2018 and February 2019, at which time the auditor apparently switched focus to the November 2018 sales tax return (discussed below) and the January 2015 to December 2017 audits remain uncompleted;

- (h) RQ is auditing the November 2018 sales tax returns for CQIM, WRI and BLLP on which input tax credits were claimed on account of distributions related to claims arising from the disclaimer of contracts³ during the CCAA Proceedings;
- (i) On October 8, 2019, the RQ expanded the scope of its BLLP sales tax audit to include the periods of April 2016 to August 2019. A response to the initial audit request was provided on October 11th. A follow-up request was issued by RQ on October 24, 2019, and a response was provided on the same day;
- (j) RQ denied the refund claimed on the November 2018 sales tax returns for Arnaud related to input tax credits were claimed on account of distributions related to claims arising from disclaimer of contracts during the CCAA Proceedings. As permitted under the relevant legislation, the amounts were reclaimed on the May 2019 return, which is now under audit by CRA. An audit request was received on October 3, 2019, for which a response was submitted on October 23, 2019;
- (k) A notice of objection to the disallowance of input tax credits for October 2016 to January 2017 claimed by Wabush Mines through its managing agent, Cliffs Mining Company, was filed in April 2018. Apparently RQ did not assign an agent to the file until June 2019 and has yet to provide any response to the notice of objection; and

³ Pursuant to section 182(1) of the *Excise Tax Act*, such payments are deemed to include sales taxes.

- (l) In October 2019, RQ issued notices of assessment for payroll taxes owing by WRI, Arnaud and BLLP for 2018 in respect of amounts withheld from distributions under the Plan. All remittances of payroll taxes were made in accordance with the protocol agreed with RQ in advance of the Monitor making the interim distributions under the Plan. It appears that the remittances were not correctly matched by RQ, leading to the issuance of the notices of assessment, including penalties and interest. RQ has informed the Monitor that RQ is in the process of resolving that issue.
26. Potential sales tax refunds of approximately \$11.3 million claimed by the CCAA Parties remain outstanding. Given the number of open tax issues and the length of time it has been taking for the tax authorities to review and address these matters, the Monitor remains of the view that it will still take a significant period for matters to be resolved and for any available refunds to be collected and be available for distribution pursuant to the Plan.

TWIN FALLS SHARES

27. Twin Falls is owned 33.3% by Churchill Falls (Labrador) Corporation (“**Churchill Falls**”), 49.6% by Iron Ore Company of Canada (“**IOC**”), 12.5% by WRI and 4.6% by WICL.
28. The Monitor understands that Churchill Falls is owned 65.8% by Nalcor Energy, a provincial Crown corporation under the Government of Newfoundland and Labrador, and 34.2% by Hydro Québec. Churchill Falls holds Class A Common Shares of Twin Falls, which carry four votes per share; all other shareholders hold Class B Common Shares, which carry one vote per share. Furthermore, Churchill Falls has the right to appoint three directors of Twin Falls for every one nominated by IOC, WRI or WICL. The nominee directors of WRI and WICL resigned in July 2017 in conjunction with the sale of the Scully Mine.

29. Pursuant to a sub-lease dated as of November 15, 1961 (as amended, the “**Churchill Falls Sub-Lease**”), Twin Falls had obtained the rights to develop a 225 megawatt hydroelectric plant on the Unknown River in Labrador (the “**Twin Falls Plant**”). The Twin Falls Plant was formally used to supply power from the iron ore mines in Labrador City and the Town of Wabush and for the construction of the Churchill Falls hydroelectric generating station in Churchill Falls, Newfoundland. The Churchill Falls Sub-Lease also contained rights to Churchill Falls to suspend the Churchill Falls Sub-Lease.
30. Pursuant to an operating lease dated as of November 30, 1967 (as amended, the “**Churchill Falls Operating Lease**”), which became operative upon Churchill Falls’ exercise of the suspension rights contained in the Churchill Falls Sublease, Churchill Falls obtained the right to export and transmit hydroelectric power and assumed all of Twin Falls’ obligations under the Churchill Falls Sub-Lease and indemnified Twin Falls resulting from Churchill Falls’ exercise of its rights or from use of enjoyment of the assets granted under the Churchill Falls Operating Lease or failure to carry out its covenants under the Churchill Falls Operating Lease.
31. Pursuant to a letter dated April 26, 1974, Churchill Falls advised Twin Falls that it exercised its right to suspend the Churchill Falls Sublease as of July 1, 1974. Generating operations ceased in July 1974 when the Twin Falls Plant was placed into extended shut-down. The Churchill Falls Sub-Lease and Churchill Falls Operating Lease expired on December 31, 2014.
32. The CCAA Parties and the Monitor understand that the Twin Falls Plant and related assets are located on lands now owned by Churchill Falls and are in the possession and control of Churchill Falls or third parties through arrangements with Churchill Falls.
33. The most recent available financial statements of Twin Falls show cash and cash equivalent assets of approximately \$5.9 million and total liabilities of less than \$50,000.

34. Even before the commencement of the CCAA Proceedings, the CCAA Parties had been trying to persuade Twin Falls to make a distribution to shareholders. Such efforts have continued during the CCAA Proceedings. To date, Twin Falls has refused to make any distribution to shareholders, stating concerns related to contingent environmental liabilities.
35. It is the understanding of the CCAA Parties and the Monitor that no order or other enforcement mechanism of any type has been issued or initiated by any government agency with respect to environmental remediation, assessment or monitoring. The CCAA Parties and the Monitor further understand that Twin Falls is not subject to any contractual or other obligation with respect to environmental remediation, assessment or monitoring and that the monitoring currently being carried out, and any environmental remediation obligation, is the responsibility of Churchill Falls.
36. To date, however, Churchill Falls have refused all proposals that would enable WRI and WICL to realize the value of their holdings in Twin Falls.
37. The CCAA Parties and the Monitor continue to investigate potential avenues to monetize the value of WRI and WICL's holdings in Twin Falls.

CITY OF FERMONT MUNICIPAL TAX CONTESTATIONS

38. As previously reported, there are two bases to the pending contestation of the assessed value of the Bloom Lake Mine for the 2013-2015 triennial tax roll:
 - (a) That the mine is not taxable (the "**Land Only Appeal**"); and
 - (b) That, in the event that the Land Only Appeal fails and the mine is therefore taxable, the assessed value should be reduced from \$318 million to \$105 million (the "**Assessed Value Appeal**").

39. The TAQ issued a decision rejecting the Land Only Appeal, which decision has been appealed with leave. A hearing on the merits proceeded before the Court of Québec on September 17 and 18, 2019. The Court reserved its decision and no decision has been issued at the date of this Report.
40. No hearing of the Assessed Value Appeal has yet been scheduled with the TAQ as it would be moot in the event that the Land Only Appeal succeeds.

THE CSF CLAIM AMENDMENT MOTION

41. As previously reported, on September 27, 2018, CSF filed the CSF Amendment Motion seeking to amend its Affected Third Party General Unsecured Claims, which had been allowed in the aggregate amount of \$2,119,207.96 pursuant to the Claims Procedure Order⁴ (collectively, the “**CSF Claims**”), in order to convert such claims, in whole or in part, to Third Party Secured Claims, which would be unaffected under the Plan.
42. The Monitor consulted with a number of major creditors whose distributions could be impacted by the CSF Amendment Motion. Each of the creditors that provided a response to the Monitor in connection with those consultations stated that it supported the Monitor objecting to the CSF Amendment Motion.
43. CSF subsequently amended its motion on December 11, 2018, and February 4, 2019, to seek declarations from the Court:
 - (a) Allowing its pre-filing claim as amended, including a secured claim in the aggregate amount of \$607,377.71 and an unsecured claim in the amount of \$4,440.79; and

⁴ The remaining \$3,843.87 of the amount claimed in the Proof of Claim filed by CSF was disallowed.

- (b) Declaring that its post-filing claim in the aggregate amount of \$1,784,329.60 was duly filed before the Post-Filing Claims Bar Date or, in the alternative, allowing the late filing of that claim.
44. No date has yet been set for the hearing of the CSF Amendment Motion and the Monitor is waiting for CSF to confirm specifically what relief it will be seeking. The Monitor will provide further commentary with respect to the CSF Amendment Motion at the appropriate time.

THE BLRC MOTION

45. BLRC, a subsidiary of CQIM, is not a Participating CCAA Party under the Plan as it was understood at the time of the filing of the Plan that BLRC had no creditors, there being no claims filed against BLRC pursuant to the Claims Procedure Order. On that basis, BLRC was added as a beneficiary of the releases contained in section 10.1 of the Plan. BLRC's only known asset is cash in the approximate amount of \$584,000.
46. Pursuant to paragraph 46 of the Sanction Order, CQIM was authorized to wind-up and dissolve BLRC. On such wind-up and dissolution, BLRC's cash would be distributed to CQIM for further distribution in accordance with the Plan.
47. In responding to audit requests in respect of certain tax filings, the CCAA Parties discovered that there was a previously unknown pre-filing liability of approximately \$844,000 owed by BLRC to certain of the Wabush Mines CCAA Parties (the "**Wabush/BLRC Claims**") that was shown on its tax filing that did not appear on its general ledger and, consequently, had not been filed in the Claims Procedure. Had that claim been filed prior to the Claims Bar Date, the BLRC cash would have been paid to the Wabush Mines CCAA Parties in partial payment of the claim.

48. The Monitor has reviewed this matter and is satisfied that Wabush/BLRC Claims was a valid claim that should have been filed and allowed in the Claims Procedure. Accordingly, the CCAA Parties, with the concurrence of the Monitor, intend to file a motion for an Order which, if granted, will correct the issue as follows:
- (a) Leave would be granted to file the Wabush/BLRC Claims as a late claim;
 - (b) The Wabush/BLRC Claims would be allowed pursuant to the Claims Procedure Order;
 - (c) Section 10.1 of the would be amended *nunc pro tunc* to exclude the Wabush/BLRC Claims from the releases;
 - (d) The Wabush/BLRC Claims would be paid by BLRC, to the extent of net funds available, and the payment directed to the Wabush Mines Parties Unsecured Creditor Cash Pool; and
 - (e) The unpaid balance of the Wabush/BLRC Claims would be released, with such release effective after the payment has been made to the Wabush Mines Parties Unsecured Creditor Cash Pool.

FINAL DISTRIBUTIONS

49. Consistent with comments made in previous reports of the Monitor, it is not currently anticipated that a further interim distribution will be made prior to the final distribution. The timing and quantum of the final distribution is dependent on the resolution of the various outstanding matters in the CCAA Proceedings, including the various municipal tax contestations, the various tax audits and the collection of tax refunds believed to be owing. The timing for resolution of these matters is uncertain and largely outside of the control of the Monitor and the CCAA Parties.

The Monitor respectfully submits to the Court this, its Fifty-Second Report.

Dated this 4th day of November, 2019.

FTI Consulting Canada Inc.

In its capacity as Monitor of

Bloom Lake General Partner Limited, Quinto Mining Corporation,

8568391 Canada Limited, Cliffs Québec Iron Mining ULC,

Wabush Iron Co. Limited, Wabush Resources Inc.,

The Bloom Lake Iron Ore Mine Limited Partnership,

Bloom Lake Railway Company Limited, Wabush Mines,

Arnaud Railway Company and Wabush Lake Railway Company Limited



Nigel D. Meakin
Senior Managing Director



Michael Basso
Senior Director