

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
Commercial Division

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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

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

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**INTRODUCTION**

1. On January 27, 2015, Bloom Lake General Partner Limited (“**Bloom Lake GP**”), Quinto Mining Corporation, 8568391 Canada Limited 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 Quebec (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 (“**Bloom Lake LP**”) and Bloom Lake Railway Company Limited (together with Bloom Lake LP, 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 “**Wabush Filing Date**”), 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 and Wabush Lake Railway Company Limited (collectively 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 November 6, 2015.
4. On April 17, 2015, Mr. Justice Hamilton J.S.C. granted an Order approving, as it relates to the Bloom Lake CCAA Parties, a sale and investor solicitation process (as may be amended from time to time, the “**SISP**”) involving the business and assets of the Bloom Lake CCAA Parties and the Wabush CCAA Parties (the “**SISP Order**”). The SISP was subsequently amended and restated to reflect the inclusion of the Wabush CCAA Parties in the CCAA Proceedings and approved *nunc pro tunc* as it relates to the Wabush CCAA pursuant to an Order granted June 9, 2015.
5. On June 22, 2015, Mr. Justice Hamilton J.S.C. granted an Order (the “**June 22 Rep Order**”) *inter alia*:
  - (a) Appointing Michael Keeper, Terence Watt, Damin Lebel and Neil Johnson as representatives (the “**Representatives**”) of the Salaried Members (as defined in the June 22 Rep Order); and

- (b) Appointing Koskie Minsky LLP and Nicholas Scheib (collectively “**Representative Counsel**”) as legal counsel to the Representatives.
6. To date, the Monitor has filed nine reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Tenth Report (this “**Report**”), is to inform the Court on the CCAA Parties’ request for an approval of an agreement (the “**SMS Agreement**”) between Bloom Lake LP and SMS Equipment Inc. (“**SMS**”) pursuant to which a piece of equipment will be transferred to SMS in satisfaction of a claim in the amount of US\$523,046.05 for repairs and maintenance performed by SMS (the “**SMS Claim**”) and to provide the Monitor’s recommendation thereon.

#### **TERMS OF REFERENCE**

7. 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**”).
8. 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.

9. 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.
10. The Monitor has prepared this Report in connection with the CCAA Parties' Motion dated October 23, 2015, initially returnable on November 5, 2015, in respect of the SMS Agreement (the "**SMS Motion**"). The Report should not be relied on for other purposes.
11. 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 Bloom Lake Initial Order, the Wabush Initial Order or previous reports of the Monitor.

#### **THE SMS AGREEMENT**

12. Capitalized terms used in this section of this Report not otherwise defined are as defined in the SMS Agreement, a copy of which is attached hereto as **Appendix A**.
13. Bloom Lake LP is the owner of a piece of equipment known as an RH340 Bucket bearing serial number 36886/6 SM 1/09 CH 111 25CRM04 (the "**Equipment**").
14. Commencing on or about July 24, 2014, SMS has carried out repairs and maintenance on the Equipment and is owed US\$523,046.05 in relation thereto. SMS has invoked its rights pursuant to Article 1592 of the *Civil Code of Québec* with respect to the SMS Claim.
15. Pursuant to the SMS Agreement and subject to Court approval, Bloom Lake LP has agreed to transfer and surrender the ownership of the Equipment in full and final settlement of the SMS Claim. The SMS Agreement does not affect the rights of the parties with respect to claims other than the SMS Claim.

**MONITOR'S RECOMMENDATION**

16. The Monitor has reviewed the SMS Claim and is satisfied that it is valid and that the rights invoked by SMS pursuant to Article 1592 of the *Civil Code of Québec* are valid.
17. The Monitor has obtained information as to the potential value of the Equipment from a number of liquidators and is satisfied that the value of the Equipment is substantially lower than the SMS Claim.
18. The SMS Agreement provides for the full and final satisfaction of the SMS Claim which will reduce the unsecured claims in the Bloom Lake LP estate, which is of benefit to the estate and other creditors.
19. The Monitor is of the view that the SMS Agreement is reasonable and justified in the circumstances and that no creditor will be materially prejudiced by its approval.
20. Based on the foregoing, the Monitor supports the SMS Motion and respectfully recommends that the CCAA Parties' request for approval of the SMS Agreement be granted by the Court.

The Monitor respectfully submits to the Court this, its Tenth Report.

Dated this 27<sup>th</sup> day of October, 2015.

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

Steven Bissell  
Managing Director

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# Appendix A

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## The SMS Agreement



## TRANSACTION AGREEMENT

**Entered into by and between:** **THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP**, represented herein by Clifford T. Smith, Executive Vice-President of its general partner, Bloom Lake General Partner Limited;

(hereinafter "**Bloom Lake L.P.**")

**And:** **SMS EQUIPMENT INC.**, represented herein by Alain Bédard, its Vice-President Operations;

(hereinafter "**SMS**")

**WHEREAS** an *Initial Order* (as subsequently amended, rectified and/or restated, hereinafter the "**Initial Order**") was rendered by Justice Martin Castonguay of the Superior Court for the district of Montréal (hereinafter the "**CCAA Court**") on January 27, 2015 pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (hereinafter the "**CCAA**") in favour of Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Quebec Iron Mining ULC and Mises-en-cause Bloom Lake L.P. and Bloom Lake Railway Company Limited (hereinafter collectively the "**Bloom Lake CCAA Parties**");

**WHEREAS** FTI Consulting Canada Inc. was appointed monitor of the Bloom Lake CCAA Parties (hereinafter the "**Monitor**") pursuant to the Initial Order;

**WHEREAS** Bloom Lake L.P. is the owner of a complete unit of machinery referred to as "RH340 Bucket" bearing serial number 36886/6 SM 1/09 CH 111 25CRM04 (the "**Equipment**").

**WHEREAS** on or about July 24, 2014, SMS was retained to proceed with various repair and maintenance work on the Equipment;

**WHEREAS** as a result of this work, SMS has invoked against Bloom Lake L.P., and the Bloom Lake CCAA Parties as applicable, the right pursuant to Article 1592 of the *Civil Code of Québec* to retain the Equipment, which is still in its possession, until the payment of its claim for the repair and maintenance work on the Equipment;

**WHEREAS** SMS's claim in relation to the repairs and maintenance work done on the Equipment amounts to approximately US\$523,046.05, including taxes (the "**SMS Claim**");

**WHEREAS** SMS and Bloom Lake L.P. (hereinafter collectively the "**Parties**") have agreed to fully settle out-of-court the SMS Claim in exchange for the transfer and surrender of the ownership of the Equipment to SMS pursuant to the terms and conditions provided herein;

**WHEREFORE THE PARTIES AGREE AS FOLLOWS:**

1. The preamble of the present Transaction Agreement (hereinafter this "Agreement") forms an integral part hereof.
2. Subject to the CCAA Court's authorization, Bloom Lake L.P. hereby agrees and undertakes to transfer and surrender the ownership of the Equipment to SMS, free and clear of all charges, in full and final settlement of the SMS Claim.
3. SMS acknowledges that the transfer of the ownership of the Equipment shall only become effective when and if authorized by the CCAA Court pursuant to Section 36 of the CCAA.
4. Upon the execution of this Agreement, the Bloom Lake CCAA Parties undertake to file a motion with the CCAA Court in order to obtain the CCAA Court's authorization to dispose of the Equipment, the CCAA Court's order that the Equipment is transferred to SMS free and clear of all charges, and its declaration that SMS is the owner of the Equipment pursuant to such transfer, the whole as set forth in this Agreement.
5. Upon the transfer of the ownership of the Equipment, SMS and the Bloom Lake CCAA Parties hereby mutually and irrevocably give and grant to each other and their respective directors, officers, employees, shareholders, agents, assigns, parent companies, subsidiaries, corporations of the same group, insurers, and any related third party, a full, final and complete release and discharge of all rights, recourses, causes of action, damages and claims of any nature whatsoever that they have or might pretend to have, whether past, present or future, arising out of or resulting directly or indirectly from the SMS Claim and the Equipment, and hereby renounce to all and any recourses and claims of any nature whatsoever related directly or indirectly against each other.

For greater certainty, the respective rights, recourses, causes of action, damages and claims of any nature whatsoever of each of SMS and the Bloom Lake CCAA Parties related to the specific equipments referred to as the "Bucket Hensley WA 1200-6, including the K VX Ground Engaging Tools System #72367, the "Duratray Truck Box" and the "L1850 Bucket", or to any other claim of SMS with respect to work conducted or services rendered to the Bloom Lake CCAA Parties not related to the Equipment, are not covered by the present Agreement and the release in the present section, and notably, SMS retains its right to file a proof of claim in regard of such other claims in the course of the CCAA proceedings involving the Bloom Lake CCAA Parties.

6. The Parties acknowledge that this Agreement will be governed by, construed, and interpreted pursuant to the laws of the Province of Quebec and the laws of Canada therein. The Parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Québec with respect to any matter relating to the execution or construction of this Agreement or the exercise of any right or the enforcement of any obligation arising hereunder.
7. The Parties recognize that this Agreement is a transaction within the meaning of articles 2631 and following of the *Civil Code of Quebec*.

8. This Agreement may be executed in one or more counterparts, each of which will be deemed to be valid and binding, but all of which together shall constitute one and the same instrument. This Agreement may be signed by facsimile or in PDF or other electronic communications and any such signature shall be valid and binding.
9. *Les Parties ont convenu à ce que la présente transaction soit rédigée en anglais.*  
The Parties agreed that this Agreement be drafted in English.

[Intentionally left blank, signature page follows]

**IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED:**

Montreal, this 30 day of September, 2015.

**SMS EQUIPMENT INC.**

  
\_\_\_\_\_  
Per: Alain Bédard  
Executive Vice-President

Montreal, this \_\_\_\_\_ day of September, 2015.

**THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP,  
by its general partner BLOOM LAKE GENERAL PARTNER LIMITED  
BLOOM LAKE GENERAL PARTNER LIMITED  
QUINTO MINING CORPORATION  
8568391 CANADA LIMITED  
CLIFFS QUEBEC IRON MINING ULC  
BLOOM LAKE RAILWAY COMPANY LIMITED**

\_\_\_\_\_  
Per: Clifford T. Smith  
Director

**THE MONITOR HEREBY CONSENTS TO BLOOM LAKE L.P. ENTERING INTO THIS AGREEMENT.**

Montreal, this \_\_\_\_\_ day of August, 2015.

**FTI CONSULTING CANADA INC.  
In its capacity as Monitor of the CCAA Parties  
and not in its personal or corporate capacity**

\_\_\_\_\_  
Per: Nigel Meakin  
Senior Managing Director

8465039.5

**IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED:**

Montreal, this \_\_\_\_\_ day of September, 2015.

**SMS EQUIPMENT INC.**

\_\_\_\_\_  
Per: Alain Bédard  
Executive Vice-President

Montreal, this 30<sup>th</sup> day of September, 2015.

**THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP,  
by its general partner BLOOM LAKE GENERAL PARTNER LIMITED  
BLOOM LAKE GENERAL PARTNER LIMITED  
QUINTO MINING CORPORATION  
8568391 CANADA LIMITED  
CLIFFS QUEBEC IRON MINING ULC  
BLOOM LAKE RAILWAY COMPANY LIMITED**


  
\_\_\_\_\_  
Per: Clifford T. Smith  
Director

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**THE MONITOR HEREBY CONSENTS TO BLOOM LAKE L.P. ENTERING INTO THIS AGREEMENT.**

Montreal, this 15<sup>th</sup> day of ~~August~~ <sup>October</sup>, 2015.

**FTI CONSULTING CANADA INC.  
In its capacity as Monitor of the CCAA Parties  
and not in its personal or corporate capacity**

  
\_\_\_\_\_  
Per: Nigel Meakin  
Senior Managing Director

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