

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

**TWENTY-FOURTH 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 (“**Bloom Lake GP**”), Quinto Mining Corporation (“**Quinto**”), 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 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**”) and approving an interim financing term sheet dated May 19, 2015 (as amended, the “**Interim Financing Term Sheet**”), providing an interim facility of up to US\$10 million (the “**Interim Financing**”). 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 expires on October 12, 2016.
4. On April 17, 2015, Mr. Justice Hamilton J.S.C. granted an Order (the “**SISP 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. The SISP was subsequently amended and restated to reflect the inclusion of the Wabush CCAA Parties in the CCAA Proceedings and was approved *nunc pro tunc* as it relates to the Wabush CCAA Parties pursuant to an Order granted June 9, 2015 (together with the April 17, 2015 Order, the “**SISP Order**”).
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. On November 5, 2015, Mr. Justice Hamilton J.S.C. granted an 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 Order**”).
7. To date, the Monitor has filed twenty-three reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Twenty-Fourth 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 March 26 to September 23, 2016;
 - (b) The CCAA Parties’ revised and extended cash flow forecast for the period September 24, 2016 to February 3, 2017 (the “**September 20 Forecast**”);
 - (c) The current status of the realization of assets;
 - (d) The progress of the Claims Procedure;
 - (e) The current status of litigation matters;
 - (f) The 2014 Reorganization;
 - (g) Allocation issues with respect to proceeds of realization and the costs of the CCAA Proceedings;
 - (h) The current estimates of potential distributions to creditors; and

- (i) The CCAA Parties' request for an extension of the Stay Period to January 31, 2017 and the Monitor's recommendation thereon.

TERMS OF REFERENCE

8. 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**").
9. 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.
10. The Monitor has prepared this Report in connection with the CCAA Parties' motion for an extension of the Stay Period now scheduled to be heard October 12, 2016 (the "**October 12 Extension Motion**") and the MFC Lift Stay Motion, as hereinafter defined. The Report should not be relied on for other purposes.
11. 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.

12. 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.

EXECUTIVE SUMMARY

13. Capitalized terms used in the Executive Summary are as defined in the relevant section of the Report.
14. The Monitor is of the view that:
 - (a) The CCAA Parties have acted, and are acting, in good faith and with due diligence;
 - (b) Circumstances exist that make an extension of the Stay Period appropriate; and
 - (c) Creditors would not be materially prejudiced by an extension of the Stay Period to January 31, 2017.
15. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for an extension of the Stay Period to January 31, 2017, be granted.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO SEPTEMBER 23, 2016

THE BLOOM LAKE CCAA PARTIES

16. The Bloom Lake CCAA Parties' actual cash flow on a consolidated basis for the period from March 26 to September 23, 2016, excluding proceeds of major asset realizations, was approximately \$0.7 million below the April 8 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	403	453	50
Disbursements:			
Payroll & Employee Benefits	(859)	(1,217)	(358)
Termination & Severance	(463)	(463)	0
Utilities	(276)	(100)	176
Other Operating Disbursements	(1,244)	(1,367)	(123)
Operating Cash Flows	(2,439)	(2,694)	(255)
Restructuring Professional Fees	(3,209)	(3,663)	(454)
Net Cash Flow	(5,648)	(6,357)	(709)
Asset realizations	0		0
Cash Flow after Asset Realizations	(5,648)	(6,357)	(709)

17. Explanations for the key variances in actual receipts and disbursements as compared to the April 8 Forecast are as follows:

- (a) The favourable variance of approximately \$0.1 million in receipts is a permanent variance arising from the collection of interest, insurance premium refunds and the refund of supplier deposits offset by cessation of lease payments as a result of the termination of the Mont-Wright Camp lease;
- (b) The unfavourable variance of approximately \$0.4 million in payroll and employee benefits is a permanent variance arising from the final payment of vacation pay for employees at Bloom Lake terminated as a result of the Champion Transaction which had not been included in the April 8 Forecast;
- (c) The favourable variance of approximately \$0.2 million in utility costs arose as the final reconciliation of amounts owing to or recoverable from Hydro Québec in respect of post-filing services has yet to be completed;

- (d) The unfavourable variance of approximately \$0.1 million in other operating disbursements is primarily a permanent variance arising from the incurrence of tax and accounting professional fees not included in the April 8 Forecast; and
 - (e) The unfavourable variance of approximately \$0.5 million in aggregate professional fees is comprised of favourable timing variances of approximately \$1.0 million offset by unfavourable permanent variances of approximately \$1.5 million arising due to the extensive additional amounts of work required in respect of asset realizations, payments administration and claims adjudication¹.
18. The Bloom Lake Initial Order permits inter-company funding between the Bloom Lake CCAA Parties. Inter-company funding in the amount of approximately \$4.1 million had been advanced by Bloom Lake LP to CQIM in the period since the start of the CCAA Proceedings to March 25, 2016. There was no additional inter-company funding advanced in the period March 26 to September 9, 2016.

THE WABUSH CCAA PARTIES

19. The Wabush CCAA Parties' actual cash flow on a consolidated basis for the period from March 26 to September 23, 2016, excluding proceeds of major asset realizations, was approximately \$0.5 million better than the April 8 Forecast, as summarized below:

¹ When combined with the variances in the Wabush CCAA cash flow, the overall professional fee variance for the period is a positive variance of approximately \$0.7 million, comprising of favourable timing variances of approximately \$1.5 million and unfavourable permanent variances of approximately \$0.8 million.

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	173	463	290
Disbursements:			
Payroll & Employee Benefits	(298)	(316)	(18)
Contractors	(2,276)	(2,878)	(602)
Utilities	(377)	(305)	72
Other Operating Disbursements	(1,948)	(2,444)	(496)
Operating Cash Flows	(4,726)	(5,480)	(754)
Restructuring Professional Fees	(3,254)	(2,025)	1,229
Net Cash Flow	(7,980)	(7,505)	475
Asset realizations	0	0	0
Cash Flow after Asset Realizations	(7,980)	(7,505)	475

20. Explanations for the key variances in actual receipts and disbursements as compared to the April 8 Forecast are as follows:

- (a) The favourable variance of approximately \$0.3 million in receipts is a permanent favourable variance arising from interest collected, proceeds related to Conditional Sale Employee Homes, tax refunds and the refund of supplier deposits;
- (b) The unfavourable variance of approximately \$0.6 million in contractors is a permanent variance that relates primarily to the revegetation program required for the Wabush Mine and comprises of a permanent variance of approximately \$0.3 million from actual costs incurred being higher than forecast and approximately \$0.3 million related to sales taxes having been inadvertently omitted from the April 8 Forecast;

- (c) The unfavourable variance of approximately \$0.5 million in other operating disbursements is a permanent variance resulting primarily from the payment of lease and related costs that had not been included in the forecast; and
- (d) The favourable variance of approximately \$1.2 million in restructuring fees is believed to be comprised of favourable timing variances of approximately \$0.3 million that are expected to reverse in future periods combined with permanent favourable variances of approximately \$0.9 million.

THE SEPTEMBER 20 FORECAST

21. The September 20 Forecast is attached hereto as **Appendix A**. The September 20 Forecast shows a net cash outflow, before proceeds of major asset realizations, of approximately \$2.7 million for the Bloom Lake CCAA Parties and of approximately \$5.3 million for the Wabush CCAA Parties in the period September 24, 2016 to February 3, 2017. The September 20 Forecast is summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties
	\$000	\$000
Receipts		58
Disbursements:		
Payroll & Employee Benefits		(215)
Contractors		(647)
Utilities		(150)
Other Operating Disbursements	(231)	(1,742)
Operating Cash Flows	(231)	(2,696)
Restructuring Professional Fees	(2,428)	(2,599)
Projected Net Cash Flow	(2,659)	(5,295)

22. Of the \$2.9 million of combined aggregate net operating cash outflow, an estimated amount of approximately \$0.1 million relates to expenses already incurred. Similarly, of the \$5.0 million of restructuring professional fees included in the September 20 Forecast, an estimated amount of approximately \$1.8 million relates to amounts incurred prior to the date of this Report. Other operating disbursements includes \$1.65 million to be paid to and held by the Monitor in respect of potential Minimum Royalty Payments that may become owing to MFC.
23. Based on the current information, additional potential future realizations of up to approximately \$89 million are possible, excluding any amount that may be recoverable in respect of the 2014 Reorganization. Additional information regarding the sources of potential future realizations is provided later in this Report.

CURRENT CASH BALANCES

24. At the request of the CCAA Parties, the Monitor has been assisting with the administration of receipts and disbursements in order to streamline administration and reporting. The only remaining accounts being operated by the CCAA Parties are the accounts used for the collection of payments related to Conditional Sale Employee Homes. The CCAA Parties and the Monitor are working with their banking institutions to effect the transition of the administration of these accounts. Total cash balances as at September 23, 2016 are summarized below:

	Bloom Lake CCAA Parties	Wabush CCAA Parties	Total
	\$000	\$000	\$000
Held by Monitor			
Sale Proceeds Accounts ¹	2,781	13,312	16,263
Operating Accounts	1,335	238	1,572
Supplier Security Deposits	0	0	0
Minimum Royalty Deposits	0	3,258	3,258
GIC Investments	50,800	49,600	100,400
Total Held by Monitor	54,916	66,577	121,493
Total Held by CCAA Parties	0	51	51
Total	54,916	66,628	121,544

¹Excluding deposits held in respect of transactions yet to close

CURRENT STATUS OF ASSETS REALIZATIONS

THE POINTE-NOIRE TRANSACTION AND THE BLOCK Z TRANSACTION

25. As previously reported, the Pointe-Noire Transaction closed on March 8, 2016.
26. Various amounts totalling approximately \$6.4 million are outstanding in respect of property taxes related to the Pointe-Noire Facility and Block Z Lands (the “**Pointe-Noire Property Taxes**”).
27. While the Pointe-Noire Property Taxes have a statutory priority in respect of proceeds of the sale of taxable immovable property in the Pointe-Noire Transaction and the Block Z Transaction there are competing claims to the proceeds in respect of potential deemed trust claims in respect of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan (collectively, the “**Potential Deemed Trust Claims**”). Accordingly, the Monitor is of the view that the validity and priority of the Potential Deemed Trust Claims must be determined prior to any payment of the Pointe-Noire Property Taxes. As discussed later in this Report, the Monitor has filed a motion for advice and directions in respect of the Potential Deemed Trust Claims.

THE BLOOM LAKE TRANSACTION

28. As previously reported, the Bloom Lake Transaction closed on April 11, 2016.

THE RIO TINTO RAILCAR TRANSACTION

29. The Rio Tinto Railcar Transaction closed on July 8, 2016.

THE TOROMONT GENERATOR TRANSACTION

30. The Toromont Generator Transaction closed on July 25, 2016.

THE IOC RAILCAR TRANSACTION

31. The IOC Railcar Transaction closed on September 2, 2016.

SEPT-ILES HOUSES

32. As previously reported, the eight employee houses located in Sept-Iles were listed for sale and sold over the period January to March, 2016.

33. Certain amounts from the proceeds of sale are currently held in escrow in respect of potential withholding tax liabilities. The Wabush CCAA Parties are in the process of preparing the information and documentation requested by the taxation authorities in order to obtain a compliance certificate which is necessary for the release of the escrowed funds.

THE EMPLOYEE HOMES TRANSACTION

34. In its Twenty-Second Report, the Monitor reported that the Wabush CCAA Parties had obtained an offer to purchase 48 of the 49 vacant single-family homes², the two apartment buildings and the staff house (the “**Employee Homes Transaction**”). The Employee Homes Transaction closed on September 20, 2016. The sale of one additional vacant single-family home had also been agreed subject to definitive documentation by the date of the Twenty-Second Report. That sale is expected to close in the near future.
35. The Wabush CCAA Parties, in consultation with the Monitor, are considering how to deal with the remaining vacant single-home.

OTHER EMPLOYEE HOMES

36. In its Twenty-Second Report, the Monitor reported that the Wabush CCAA Parties were in the process of negotiating the sale of a number of the Conditional Sale Employee Homes to the occupants of such Conditional Sale Employee Homes and intended to make offers to the remaining occupants for the early completion of the conditional sale agreements.
37. Such offers were communicated to the occupants of the 55 Conditional Sale Employee Homes in August 2016, with an expiry date of September 16, 2016. 30 occupants accepted the offers, eight occupants submitted a counter-proposal, each of which is now under consideration, four occupants declined the offer without making a counter-proposal and 13 occupants did not respond.
38. In addition, there is one additional employee home that that is currently occupied under a rental agreement. An offer was received for the purchase of this property, which offer is currently under negotiation.

² The purchaser did not want to acquire the remaining vacant single-family home as a result of an oil spill on the property prior to the CCAA Proceedings.

THE MONT-WRIGHT CAMP TRANSACTION

39. The Bloom Lake CCAA Parties have accepted an offer for the sale of the Mont-Wright Camp (the “**Mont-Wright Camp Transaction**”), subject to negotiation of a definitive agreement of purchase and sale and Court approval. The Bloom Lake CCAA Parties are in the process of attempting to negotiate a definitive agreement of purchase and sale with the prospective purchaser.

THE NALCOR TRANSACTION

40. The Wabush CCAA Parties have accepted an offer from Newfoundland and Labrador Hydro (“**Nalcor**”) for the sale of real estate, machinery, equipment and other chattels used in connection with the Wabush Terminal Station or the Wabush Substation (the “**Nalcor Transaction**”), subject to negotiation of a definitive agreement of purchase and sale and Court approval.
41. Nalcor has obtained the necessary approval for the transaction from the Newfoundland and Labrador Board of Commissioners of Public Utilities pursuant to Order No. P.U. 37(2016) issued September 8, 2016. The Wabush CCAA Parties and Nalcor are in the process of finalizing the agreement of purchase and sale.

TOWN OF WABUSH VACANT LAND

42. The Wabush CCAA Parties own some small parcels of vacant land in the Town of Wabush. The Wabush CCAA Parties, with the assistance of the Monitor, are in the process of confirming the inventory of vacant land and determining a plan for its realization.

REMAINING MASON GRAPHITE PROCEEDS

43. Quinto is party to an agreement of purchase and sale dated April 5, 2012 (the “**Mason Graphite Agreement**”), pursuant to which Quinto agreed to sell certain mining claims to Mason Graphite Corp. (“**Mason Graphite**”). Pursuant to the Mason Graphite Agreement, US\$7.5 million of the purchase price was deferred and was payable at various future dates subsequent to the commencement of the CCAA Proceedings.
44. The first two payments due after the commencement of the CCAA Proceedings, totalling US\$2.5 million in the aggregate, were paid by Mason Graphite. Subsequent payments of US\$2.5 million each are due October 5, 2016, and April 5, 2017 (the “**Remaining Mason Graphite Proceeds**”).
45. In January 2016, Mason Graphite made a proposal for the early repayment of the Remaining Mason Graphite Proceeds at a significant discount. Quinto, following consultation with the Monitor, rejected that proposal.
46. On July 28, 2016, Mason Graphite made a revised early payment offer stating that Mason Graphite had “found some financial partners and are now in a position to have access to an amount of \$3M to be used as a complete and final payment to fully reimburse the last deferred payment”. Following consultation with the Monitor, Quinto made a counter-proposal (the “**Quinto Settlement Offer**”) at US\$4 million, subject to the following conditions:
 - (a) Acceptance of the offer by no later than 5:00 p.m. Eastern Time on Monday August 22, 2016;
 - (b) Execution of a definitive settlement agreement by no later than September 2, 2016; and

- (c) Payment in full by no later than September 30, 2016, or three business days after Court approval is granted if such approval is determined by Quinto to be required.
47. Mason Graphite accepted the Quinto Settlement Offer on August 22, 2016.
48. A draft settlement agreement was provided to counsel to Mason Graphite on August 26, 2016, subject to further review by Quinto and the Monitor. The draft settlement agreement included a provision that the agreement was subject to Court approval.
49. Mason Graphite provided a mark-up of the draft settlement agreement on September 1, 2016, which mark-up was unacceptable to Quinto. Quinto provided a revised draft at 11:46 a.m. on September 6, 2016.
50. At 11:57 a.m. on the same day, Mason Graphite issued a press release announcing a \$25.0 million bought deal private placement offering and stating that up to approximately \$6 million of the proceeds of the offering would be used “for the payment of amounts owing to Quinto Mining Corporation”³.
51. Given the new material information on the financial capacity of Mason Graphite to pay the full amount of the Remaining Mason Graphite Proceeds, Quinto, in consultation with the Monitor, determined that the proposed settlement was no longer in the best interests of Quinto’s stakeholders. Accordingly, at 1:53 p.m. on September 6, 2016, counsel to Quinto informed counsel to Mason Graphite that Quinto could no longer proceed with the proposed settlement as the proposed settlement was no longer in the best interests of Quinto’s stakeholders and that deferred payments under the Mason Graphite Agreement should continue to be paid in accordance with the terms of the Mason Graphite Agreement.

³ Mason Graphite issued a subsequent press release on September 27, 2016, announcing that the bought deal private placement offering had closed with gross proceeds of \$28,778,750.

52. On September 14, 2016, counsel to Quinto received a letter from counsel to Mason Graphite (the “**Mason Graphite September 14 Letter**”) asserting the position that Quinto and Mason Graphite had entered into a binding contract for the settlement of the Remaining Mason Graphite Proceeds notwithstanding that no definitive agreement had been executed. Mason Graphite requested that Quinto execute of the draft settlement agreement within five days and present a motion for Court approval of the settlement by no later than September 23, 2016.
53. Quinto disputes the assertion by Mason Graphite that the parties had reached a binding contract. Furthermore, the Monitor has informed Quinto that it could not recommend that the Court approve an early payment settlement at a discount given the Mason Graphite press release that confirms that Mason Graphite now has the financial capacity to pay the full US\$5 million of the Remaining Mason Graphite Proceeds. Accordingly, Quinto has informed the Monitor that it will not execute the draft settlement agreement or seek Court approval thereof.
54. On October 4, 2016, Mason Graphite filed a motion (the “**Mason Graphite Homologation Motion**”) seeking an Order:
 - (a) Lifting the stay of proceedings for the purposes of the Mason Graphite Homologation Motion;
 - (b) Homologating the transaction set out in the draft settlement agreement described above; and
 - (c) Approving the settlement described above.
55. As noted above, a payment of US\$2.5 million was due on October 5, 2016. That payment was made by Mason Graphite on October 4, 2016, following the delivery of a letter from Mason Graphite’s counsel to Quinto and the Monitor in which Mason Graphite’s counsel advised that the payment would be made and that the payment was considered by Mason as a partial payment of the amount of US\$4 million stated in the Quinto Settlement Offer.

56. The Monitor will provide a separate report in respect of the Mason Graphite Homologation Motion prior to its return date.

THE BEUMER ESCROW FUNDS

57. As previously reported, on October 23, 2015, the CCAA Parties filed a motion (as amended from time to time, the “**Beumer Motion**”) seeking the release of approximately US\$6.3 million (the “**Beumer Escrow Funds**”) from an escrow agreement dated June 28, 2013 and entered into between Beumer Corporation (“**Beumer**”), Bloom Lake LP and BMO Trust Company (the “**Beumer Escrow Agreement**”) in relation to certain disputed claims.
58. Also as previously reported, in its contestation filed on December 17, 2015 (the “**Beumer Contestation**” and together with the Beumer Motion, the “**Beumer Litigation**”), Beumer responded by not only opposing the conclusions sought in the Beumer Motion, but also by seeking the release of the Beumer Escrow Funds to Beumer.
59. The Beumer Litigation was settled on April 22, 2016, with 50% of the Beumer Escrow Funds being remitted to each of Beumer and Bloom Lake LP. The settlement of the Beumer Litigation was approved by the Court on April 22, 2016.

THE WABUSH MINE

60. Paragraphs 37 to 39 of the Monitor’s Nineteenth Report stated the following with respect to discussions with an interested party for the Wabush Mine:

“37. Paragraph 28 of the Monitor’s Sixteenth Report stated:

“Since the date of the Fifteenth Report, the interested party has been undertaking due diligence, including a visit to the Wabush Mine and discussions with various stakeholders. A letter of intent was submitted by the interested party on

January 20, 2016 and is under consideration by the Wabush CCAA Parties in consultation with the Monitor. There is no guarantee that the letter of intent will lead to a binding agreement for the acquisition of the Wabush Mine.”

38. Since the date of the Sixteenth Report, the interested party has continued its due diligence and discussions with various stakeholders. The Wabush CCAA Parties and the interested party have exchanged a number of drafts of an asset purchase agreement but to date no agreement has been reached. There is no guarantee that the efforts of the parties will lead to a binding agreement for the acquisition of the Wabush Mine.

39. In the event that the parties are unable to agree on the terms of an asset purchase agreement or if the interested party decides not to proceed with the potential acquisition, the Monitor expects that the moveable Wabush Mine assets would be liquidated.”

61. As noted in the Monitor’s Twenty-Third Report, although the interested party (the **“Wabush Interested Party”**) had terminated discussions in May 2016, it subsequently re-opened discussions. In July 2016, the Wabush Interested Party informed the Monitor and the Wabush CCAA Parties that it had entered into a “support agreement” with MFC in respect of its interest in the Wabush Mine. The interested party also informed the Monitor that any proposal would exclude major mobile equipment.

62. The Monitor and the Wabush CCAA Parties expended significant time and effort endeavouring to obtain a proposal from the Wabush Interested Party. Notwithstanding these efforts, it became increasingly apparent that it was unlikely that any proposal for the acquisition of the Wabush Mine would be forthcoming. Ultimately, the Wabush Interested Party was informed that it had to submit its proposal by August 26, 2016, failing which the Wabush CCAA Parties would proceed with alternative realization strategies for the equipment and processing plant at the Wabush Mine. Regrettably, no proposal was forthcoming from the Wabush Interested Party by that date nor from any party thereafter.
63. In addition to the efforts with the Wabush Interested Party described above, the Monitor was contacted by a separate party in late June 2016 enquiring about the Wabush Mine. That party signed a confidentiality agreement and was given access to the data room but decided not to pursue the opportunity.
64. The Wabush CCAA Parties, in consultation with the Monitor, are considering various alternatives with respect to the Wabush Mine, which alternatives could involve continuing to hold all or parts of the Wabush Mine to effect the realization of the remaining assets as described below, terminating the mining lease between predecessors of MFC and WICL dated September 2, 1959, (the “**MFC Sub-Lease**”), abandoning the property or any combination of the foregoing. Information on the realizable value of the remaining assets from the proposals submitted at the September 16 Proposal Deadline and from the proposals submitted at the October 5 Proposal Deadline, each as hereinafter defined, will be an important factor in the consideration of the available alternatives.

MAJOR MOBILE EQUIPMENT

65. As discussed in the Monitor's Twenty-Third Report, after the Wabush Interested Party had informed the CCAA Parties that any proposal would not include the major mobile equipment at the Wabush Mine, the CCAA Parties, in consultation with the Monitor, proceeded to seek new proposals for the liquidation of the remaining assets at the Bloom Lake Mine, the remaining railcars and the major mobile equipment at the Wabush Mine (collectively, the "**September 16 Proposal Assets**").
66. To that end, on August 18, 2016, the Monitor, on behalf of the CCAA Parties, sent an email to 88 interested parties including equipment brokers, end-users/operators and other interested parties that had participated in the liquidation sales process, or who had expressed an interest in some or all of the assets of the CCAA Parties during the CCAA Proceedings, requesting final and best offers on the September 16 Proposal Assets. Pursuant to this renewed call for proposals, the deadline for submitting proposals was September 16, 2016 (the "**September 16 Proposal Deadline**").
67. As discussed in the Monitor's Twenty-Third Report, and for the reasons set out therein, following receipt of the RBA 830E Proposal, the CCAA Parties determined, after consultation with the Monitor, that it was, in the circumstances and in their business judgment, fair and reasonable to accept the RBA 830E Proposal and exclude the RBA 830E Purchased Assets from the renewed call for proposals.
68. A number of proposals were received on or before the September 16 Proposal Deadline. The CCAA Parties, in consultation with the Monitor, assessed the proposals received and the CCAA Parties have accepted a proposal, subject to negotiation of a definitive asset purchase agreement and Court approval, for the sale of all of the September 16 Proposal Assets other than the 564 rail cars owned by the Bloom Lake CCAA Parties.

69. Proposals have been received for the rail cars but at prices that were not considered acceptable. The Bloom Lake CCAA Parties, with the assistance of the Monitor, have commenced discussions with certain parties that submitted proposals on the rail cars to determine whether an acceptable price can be agreed.

OTHER WABUSH MOVABLE ASSETS

70. An Order issued by the Honourable Mr. Justice Hamilton on December 4, 2015 (the “**December 4 Order**”), stated, *inter alia*:

“Orders that until such time as the Court renders judgment with respect to the Motion, the Wabush CCAA Parties shall give 14 day prior notice to MFC before dismantling or destroying the infrastructure or fixtures at the Wabush mine, in order to allow MFC to take whatever proceedings it considers appropriate to protect its rights.”

71. On August 30, 2016, following the failure of the interested party to submit a proposal for the acquisition of the Wabush Mine, and in anticipation of a further process to seek proposals for the remaining movable assets at the Wabush Mine, the Wabush CCAA Parties issued to MFC a Notice of Intent to Dismantle or Destroy Infrastructure or Fixtures located at the Wabush Mine (the “**August 30 Notice**”). A copy of the August 30 Notice is attached hereto as **Appendix B**.

72. Counsel to MFC responded to the notice by letter dated September 2, 2016 (the “**MFC September 2 Letter**”), stating that MFC intends to oppose the actions contemplated under the August 30 Notice and has instructed counsel to prepare a motion in furtherance thereof. The MFC September 2 Letter also requested that no further actions be taken in respect of the August 30 Notice until MFC’s motion in respect thereof had been heard⁴.
73. The Wabush CCAA Parties have informed the Monitor that no infrastructure or fixtures at the Wabush Mine have been dismantled or destroyed since the granting of the December 4 Order.
74. In order that the remaining movable assets at the Wabush Mine could be realized for the benefit of the estate generally, on September 14, 2016, the Monitor, on behalf of the CCAA Parties, sent an email to the 88 interested parties that had received the email requesting proposals for the major mobile equipment. The email requested final and best offers on the remaining movable assets⁵ at the Wabush Mine other than the September 16 Proposal Assets (collectively, the “**October 5 Proposal Assets**”), with a deadline for submitting proposals of October 5, 2016 (the “**October 5 Proposal Deadline**”). In addition, the request for proposals was sent to MFC and to the Wabush Mine interested party on September 16, 2016.
75. The email sent on September 14, 2016, specifically provided that the October 5th Proposal Assets exclude any land and buildings and any assets that would constitute “fixtures” thereto, for example, wiring, plumbing or HVAC.

THE RESTRUCTURING LETTER OF INTENT

76. Paragraphs 29 and 30 of the Monitor’s Sixteenth Report stated:

⁴ The MFC Lift Stay Motion, as hereinafter defined, was served on September 21, 2016, and seeks, inter alia, an Order to suspend consideration of any liquidation proposals. The MFC Lift Stay Motion is discussed later in this Report.

⁵ The remaining movable assets include movable equipment in the crusher building and movable equipment in the mill building.

“29. The Monitor has previously stated to the Court that the Bloom Lake CCAA Parties have been in discussions with a party potentially interested in sponsoring a plan of arrangement that would generate significant value for the estate in connection with the corporate attributes of the Bloom Lake CCAA Parties, which value would be in addition to the proceeds of the various proposed sale transactions.

30. The Bloom Lake CCAA Parties have now received the Restructuring Letter of Intent. The Restructuring Letter of Intent states, *inter alia*, that the proposed restructuring assumes that Bloom Lake LP continues to exist and carry on business and is not bankrupt and that the Bloom Lake Transaction is completed prior to the closing of the proposed restructuring.”

77. The Bloom Lake CCAA Parties, in consultation with the Monitor, have continued working with the party that submitted the Restructuring Letter of Intent to develop a mutually acceptable restructuring transaction that could realize value for the corporate attributes. The transaction, if it proceeds, would involve, *inter alia*, the filing of plans of arrangement by CQIM, Bloom Lake GP and Bloom Lake LP and would have to be completed on or before December 31, 2016, in order for the corporate attributes to be of value to the interested party.
78. The parties are currently in the process of attempting to agree on the specific timetable for the potential restructuring transaction and negotiating the key documents. The proposed restructuring transaction is complex and would require a significant number of key documents, including the following:
- (a) A restructuring agreement;

- (b) Various partnership, shareholder, investment, share subscription and asset transfer agreements;
 - (c) A CCAA plan of arrangement and a BIA proposal; and
 - (d) Various forms of Court order, including an order convening meetings of creditors, a CCAA plan sanction order and a BIA proposal approval order.
79. If agreement is reached on the timetable and the terms of the key documents, it is anticipated that the Bloom Lake CCAA Parties would seek Court approval of the restructuring agreement and authority to file the plan of arrangement by early-November, with meetings of creditors to consider and vote on the plan of arrangement to be held shortly thereafter and the plan of arrangement, if approved by the creditors and sanctioned by the Court, to be fully implemented by December 31, 2016.

POTENTIAL TAX REFUNDS

80. The CCAA Parties have identified and are pursuing a number of potential opportunities for municipal tax contestation that, if successful, could result in significant refunds to the CCAA Parties or significant reductions in municipal taxes payable by the CCAA Parties.
81. Eleven applications for review have been filed in respect of property taxes for various parcels of real estate. Based on current estimates, those applications, if successful, could result in property tax refunds, or reductions in amounts owing, in the range of approximately \$10 million to \$20 million.

82. The CCAA Parties are also seeking refunds in respect of sales taxes, income taxes and Québec mining duties totalling approximately \$23.5 million. The CCAA Parties have informed the Monitor that all information and documents in support of the refunds requested by the various taxing authorities have been provided and the taxing authorities are in the process of reviewing the refund applications.

THE CLAIMS PROCEDURE

CLAIMS

83. The current status of the Claims Procedure is summarized below:

	Allowed/To Be Allowed		In Progress		In Dispute		To be Disallowed / Dispute Period Not Expired		Disallowance Final	
	#	\$000	#	\$000	#	\$000	#	\$000	#	\$000
Secured										
CQIM	1	139	2	69,559	1	1,001			7	101,815
Bloom Lake LP	22	13,597	5	172,768			1	71	12	113,027
Bloom Lake GP			1	26,415	1	1,001			5	1,483
Quinto Mining 8568391 Canada									1	161
Bloom Lake Railway										
Wabush Mines	1	839	4	54,667					1	25,774
WICL			2	9,101						
WRI			2	13,646						
Arnaud Railway			3	55,032						
Wabush Lake Railway			2	54,400						
Total Secured	24	14,575	21	455,588	2	2,002	1	71	26	242,261
Unsecured										
CQIM	57	620,090	15	1,204,638	1	80,317	11	3	6	29,320
Bloom Lake LP	181	611,816	59	705,216	1	80,317			27	27,017
Bloom Lake GP	5	590,830					10		3	27,041
Quinto Mining			5	16,952			10		1	100
8568391 Canada							8		1	25
Bloom Lake Railway							10			
Wabush Mines	71	55,541	1,108	1,858,944			1	1	10	6,631
WICL	5	51,692	15	401,904			11	252	2	1,003
WRI	3	49,778	19	742,794			10		2	1,003
Arnaud Railway	5	4,255	10	33,328			10		1	3
Wabush Lake Railway	2	1,811	6	10,635			10		1	3
Total Unsecured	329	1,985,813	1,237	4,974,410	2	160,634	91	256	54	92,147
Total	353	2,000,388	1,258	5,429,998	4	162,635	92	327	80	334,407

84. The 1,258 claims in progress are summarized as follows: update.

- (a) Eight claims by three creditors are municipal tax claims in the aggregate amount of approximately \$64.4 million;
- (b) Four claims by two creditors in the aggregate amount of approximately \$31.8 million are pending responses by the creditors to requests from the Monitor for further information or documentation;

- (c) Two claims by one creditor in the aggregate amount of approximately \$12.1 million are pending responses by the CCAA Parties to requests from the Monitor for further information or documentation;
- (d) 1,148 claims in the aggregate amount of approximately \$174.3 million are claims of former employees in respect of OPEBs, which are discussed in further detail below, and other employment related amounts;
- (e) Twelve claims in the aggregate amount of approximately \$189.8 million are claims related to the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan, with claims of approximately \$63.3 million⁶ in the aggregate being filed on a joint and several basis against three of the Wabush CCAA Parties;
- (f) 75 claims in the aggregate amount of approximately \$4.7 billion are Related Party Claims⁷, which are discussed in further detail below; and
- (g) Nine claims by three creditors in the aggregate amount of approximately \$244.3 million are pending further review by the Monitor. Of these, three claims are related to the RBC litigation discussed later in this Report, which claims were filed on a joint and several basis against three of the Wabush CCAA Parties and three claims of one creditor relate to environmental claims in respect of the Wabush Mine, the review of which was deferred pending the outcome of discussions with the Wabush Interested Party, which claims were filed on a joint and several basis against three of the Wabush CCAA Parties.

⁶ Based on the revised estimates provided by the Pension Administrator as discussed later in this Report.

⁷ Excluding the Related Party Claim relating to Note Y discussed later in this Report.

Related Party Claims

85. 76 claims totalling approximately US\$8 billion or \$9.9 billion were filed by a CCAA Party against another CCAA Party or by a related party that is not subject to the CCAA Proceedings (collectively, “**Related Party Claims**”). Of the Related Party Claims, claims totalling approximately \$199 million were filed as secured claims and claims totalling approximately \$9.7 billion were filed as unsecured claims.
86. The Related Party Claims include a claim against CQIM by Cliffs Canada Finance Inc. (“**CFC**”) in respect of an inter-company debt instrument known as “Note Y”. The claim in respect of Note Y is in the amount of approximately US\$4.2 billion. The Monitor has determined that Note Y is, on its terms, contractually subordinated to all other claims against CQIM. CFC has confirmed that it concurs with the Monitor’s assessment regarding the subordination of Note Y. As there is no prospect of the other claims against CQIM being paid in full, the Monitor intends to undertake no further review of the claim in respect of Note Y.
87. As noted in the Monitor’s Nineteenth Report, the Monitor intends to provide a report on its review of the Related Party Claims and its assessment of the quantum, status and validity thereof once its review is completed. The Monitor intends to file that report prior to issuing any Notice of Allowance or any Notice of Revision or Disallowance in respect of the Related Party Claims in order to provide the opportunity for any relevant stakeholder to consider the Monitor’s assessment.
88. There are seven large individual components of the Related Party Claims that are specific to particular financing or guarantee activities other than Note Y (the “**Specific Claim Components**”). In the aggregate, the Specific Claim Components total approximately US\$1 billion.

89. The Related Party Claims are net of a large number of offsetting debit transactions totalling approximately US\$8.7 billion in the aggregate which reduce the quantum of the Related Party Claims (the “**Related Party Debit Transactions**”).

90. Excluding the amounts for the Specific Claim Components and the Related Party Debit Transactions, the balance of the Related Party Claims is approximately US\$11.5 billion. The support provided for the balance of the Related Party Claims includes in excess of 31,000 transaction entries, many of them small. Given the level of potential of distributions to creditors as discussed later in this Report, it would be uneconomic for the Monitor to review all transactions. The stratification of those transactions is summarized below:

Transaction Values	Bloom Lake LP		CQIM		Quinto Mining	
	US\$000	#	US\$000	#	US\$000	#
< = \$100,000	49,510	5,095	16,978	19,207	3,664	255
\$100,001 - \$250,000	35,596	230	12,147	78	6,623	42
\$250,001 - \$500,000	55,466	149	17,456	50	3,760	12
\$500,001 to \$1,000,000	93,205	132	19,101	25	503	1
\$1,000,001 - \$10,000,000	429,937	147	525,173	112	-	-
>= \$10,000,001	335,376	20	2,563,032	51	-	-
Total	999,090	5,773	3,153,886	19,523	14,550	310
	WICL		Wabush Lake Railway		Wabush Mines	
	US\$000	#	US\$000	#	US\$000	#
< = \$100,000	1,224	84	15,081	1,183	5,281	266
\$100,001 - \$250,000	2,390	15	3,065	20	8,873	54
\$250,001 - \$500,000	5,031	14	1,996	6	19,980	53
\$500,001 to \$1,000,000	21,187	29	1,691	3	57,842	79
\$1,000,001 - \$10,000,000	431,517	150	1,743	1	1,651,037	454
>= \$10,000,001	388,215	27	-	-	3,150,585	97
Total	849,564	319	23,575	1,213	4,893,598	1,003
	Arnaud Railway		WRI		Total	
	US\$000	#	US\$000	#	US\$000	#
< = \$100,000	40,571	2,302	835	81	133,143	28,473
\$100,001 - \$250,000	46,737	297	2,089	11	117,521	747
\$250,001 - \$500,000	24,496	74	6,729	17	134,913	375
\$500,001 to \$1,000,000	9,752	14	14,527	19	217,807	302
\$1,000,001 - \$10,000,000	117,604	45	405,515	96	3,562,526	1,005
>= \$10,000,001	-	-	925,812	19	7,363,019	214
Total	239,161	2,732	1,355,506	243	11,528,929	31,116

91. Based on the stratification of Related Party Claims transaction entries and utilizing the current information and assumptions with respect to the potential ranges of claims, the potential recoveries for creditors as discussed later in this Report and the time and cost that would be involved in reviewing the smaller transactions, the Monitor has analysed and considered various scenarios for the level of review of transactions underlying the Related Party Claims as an alternative to incurring the significant costs that would be associated with reviewing all of the transactions.

92. Based on that analysis, the Monitor is of the view that the following approach to the review of the Related Party Claims is reasonable in the circumstances:
- (a) Note Y will not be reviewed as it is subordinate to all other claims and will not share in any distribution;
 - (b) The Specific Claim Components will be reviewed;
 - (c) All debit transactions will be presumed to be valid as they reduce the net Related Party Claims;
 - (d) All transactions less than or equal to \$100,000 for Quinto and \$1 million for all other CCAA Parties (approximately 28,500 transactions) will be presumed to be valid and will not be reviewed; and
 - (e) All transactions greater than \$100,000 for Quinto and \$1 million for all other CCAA Parties (approximately 2,500 transactions) will be reviewed to determine whether they constitute valid claims.
93. Based on the analysis performed, even if it were determined that all related party transactions below the proposed review threshold were not valid claims⁸, the potential impact on the estimated potential recoveries for creditors⁹ would be *de minimis*, as shown in the table below:

⁸ In the Monitor's experience, it is highly unlikely that all such transactions would be invalid.

⁹ Excluding any amount that may be recoverable in respect of the 2014 Reorganization.

	Estimated Unsecured Distributions to Third Parties					
	If Intercompany Claims Valid As Filed		If Untested Intercompany Claim Not Valid		Delta	
	Low	High	Low	High	Low	High
Bloom Lake LP	1.25%	2.95%	1.51%	3.61%	0.27%	0.66%
Bloom Lake GP	0.00%	2.37%	0.00%	2.37%	0.00%	0.00%
CQIM	2.64%	3.78%	2.54%	3.51%	-0.10%	-0.27%
Quinto Mining	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Arnaud Railway	0.00%	27.31%	0.00%	27.62%	0.00%	0.32%
WICL	0.00%	0.54%	0.00%	0.60%	0.00%	0.06%
Wabush Lake Railway	0.00%	0.02%	0.00%	0.00%	0.00%	-0.02%
Wabush Mines ¹	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WRI	0.00%	0.85%	0.00%	0.89%	0.00%	0.03%

¹Wabush Mines is an unincorporated joint venture, accordingly it has no assets or liabilities of its own and distributions would be through the joint venturers, WICL and WRI

94. Accordingly, the Monitor is of the view that reducing the threshold for review of related party transactions is not justified and the Monitor intends to perform its review of the Related Party Claims using the criteria set out above.
95. The Monitor has requested additional supporting documentation from the related party creditors in order to be able to undertake that review and provided that the relevant supporting documentation is provided on a timely basis, expects to be able to provide its report on the Related Party Claims within the proposed extension of the Stay Period.

Secured Claims

96. As previously reported, Secured Claims include:
- (a) A Related Party Claim for advances made by Cliffs Mining Company (“CMC”) to the Wabush CCAA Parties prior to the CCAA Proceedings (the “CMC Secured Claim” and the related security being the “CMC Security”);

- (b) Claims relating to the Key Bank Facility (the “**Key Bank Claims**” and the related security being the “**Key Bank Security**”);
 - (c) Claims of CNR as guarantor under the Key Bank Facility and assignee and/or subrogor of the Key Bank Claims (the “**CNR Key Bank Claims**” and the related security being the “**CNR Key Bank Security**”);
 - (d) Claims of creditors holding a registered legal hypothec for construction (the “**Construction Hypothec Claims**” and the related security being the “**Construction Hypothecs**”);
 - (e) Claims filed by the pension administrators in respect of the Wabush Hourly Pension Plan and the Wabush Salaried Pension Plan;
 - (f) Claims filed in respect of environmental obligations; and
 - (g) Claims filed in respect of unpaid property taxes.
97. Previous reports of the Monitor have included details of the independent opinions on the validity and enforceability of the CMC Security, the Key Bank Security and the CNR Key Bank Security.
98. With the exception of the claims of two creditors, the quantum of all Construction Hypothec Claims have been determined, subject to a subsequent determination of what portion of each Construction Hypothec Claim is validly secured by a construction hypothec, if any. The determination of the secured portion of the Construction Hypothec Claims is pending completion of the legal opinion on the validity and enforceability of the Construction Hypothecs and the allocation of proceeds and costs of realization as discussed elsewhere in this Report. Monitor’s Counsel has requested additional information from creditors with Construction Hypothec Claims in order to complete its opinion in respect thereof.

Pension Claims

99. The former pension plan administrator of the Wabush Hourly Pension Plan filed claims against Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company in the amount of \$29 million in respect of wind-up deficit and in the amount of approximately \$6.1 million in respect of unremitted amortization payments.
100. The former pension plan administrator of the Wabush Salaried Pension Plan filed claims against Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company in the amount of \$24 million in respect of wind-up deficit and in the amount of approximately \$1.9 million in respect of unremitted amortization payments.
101. As noted in the Monitor's Nineteenth Report, the relevant regulators appointed Morneau Shepell as independent administrator of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan (the "**Pension Administrator**"). The Pension Administrator will be filing wind-up reports quantifying the wind-up deficits of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan. The deadline for the Pension Administrator to file the wind-up reports has been extended from time to time and is currently October 16, 2016, although the Pension Administrator has informed the Monitor that a further extension has been requested. The Monitor is awaiting the wind-up reports prior to determining the quantum of the pension Claims.
102. In the meantime, the Pension Administrator has provided details of outstanding current service cost payments and special payments and an updated estimate of the wind-up deficits. In that regard, the Pension Administrator provided summaries for each of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan that show the following:
 - (a) With respect to normal cost payments:

- (i) The normal cost payments with respect to the Wabush Salaried Pension Plan were overpaid in the amount of \$169,961 as of December 16, 2015, the date of the termination of the Wabush Salaried Pension Plan;
 - (ii) The normal cost payments with respect to the Wabush Hourly Pension Plan were fully paid as of December 16, 2015¹⁰, the date of the termination of the Wabush Hourly Pension Plan;
- (b) With respect to special payments:
- (i) The special payments with respect to the Wabush Salaried Pension Plan required to be paid prior to the date of the Wabush Initial Order were paid in full except for \$3;
 - (ii) One special payment with respect to the Wabush Salaried Pension Plan in the amount of \$273,218 was paid after the date of the Wabush Initial Order and before the granting of the Pension Priority and Suspension Order, granted by the Honourable Mr. Justice Hamilton on June 26, 2015, which payment constituted an underpayment of \$1;
 - (iii) The special payments with respect to the Wabush Salaried Pension Plan required to be paid after the date of the Pension Priority and Suspension Order, totalling \$2,185,752, were not paid in accordance with the provisions of the Pension Priority and Suspension Order;

¹⁰ The monthly amount of \$44,356 was pro-rated to the date of the termination of the Wabush Hourly Pension Plan payment resulting in a payment of \$22,893

- (iv) The special payments with respect to the Wabush Hourly Pension Plan required to be paid prior to the date of the Wabush Initial Order were underpaid in the amount of \$146,776;
 - (v) One special payment with respect to the Wabush Hourly Pension Plan in the amount of \$393,337 was paid after the date of the Wabush Initial Order and before the granting of the Pension Priority and Suspension Order, which payment constituted an overpayment of \$16,308; and
 - (vi) The special payments with respect to the Wabush Hourly Pension Plan required to be paid after the date of the Pension Priority and Suspension Order, totalling \$3,016,232, were not paid in accordance with the provisions of the Pension Priority and Suspension Order;
- (c) Additional special payments in the aggregate amount of \$3,525,120 with respect to the Wabush Hourly Pension Plan were payable by way of a Catch-Up Payment of \$1,762,560 due August 26, 2015, and thereafter in additional special payments payable in six monthly instalments of \$293,760 starting August 30, were required and were not paid in accordance with the provisions of the Pension Priority and Suspension Order.

103. Based on the foregoing and the information provided by the Pension Administrator, the amounts outstanding in respect of the Wabush Salaried Pension Plan and the Wabush Hourly Pension Plan based on contribution payment due date and the most recent estimate of the wind-up deficiencies are summarized as follows:

	Salaried Plan	Hourly Plan
Normal Cost Payments		
Pre-filing	\$0	\$0
Post-Filing	\$0	\$0
Total	\$0	\$0
Special Payments		
Pre-filing	\$3	\$146,776
Post-Filing	\$2,185,753	\$2,999,924
Total	\$2,185,756	\$3,146,700
Catch-up Special Payments		
Pre-filing	\$0	\$0
Post-Filing	\$0	\$3,525,120
Total	\$0	\$3,525,120
Estimated Wind-up Deficiency	\$26.7 million	\$27.7 million

104. On September 21, 2016, the Monitor filed a motion for direction with respect to the potential priority of the various aspects of the pension plan claims (the “**Pension Priority Motion**”). The Pension Priority Motion is returnable on a *proforma* basis on October 12, 2016. The Monitor will seek to agree a timetable for the filing of materials and the presentation of the Pension Priority Motion with the CCAA Parties, Representative Counsel, the USW, the Pension Administrator and the relevant regulators that would allow relevant parties sufficient opportunity to respond and ensure the efficient hearing of the Pension Priority Motion. If the Monitor is unable to reach agreement on a mutually acceptable timetable, it will seek the assistance of the Court in setting an appropriate timetable.

OPEB Claims

105. The Monitor has been working with Representative Counsel, the USW and their actuary to determine the appropriate basis of the calculation of the OPEB claims. The calculation methodology will be applied consistently across the group of claimants.

106. A number of meetings and discussions have taken place with regards to the methodology and underlying assumptions used by Representative Counsel, the USW and their actuary in their calculation of the OPEB claims and the Monitor, in consultation with the CCAA Parties, is in the process of reviewing the information and support provided by Representative Counsel, the USW and their actuary.

D&O CLAIMS

107. 53 D&O Claims were filed in the aggregate amount of approximately \$2.7 million. Of these, 37 D&O Claims in the aggregate amount of approximately \$1.6 million were subsequently confirmed as having been incorrectly filed as D&O Claims and have been re-characterized as Claims. The remaining 16 D&O Claims in the aggregate amount of approximately \$1.1 million were filed by employees in respect of vacation pay and termination amounts. Those D&O Claims were disallowed as all such amounts owing to the employees in question have been paid; none of the disallowances were disputed. Accordingly, there are no proven D&O Claims.

LITIGATION UPDATE

THE FISHERIES SUMMONSES HEARING

108. As described in the Monitor's Fourteenth Report, the Fisheries Summonses were issued on October 28, 2015 and served on Newfoundland counsel to the Wabush CCAA Parties on November 5, 2015, and allege offences under the *Fisheries Act* as follows:

- (a) On or between May 14, 2015 and May 25, 2015, at or near the Town of Wabush, in the Province of Newfoundland and Labrador, following a deposit out of the normal course of events, at the final discharge point known as Knoll Lake, failed to conduct an acute lethality test without delay, in violation of paragraph 14(1)(b) of the *Metal Mining Effluent Regulations*, SOR/2002-222; and
- (b) On or about May 14, 2015 and continuing until May 25, 2015, at or near the Town of Wabush, in the Province of Newfoundland and Labrador, following the receipt of laboratory test results indicating that the limit for Total Suspended Solids in effluent set out in Schedule 4 of the *Metal Mining Effluent Regulations*, SOR/2002-222, had been exceeded, at the final discharge point known as Knoll Lake, failed to notify an inspector without delay, in violation of subsection 24(1) of the *Metal Mining Effluent Regulations*, SOR/2002-222.

109. Paragraph 32 of the Monitor's Fifteenth Report stated:

“32. The Fisheries Summonses Hearing took place by teleconference on December 17, 2015, before the Provincial Court in the Town of Wabush. The hearing was adjourned until February 25, 2016, in order to allow for written disclosures to be made by the Crown in respect of the alleged offences. No plea was required to be entered before the hearing resumes on February 25, 2016.”

- 110. The CCAA Parties subsequently entered a not guilty plea with respect to all of the charged entities and received disclosure from the Crown.
- 111. The CCAA parties have informed the Monitor that negotiations regarding resolution of the matter before trial have been constructive and that they are hopeful that a trial can be avoided.

THE MFC ROYALTY LITIGATION

112. As the Court is aware, there is a dispute between the Wabush CCAA Parties and MFC with respect to the amount of the quarterly Minimum Royalty Payment under the MFC Sub-Lease.
113. Pursuant to the Order of the Honourable Mr. Stephen Hamilton made December 4, 2015 (the “**December 4 Order**”), the Wabush CCAA Parties have made deposits of \$812,250 with the Monitor in December 2015, January, April and July 2016 for amounts potentially payable in respect of the Minimum Royalty Payment.
114. The MFC Royalty Litigation is proceeding, with the next procedural step being the filing by the Wabush CCAA Parties of an expert report. No date has yet been set for a hearing.

THE SIPA CLAIMS MOTION

115. The SIPA Claims Motion was settled on August 30, 2016.

THE CMC LIFT STAY MOTION

116. On September 26, 2016, CMC filed a motion to lift the stay of proceedings (the “**CMC Lift Stay Motion**”) for the purposes of perfecting and registering its security interest in certain assets of the Wabush CCAA Parties located in Newfoundland.
117. Pursuant to an Equipment Security Agreement dated February 23, 2015 (the “**CMC Security Agreement**”), WICL and WRI (collectively, the “**Wabush Obligors**”) granted CMC a security interest in, among other things, all of their present and future right, title and interest in all Equipment, as such term is defined in the *Personal Property Security Act (Newfoundland)* of the Wabush Obligors.

118. The CMC Security Agreement was intended to provide security for the payment and performance of the liabilities of the Wabush Obligors under, among other things, a credit agreement between the Wabush Obligors and CMC dated as of February 23, 2015.
119. A schedule to the CMC Security Agreement lists certain equipment that is to be included in the collateral that is the subject of the CMC Security Agreement. That schedule includes certain Komatsu 830E Haul Trucks and provides serial numbers for such haul trucks.
120. Upon comparing the description of the Komatsu 830E Haul Trucks that were included in the RBA 830E Purchased Assets and located at the Wabush mine against the description of the Komatsu 830E Haul Trucks on Schedule A to the CMC Security Agreement, certain discrepancies were identified. The registrations made in the Personal Property Security Registry in Newfoundland and Labrador by CMC against the Wabush Obligors (the “**CMC PPSA Registrations**”) contained the same discrepancies as Schedule A to the CMC Security Agreement.
121. Section 11(3) of the *Personal Property Security Act (Newfoundland)* states, in part, that a description of collateral is inadequate for the purposes of enforceability against a third party if it describes “equipment” without further describing the item or kind of collateral.
122. CMC therefore brings the CMC Lift Stay Motion to allow for the modification to Schedule A of the CMC Security Agreement and modification of the CMC PPSA Registrations to correct the identified discrepancies in view of Section 11(3) of the *Personal Property Security Act (Newfoundland)*, which requires a proper description of equipment by item or kind for the purposes of enforceability of a security interest against third parties.

123. The CMC Lift Stay Motion is currently scheduled to be heard on October 21, 2016. To the extent considered necessary, the Monitor will provide a separate report in respect of the CMC Lift Stay Motion.

THE RBC LIFT STAY MOTION

124. On August 15, 2016, Royal Bank of Canada filed a motion to lift the stay of proceedings (the “**RBC Lift Stay Motion**”) from the purposes of pursuing an application to add WICL as a party in pending litigation in Newfoundland (the “**RBC Newfoundland Litigation**”).
125. The RBC Newfoundland Litigation was commenced in October 2003 and relates to an alleged breach of a 1996 lease by CMC, Managing Agent of Wabush Mines, and each of the joint venturers. RBC filed a claim in respect of the alleged breach in the Claims Procedure.
126. WICL and the Monitor opposed the RBC Lift Stay Motion on the basis, *inter alia*, that any claim against the Wabush CCAA Parties should be adjudicated pursuant to the Claims Procedure Order.
127. The RBC Lift Stay Motion is currently scheduled to be heard on October 28, 2016. To the extent considered necessary, the Monitor will provide a separate report in respect of the RBC Lift Stay Motion.

THE MFC LIFT STAY MOTION

128. On September 21, 2016, MFC served a motion seeking to lift the stay of proceedings (the “**MFC Lift Stay Motion**”) for the purposes of proceeding with a motion for an Order (the “**MFC Termination Order**”), *inter alia*:
- (a) Terminating the MFC Sub-Lease;
 - (b) Requiring immediate payment of Minimum Royalty Payments;

- (c) Reserving rights of MFC to acquire certain assets of the Wabush CCAA Parties;
- (d) Requiring the Monitor to provide to MFC copies of all proofs of claim filed against the Wabush CCAA Parties by CNR and its related parties (the “**Related Party Proofs of Claim**”);
- (e) Suspending the consideration of any liquidation proposals.

Termination of MFC Sub-Lease

129. The MFC Sub-Lease is one of four groups of property agreements that together comprise the site referred to as the “Wabush Mine”. The areas covered by each of those groups of agreements is illustrated on the map of the Wabush Mine and surrounding area attached hereto as **Appendix C**.

130. Paragraph 47 of the MFC Lift Stay Motion states:

“47. Based on the above, and the current status of the file, there is no reason for the Sub-Lease to remain in force and, based on past and continuing defaults by WIC, the Court should lift the stay of proceedings, if necessary, and declare the Sub-Lease terminated;”

131. Paragraphs 50 to 53 of the MFC Lift Stay Motion state:

“50. The payment obligations of WIC under the Sub-Lease are to pay (a) annual rent and to pay (b) minimum royalty payments and/or rarned¹¹ royalties;

51. Notices of default were sent to WIC et al. on September 3, 2015 and December 3, 2015 as appears from copies of same file in support hereto as EXHIBIT P-22;

¹¹ “rarned” appears to be a typographical error. It is assumed that the word should be “earned”.

52. The Annual Rent stipulated in the Sub-Lease has not been paid by WIC either to MFC or to the Monitor in Trust;

53. As mentioned hereinabove, the payment of all sums under the Sub-Lease are presently subject to the terms of the Order rendered on December 4, 2015 (P-3);”

132. The MFC Sub-Lease contains certain termination rights in favour of MFC (the “**Termination Rights**”) in the event of payment defaults under the MFC Sub-Lease. In that regard, paragraph C4 of the MFC Sub-Lease provides that the MFC Sub-Lease may be terminated on sixty days’ notice if any rents or royalties are in arrears for thirty days and if the rents or royalties are not paid within the notice period.

133. Pursuant to the MFC Sub-Lease, the annual rent referenced in paragraphs 50 and 52 of the MFC Lift Stay Motion (the “**Annual Rent**”) is payable yearly on December 20 and is the amount of:

“...Three Hundred Sixty Dollars (\$360), less such sum as shall be expended by the Lessee after the execution of this Indenture on the prospecting, exploration, development of mining of the Demised Premises or any part thereof.”

134. The notices of default referenced in paragraph 51 of the MFC Lift Stay Motion make no mention of any default in respect of the Annual Rent. Accordingly, the Monitor concludes that any Annual Rent amounts payable prior to December 3, 2015, had been paid.

135. The amount payable on December 20, 2015, would have been \$360, less any applicable deductions as provided for in the MFC Sub-Lease. It is unclear to the Monitor whether any amount of Annual Rent was payable on December 20, 2015 after the application of applicable deductions, if any. The Monitor is not aware of any notice of default having been issued by MFC in respect of the Annual Rent payable on December 20, 2015, if any. Accordingly, any amount payable in respect of Annual Rent could be paid within the notice period if valid notice of default is issued.
136. As the Court is aware, there is no dispute that the MFC Sub-Lease provides for Minimum Royalty Payments on a quarterly basis. The crux of the MFC Royalty Litigation discussed earlier in this Report is whether the amount of the Minimum Royalty Payments is in fact zero under the provisions of the MFC Sub-Lease.
137. Pursuant to the December 4 Order, the Minimum Royalty Payments have been deposited with the Monitor.
138. It is, therefore, not clear at this time whether there is, in fact, any default of the payment obligations under the lease and whether MFC would have a right of termination even if the stay of proceedings was lifted.
139. As noted above, MFC asserts that there is no reason for the MFC Sub-Lease to remain in force. A significant number of movable assets are currently located on the MFC Sub-Lease property. As described earlier in this Report, the Wabush CCAA Parties have sought offers for the remaining assets.
140. The Wabush CCAA Parties, in consultation with the Monitor, are investigating the potential logistics, timing and costs of moving some or all of the assets currently located on the MFC Sub-Lease property to other areas of the Wabush Mine. The Wabush CCAA Parties, in consultation with the Monitor, are in the process of assessing all of the options available to the Wabush CCAA Parties in respect of dealing with the MFC Sub-Lease. Those options could include:

- (a) Maintaining the MFC Sub-Lease pending the completion of the sale of assets that can be realized in a manner that would provide a net benefit to the estate;
 - (b) Moving some or all of the assets off of the MFC-Sub Lease property prior to terminating the MFC Sub-Lease; or
 - (c) Terminating the MFC Sub-Lease prior to removing or selling assets in accordance with the rights of the Wabush CCAA Parties under the MFC Sub-Lease as described later in this Report.
141. In the Monitor's view, it would be inappropriate for the MFC Sub-Lease to be terminated before that assessment is complete as such a termination may be prejudicial to the interests of the creditors generally. Furthermore, it is possible that such assessment may conclude that it is not in the best interests of the creditors generally for the MFC Sub-Lease to be maintained and the Wabush CCAA Parties may be prepared to disclaim the MFC Sub-Lease.

Minimum Royalty Payments

142. The issue of what Minimum Royalty Payments, if any, are due to MFC is already before the Court as it is the subject matter of the MFC Royalty Litigation, the status of which is discussed earlier in this Report. The MFC Royalty Litigation is complex, involving expert witnesses and significant production of documents.
143. In the Monitor's view, the issue of the release of the amounts held by the Monitor in respect of the Minimum Royalty Payments cannot be dealt with on a summary basis and should continue to be dealt with in the MFC Royalty Litigation.

Rights to Acquire Certain Assets of the Wabush CCAA Parties

144. The MFC Sub-Lease provides certain rights to acquire assets at reasonable market price, though such rights arise only in the event that the MFC Sub-Lease is terminated pursuant to the Termination Rights (the “**Contingent Purchase Rights**”). The Contingent Purchase Rights arise under paragraph C3 of the MFC Sub-Lease, which states:

“3. It shall be lawful for the Lessee to remove all building, plant, machinery and all articles and things of the Lessee in and upon or under the Demised Premises at any time within six (6) months after the determination of the tenancy; provided that the Lessor shall have the right by notice in writing to purchase all or any part of the said properties, articles and things at the then reasonable market price, to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided.”

145. Accordingly, it appears to the Monitor that unless and until the MFC Sub-Lease is terminated pursuant to the Termination Rights, MFC has no rights to acquire assets. The Monitor is not aware of any restriction on the Wabush CCAA Parties removing or selling assets located on the MFC Sub-Lease prior to the termination of the MFC Sub-Lease, subject to certain restrictions contained in Orders granted in the CCAA Proceedings, including the December 4 Order which restricts the right of the Wabush CCAA Parties to dismantle or destroy infrastructure or fixtures at the Wabush Mine but does not restrict the right of the Wabush CCAA Parties to remove, market or sell movable assets.

146. Furthermore, it does not appear to the Monitor that there is any restriction in the MFC Sub-Lease on the Wabush CCAA Parties removing or selling assets for a period of up to six months after the termination of the MFC Sub-Lease unless MFC has delivered a written notice offering to buy the assets at the then reasonable market price. It is unclear to the Monitor from its review of the MFC Sub-Lease what is intended with respect to the specifics of the terms of access to the property to effect such removal or sale.
147. The Monitor notes that the September 16 Proposal Assets and the October 5 Proposal Assets include only movable assets and, in the case of the October 5 Proposal Assets, explicitly exclude any land and buildings and any assets that would constitute “fixtures” thereto.
148. Paragraph 55 of the MFC Lift Stay Motion states:
- “55. The immediate termination of the Sub-Lease would allow MFC to retake possession of the mine property and exercise its rights to acquire the Wabush mine assets at their "reasonable market price" in accordance with the Sub-Lease, which would benefit creditors, as the price payable by MFC under the Sub-Lease would likely be higher than that obtained by the liquidation currently sought by the Wabush CCAA Parties.”
149. Contrary to what is suggested by MFC, there is no need for the stay of proceedings to be lifted in order for MFC to be able to acquire the assets at their reasonable market price. MFC, if it genuinely wishes to acquire the assets at their reasonable market price, has been and remains at liberty to submit a proposal for the acquisition of the assets within the CCAA Proceedings. In that regard:
- (a) MFC was invited and encouraged to participate in the SISP but chose not to do so;

- (b) As discussed at length in the Monitor's Thirteenth Report and Fourteenth¹² Report, copies of which, without appendices, are attached hereto as **Appendices D** and **E** respectively, significant good faith efforts were made to engage with MFC regarding a potential acquisition of the Wabush Mine following the SISP;
 - (c) As noted earlier in this Report, MFC executed a "support agreement" with the Wabush Interested Party. Despite having an extended opportunity to submit a proposal, the Wabush Interested Party and MFC chose not to put forth an offer for the assets; and
 - (d) MFC was invited to participate in the process seeking proposals for the October 5 Proposal Assets by the October 5 Proposal Deadline but chose not to do so.
150. The Monitor notes that while the termination of the MFC Sub-Lease would allow for the exercise of the Contingent Purchase Rights, neither the MFC Lift Stay Motion nor the MFC Stay Objection, as hereinafter defined, appear to contain any definitive statement that MFC will exercise the Contingent Purchase Rights. As the Contingent Purchase Rights can be exercised up to six months after the termination of the MFC Sub-Lease, the realization process could be delayed by a further six months if MFC's motion is granted, even if MFC decide to exercise the Contingent Purchase Rights.

¹² At paragraph 22 of its Fourteenth Report the Monitor stated "Both the Wabush CCAA Parties and the Monitor would welcome a proposal from MFC for the acquisition of the Wabush mine and related assets at an appropriate price. Regrettably, however, the trail of correspondence, the statements made by MFC in the MFC Press Release and the stated intent to bring a motion to lift the stay of proceedings to allow MFC to file a motion for the termination of the Sub-Lease leads, in the Monitor's view, to the conclusion that MFC has no bona fide intent to submit a proposal to acquire the Wabush mine and the related assets, nor do they intend to restart operations in the short term. If a proposal is forthcoming from MFC or any other party before the negotiation of a definitive agreement for the sale of the moveable property at the Wabush mine is concluded, any such proposal would be given full consideration.". The conclusion regarding MFC's intent was never disputed by MFC.

151. In the Monitor's view, it is in the best of interests of the estate and all of its stakeholders that the realization process and the distributions to creditors be completed as expeditiously as is reasonable, regardless of whether the assets are sold to a third party or acquired by MFC and, accordingly, the granting of the MFC Lift Stay Motion would not be in the best interests of the stakeholders generally.

The Related Party Proofs of Claims

152. The request for an Order requiring the Monitor to provide to MFC copies of all proofs of claim filed against the Wabush CCAA Parties by CNR and its related parties is redundant as paragraph 62 of the Claims Procedure Order already provides MFC the ability to review the claims of CNR and its related parties on written request to the Monitor. No such request was made by MFC.
153. The Monitor has written to MFC reminding them of their rights under paragraph 62 of the Claims Procedure and inviting them to make arrangements to attend and review the claims of CNR and its related parties. MFC has now asked for copies of the claims rather than having to attend at the Monitor's office as provided for in the Claims Procedure. MFC's request is under consideration.

Suspension of Liquidation Proposals

154. Suspension of the process to obtain liquidation proposals would inevitably lead to further delay in the completion of the CCAA Proceedings, which is not in the interests of the stakeholders generally, and would prejudice the right of the Wabush CCAA Parties to continue to sell assets if the MFC Sub-Lease is terminated.
155. As discussed earlier in the Report, even if MFC was in a position to exercise the Contingent Purchase Rights, any acquisition by MFC must be at reasonable market price. The liquidation proposals obtained would be helpful in determining what the reasonable market price would be.

156. The liquidation proposals also provide important information necessary for the Wabush CCAA Parties to determine, in consultation with the Monitor, whether there is any benefit in continuing to hold the MFC Sub-Lease or whether it should be disclaimed.
157. In the Monitor's view, there is no prejudice to MFC from the process to obtain liquidation proposals as:
- (a) MFC has had the opportunity to make an offer for the acquisition of the assets since June 2015 but chose not to do so;
 - (b) MFC is still at liberty to make an offer for the purchase of the assets at any time;
 - (c) As discussed earlier in this Report, the MFC Sub-Lease does not restrict the Wabush CCAA Parties from continuing to sell the assets during the term of the MFC Sub-Lease, nor does the MFC Sub-Lease restrict the Wabush CCAA Parties from continuing to remove and sell the assets for a period of six months after the MFC Sub-Lease is terminated unless MFC has delivered a written notice to buy pursuant to the terms of the MFC Sub-Lease; and
 - (d) The Wabush CCAA Parties could not complete any transactions for the sale of the September 16 Proposal Assets or the October 5 Proposal Assets without further Order of the Court.

Comments with Respect to Other Statements Made in the MFC Lift Stay Motion

158. Paragraph 12 of the MFC Lift Stay Motion states:

“12. The purpose of the Motion for Directions was to obtain an interpretation of the terms of the Sub-Lease that favours WIC by allowing it to retain the rights and benefits as a tenant under the Sub-Lease *without having to pay MFC*

the required minimum royalty and rent payments thereunder by seeking a Safeguard Order entitling WIC to cease making any payments as of the filing of said Motion for Directions;”
(emphasis added)

159. The “Motion for Directions” referred to in paragraph 12 of the MFC Lift Stay Motion is the MFC Royalty Litigation. It appears to the Monitor that paragraph 12 of the MFC Lift Stay Motion misstates the MFC Royalty Litigation.
160. Firstly, the MFC Royalty Litigation deals only with the Minimum Royalty Payments, not with any other rent payments. Secondly, the MFC Royalty Litigation is based on an assertion that the Minimum Royalty Payments are in fact nil, not that the Minimum Royalty Payments should not be paid if they are greater than nil.
161. Paragraphs 31 and 37 of the MFC Lift Stay Motion state:
 - “31. However, recent events reveal the Wabush CCAA Parties true intentions regarding the Wabush Mine and MFC's rights under the Sub-Lease;
 37. It has therefore become abundantly clear that the Wabush CCAA Parties and the Monitor have no intention of selling the Wabush Mine an[d] that all remaining assets will be sold-off piecemeal or simply destroyed;”

162. In the view of the Monitor, the statements by MFC regarding the intentions of the Wabush CCAA Parties and the Monitor are untrue and are not supported by the facts. While cognizant of the obligation to take reasonable steps to maximize realizations for the benefit of creditors, it has always been the preference of the Monitor and the Wabush CCAA Parties that the Wabush Mine and associated assets be sold to a party that would preserve the option of restarting mining operations at some point in the future. As described elsewhere in this Report and in the previous reports of the Monitor, significant time, effort and expense has been spent attempting to do that. Indeed, liquidation alternatives have been significantly delayed to give interested parties time to have discussions with various stakeholders and submit a proposal long after the conclusion of the SISP and even after such parties had previously informed the Monitor that they were no longer interested.
163. The Wabush CCAA Parties and the Monitor would welcome a proposal for the acquisition of the Wabush mine and related assets at an appropriate price. Regrettably, approximately eighteen months after the SISP Order was granted, there is no proposal from MFC or from any interested party.
164. Paragraphs 39 and 62 of the MFC Lift Stay Motion state:
- “39. The Wabush CCAA Parties continue to hide behind the protection provided by the CCAA and the Initial Order to conduct a liquidation of all Wabush Mine assets to its own benefit or the benefit of its principals with total disregard for the rights and interests of the various stakeholders;
62. The Wabush CCAA Parties' strategy regarding the liquidation of the remaining mining infrastructure and assets and the Wabush Mine property itself appear to be mainly established in a way that is the most favourable to

the interests of the principal shareholder Cliffs Natural Resources Inc. ("CNR"), notably as far as its reclamations obligations are concerned;"

165. In the view of the Monitor, the statements by MFC about favouring shareholders are untrue and are not supported by the facts. The CCAA Proceedings, including the marketing efforts for the sale or liquidation of the assets, have been, and continue to be, carried out in a manner intended to maximize recoveries for the estate and for the benefit of stakeholders generally. Furthermore, a sale of the Wabush Mine property to a party that might restart operations in the future could be far more beneficial to CNR than the liquidation of assets and the abandonment of the Wabush Mine as the abandonment would increase the likelihood that the approximately \$50 million of bonds backed by CNR and posted to secure the reclamation obligations of the Wabush CCAA Parties would be called.

166. Paragraphs 45 and 46 of the MFC Lift Stay Motion state:

“45. The Conditional Release required various plans to be filed with the Government of Newfoundland and Labrador before any physical work could commence on the site with respect to the reclamation thereof including, among other things, an implementation plan and a public consultation plan, which would set forth the consultation with the Town of Wabush, Aboriginal groups and include a detailed inspection schedule;

46. MFC has serious concerns that the current intention of the Wabush CCAA Parties and the Monitor to proceed with the liquidation and dismantling of the Mine, as set forth in the Notice, disregards the consultation processes required under the Conditional Release and the rights of

stakeholders, including the Town of Wabush, Aboriginal groups and the Province of Newfoundland and Labrador;”

167. The Wabush CCAA Parties have informed the Monitor, consistent with previous statements made to the Court, that there have been no reclamation activities undertaken other than the revegetation program nor do they intend to commence reclamation activities. Accordingly, the consultation process is not yet relevant.

THE 2014 REORGANIZATION

168. Paragraphs 44 and 45 of the Monitor’s Twelfth Report stated:

“44. The 2014 Reorganization was a complex, multi-stage corporate reorganization that had the effect of reducing inter-company indebtedness owed by CQIM to non-filing affiliates by approximately \$805.4 million from approximately \$5.6 billion to \$4.8 billion through the transfer to non-filing affiliates of cash from the Australian subsidiaries of CQIM (the “Australian Subsidiaries”), the assignment of inter-company notes and the transfer of preferred and common shares in the Australian Subsidiaries held by CQIM.

45. The Monitor has requested that CNR provide various documents and other information with respect to the 2014 Reorganization and the inter-company indebtedness in order that the Monitor can undertake its review. To date, CNR has co-operated with the Monitor in respect of its review of the 2014 Reorganization and has provided documents and information in response to the Monitor’s original request. The Monitor has made additional requests for documents and information and

CNR has informed the Monitor that it intends to provide additional information shortly.”

169. Paragraph 68 of the Monitor’s Nineteenth Report stated:

“The Monitor has now received various additional documents and information relating to the 2014 Reorganization. The effect of the 2014 Reorganization on potential recoveries to creditors of CQIM can only be determined once the Claims against CQIM, including the Related Party Claims, are known. Accordingly, the Monitor is not yet in position to provide a detailed report on the 2014 Reorganization.”

170. The Monitor is hopeful that the final adjudication of Claims against CQIM will progress sufficiently to allow the Monitor to submit a report on the 2014 Reorganization within the proposed extension of the Stay Period.

ALLOCATION ISSUES

171. As the Court is aware, various approval and vesting orders issued in the CCAA Proceedings specifically provide that the transactions were approved without prejudice to the rights of creditors to object to the allocation of proceeds. Accordingly, prior to any distribution to creditors it will be necessary to obtain a final determination of the appropriate allocation of the proceeds of realizations among both the individual CCAA Parties and amongst various asset classes.

172. Furthermore, it will be necessary for an appropriate allocation of the costs of the CCAA Proceedings among both the individual CCAA Parties and amongst various asset classes to be determined.

173. It is anticipated that a motion for such determinations will be brought in the within the proposed extension of the Stay Period.

ESTIMATED RANGES OF POTENTIAL DISTRIBUTIONS

174. The Monitor has estimated the ranges of potential distributions to unsecured creditors from the estates of each of the CCAA Parties based on the information currently available with respect to costs and realizations to date, the current status of claims and assumptions regarding potential future realizations. No amounts have been included in the estimates for any amounts that might be recoverable in respect of the 2014 Reorganization. The estimated the ranges of potential distributions to unsecured creditors from the estates of each of the CCAA Parties, assuming that the Related Party Claims other than Note Y are valid as filed, are summarized below:

	Low	High
Bloom Lake LP	1.25%	2.95%
Bloom Lake GP	0.00%	2.37%
CQIM	2.64%	3.78%
Quinto Mining	59.56%	68.71%
Arnaud Railway	0.00%	27.31%
WICL	0.00%	0.54%
Wabush Lake Railway	0.00%	0.02%
Wabush Mines ¹	0.00%	0.00%
WRI	0.00%	0.85%

¹Wabush Mines is an unincorporated joint venture, accordingly it has no assets or liabilities of its own and distributions would be through the joint venturers, WICL and WRI

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

175. The Stay Period currently expires on October 12, 2016. Additional time is required for the CCAA Parties and the Monitor to complete the CCAA Proceedings, including the following activities:

- (a) Completing the negotiation of definitive agreements for the sale of remaining assets, obtaining Court approval of such agreements and completing the transactions;

- (b) Pursuing the proposed restructuring under the Restructuring Letter of Intent;
 - (c) Completing the Claims Procedure;
 - (d) Dealing with distributions to creditors, including the determination of the appropriate allocations of realizations and costs of the CCAA Proceedings amongst the estates and asset categories;
 - (e) Completing the investigation of the 2014 Reorganization and the effect thereof and determining what, if any, action should be taken with respect thereto;
 - (f) Completing the other activities described in this Report; and
 - (g) Undertaking the other activities necessary to complete the CCAA Proceedings.
176. The continuation of the stay of proceedings is necessary to provide the stability needed to complete the foregoing activities. Accordingly, the CCAA Parties now seek an extension of the Stay Period to January 31, 2017.

NOTICES OF OBJECTION TO EXTENSION OF THE STAY PERIOD

177. No notices of objection have been filed in respect of the CCAA Parties' request for an extension of the Stay Period in respect of the Bloom Lake CCAA Parties.
178. Three notices of objection to the CCAA Parties' request for an extension of the Stay Period in respect of the Wabush CCAA Parties as follows:
- (a) Notice of objection dated September 22, 2016, filed by MFC (the "**MFC Stay Objection**");
 - (b) Notice of objection dated September 22, 2016, filed by the Town of Wabush (the "**Town Stay Objection**"); and

(c) Notice of objection dated September 23, 2016, filed by the Labrador West Chamber of Commerce (the “**Chamber Stay Objection**”).

179. The Monitor notes that the Town Stay Objection and the Chamber Stay Objection are virtually identically worded. The Town Stay Objection is signed by Mr. Colin Vardy, Mayor of the Town of Wabush. The Chamber Stay Objection is also signed by Mr. Vardy, in his capacity as Vice-Chair of the Labrador West Chamber of Commerce. Testifying in respect of the Town Stay Objection and the Chamber Stay Objection on September 28, 2016, Mr. Vardy admitted that both the Town Stay Objection and the Chamber Stay Objection had been prepared by counsel to MFC.

180. Paragraphs 3 and 4 of the Town Stay Objection states:

“3. Wabush believes that no real effort was made to favour a restructuring or sale of the Wabush Mine and that the final liquidation/destruction of mining infrastructure will have a negative impact on Wabush and the region and most probably seal Wabush's fate as a mining community;

4. Wabush believes that the Motion, as far as the Wabush CCAA Parties are concerned should not be granted and that the Wabush CCAA Parties should no longer benefit from the Stay of proceedings provided by the CCAA;”

181. Paragraph 3 and 4 of the Chamber Stay Objection states:

“3. The Chamber believes that no real effort was made to favour a restructuring or sale of the Wabush Mine and that the final liquidation/destruction of mining infrastructure will have a negative impact on the Chamber, its members, and the region and most probably seal the

Town of Wabush's fate as a mining community;

4. The Chamber believes that the Motion, as far as the Wabush CCAA Parties are concerned should not be granted and that the Wabush CCAA Parties should no longer benefit from the Stay of proceedings provided by the CCAA;”

182. The statements in the Town Stay Objection and the Chamber Stay Objection that “no real effort was made to favour a restructuring or sale of the Wabush Mine” are factually incorrect and are not supported by the record in the CCAA Proceedings. In fact, and as set out earlier in this Report and in previous reports of the Monitor, extensive efforts have been made to achieve a sale of the Wabush Mine.
183. The Town Stay Objection and the Chamber Stay Objection seem to imply that Stay Period should not be extended in order that the assets located at the Wabush Mine would remain on site. The termination of the CCAA Proceedings would not necessarily result in the assets remaining at the Wabush Mine because:
- (a) The Wabush CCAA Parties would still have the right to remove and sell assets as described earlier in this Report;
 - (b) CMC, which holds security over the equipment at the Wabush Mine, could take steps to perfect and enforce its security which would result in the sale of the equipment; and
 - (c) If the Wabush CCAA Parties were placed into bankruptcy, the trustee in bankruptcy would proceed to take steps to realize the assets.

184. While MFC says in the MFC Lift Stay Motion that the termination of the CCAA Proceedings would allow MFC to exercise its contractual rights to acquire the assets at the Wabush Mine, neither the MFC Lift Stay Motion nor the MFC Stay Objection, as hereinafter defined, appear to state that MFC will, in fact, make an offer to acquire the assets at the Wabush Mine at a reasonable market price. Furthermore, the termination of the CCAA Proceedings would likely result the bankruptcy of the Wabush CCAA Parties and the Contingent Purchase Rights are likely not enforceable against a trustee in bankruptcy.
185. MFC has made no offer to buy the assets at any time during the CCAA Proceedings. The stay of proceedings does not prevent, and has not prevented, MFC from making such an offer.
186. Neither the Town Stay Objection nor the Chamber Stay Objection proposes any alternative process for dealing with the other matters that must be attended to in the estate even if the Stay Period is not extended, such as the completion of the adjudication of claims, the allocation of proceeds of sale and costs of realization and distributions to creditors.
187. Paragraph 7 of the MFC Stay Objection states:

“7. No one has shown any real interest in purchasing the Wabush Mine and any discussion regarding same have been abandoned, the whole as was confirmed by the Monitor;”
188. While parties have shown some interest in the Wabush Mine assets, no party has been prepared to proceed with a proposal to buy those assets. This includes the party with whom MFC signed a support agreement as discussed earlier in this report.

189. As noted in paragraph 7 of the MFC Stay Objection, the marketing efforts have clearly demonstrated that there is no party with any interest in purchasing the mining assets and reopening the mine in the near future.
190. Furthermore, it does not appear that MFC intends to restart operations in the near future even if it acquired the assets. As reported in the Monitor's Fourteenth Report, a press release was issued by MFC on November 16, 2015, which stated, *inter alia*:

"Iron Ore Interests

We are the lessor under a mining sub-lease of the land upon which the Wabush Iron Ore Mine in Labrador, Canada, is located. The mine had operated since 1966. Upon termination of the lease, we intend to re-take the mine and exercise our contractual rights. Our rights may be delayed due to the operator filing for relief for all of their Canadian mines under the Companies' Creditors Arrangement Act. Iron ore prices have declined globally and the short-term outlook is not favorable. But, most importantly, we do not have any debt on this property. While we believe that the mine presents an interesting long-term opportunity, now is the time for conservatism and prudence while we focus on our other efforts. As such, we have initiated a rationalization process and, therefore, have reclassified the mine and our interest in another iron ore property as discontinued operations. We will be responsible stewards of our capital."

(emphasis added)

191. Similar comments were made in a press issued by MFC on May 2, 2016, which stated, *inter alia*:

“1. Iron Ore

We are the lessor under a mining lease underlying an iron ore mine in Canada. The mine had operated since 1966, but in 2015 it was closed by the operator. When the lease is terminated, we intend to re-take the mine and exercise our contractual rights. However, these rights have been delayed due to the operator filing for relief for all of their Canadian mines under the Companies' Creditors Arrangement Act of Canada.

While we continue to believe that the mine presents an interesting long-term opportunity, we have emphasized conservatism and prudence while we focus on our other efforts. As such, we initiated a rationalization process and have reclassified the mine and our interest in another iron ore property as discontinued operations and adjusted the carrying values to \$30.0 million resulting in non-cash impairment losses of \$215.6 million (before an income tax recovery of \$46.5 million) in 2015.”

(emphasis added)

192. Paragraph 11 of the MFC Stay Objection states:

“11. Any further delays risk making the possibility for any party interested in purchasing the mining assets and re-opening the mine futile because the competent workforce will have moved away from the region having lost all hope due to the length and secrecy of the process;”

193. The Monitor notes that mining operations at the Wabush Mine were suspended in March 2014 with the large majority of the workforce being laid off shortly thereafter. The Wabush Mine was permanently idled in November 2014. Only four employees have been retained to assist in safeguarding the assets.
194. As discussed earlier in this Report, while the termination of the MFC Sub-Lease would allow for the exercise of the Contingent Purchase Rights, neither the MFC Lift Stay Motion nor the MFC Stay Objection appear to contain any definitive statement that MFC will exercise the Contingent Purchase Rights. In any event, if MFC is genuinely intending to make an offer to purchase the assets, it does not need the CCAA Proceedings to be terminated to do so and the most effective way to avoid any further delay is simply for MFC to make its offer now.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATION

195. The September 20 Forecast demonstrates that, subject to the underlying assumptions thereof, the CCAA Parties have sufficient liquidity to fund the CCAA Parties' operations and the CCAA Proceedings to January 31, 2017.
196. The only objections filed in response to the CCAA Parties' request for an extension of the Stay Period are the MFC Stay Objection, the Town Stay Objection and the Chamber Stay Objection.
197. MFC's primary objective in objecting to the extension of the Stay Period in respect of the Wabush CCAA Parties appears to be able to terminate the MFC Sub-Lease and have the right, but not the obligation, to issue a notice to acquire assets at the Wabush Mine at reasonable market price at some future time up to six months following termination of the MFC Sub-Lease. The Town Stay Objection and the Chamber Stay Objection were prepared by counsel to MFC and appear to have been filed to support the MFC Stay Objection.

198. As noted earlier in this Report and previously in the Monitor's Fourteenth Report dated December 2, 2015, both the Monitor and the Wabush CCAA Parties would welcome a proposal for the acquisition of the Wabush Mine assets from MFC. The termination of the CCAA Proceedings is not required for MFC to be able to make such a proposal. While cognizant of the obligation to take reasonable steps to maximize realizations for the benefit of creditors, it has always been the preference of both the Monitor and the CCAA Parties to sell the Wabush Mine and associated assets to a party that would preserve the option of the mine restarting operations at some point in the future. Regrettably, no proposal that would allow for such a transaction has been forthcoming.
199. The CCAA Proceedings are complex and the activities and assets of the CCAA Parties are, to various extents, intertwined. The co-ordination of the various estates is, in the Monitor's view, critical to maximize efficiency and effectiveness. It is also the Monitor's view that a continuation of the CCAA Proceedings is, at the current time, the only realistic way that such co-ordination can be efficiently achieved and that the realization of assets for the benefit of all stakeholders can be completed.
200. Based on the information currently available, the Monitor believes that creditors of the CCAA Parties would not be materially prejudiced by an extension of the Stay Period to January 31, 2017.
201. The Monitor also believes that the CCAA Parties have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
202. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay Period to January 31, 2017.

The Monitor respectfully submits to the Court this, its Twenty-Fourth Report.

Dated this 6th day of October, 2016.

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

Appendix A

The September 20 Forecast

Bloom Lake CCAA Parties Cash Flow Projection

Amounts in CAD in thousands

Week Ending Friday	30-Sep-16	7-Oct-16	14-Oct-16	21-Oct-16	28-Oct-16	4-Nov-16	11-Nov-16	18-Nov-16	25-Nov-16	2-Dec-16	9-Dec-16	16-Dec-16	23-Dec-16	30-Dec-16	6-Jan-17	13-Jan-17	20-Jan-17	27-Jan-17	3-Feb-17	19-Week	
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
Cash Flow from Operations																					
Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll & Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Termination & Severance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Disbursements	(18)	-	(5)	(42)	(5)	-	(5)	-	(47)	-	(5)	-	(47)	-	(5)	-	(47)	-	(5)	(231)	
Operating Cash Flows	(18)	-	(5)	(42)	(5)	-	(5)	-	(47)	-	(5)	-	(47)	-	(5)	-	(47)	-	(5)	(231)	
Restructuring Professional Fees	(1,224)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(68)	(2,428)
Projected Net Cash Flow	(1,242)	(79)	(84)	(121)	(84)	(79)	(84)	(79)	(126)	(56)	(61)	(56)	(103)	(56)	(61)	(56)	(103)	(56)	(73)	(2,659)	

Notes:

- [1] The purpose of this cash flow projection is to determine the liquidity requirements of the Bloom Lake CCAA Parties during the forecast period.
- [2] Forecast Payroll & Employee Benefits disbursements are nil as there are no employees remaining following the closing of the sale of the Bloom Lake business and assets.
- [3] Forecast Other Operating Disbursements reflect the railway storage fees and the wind-down of Bloom Lake. The timing of Other Operating Disbursements are assumed to be on 30 day credit terms.
- [4] Forecast Restructuring Professional Fees consist of legal and financial advisor fees associated with the CCAA proceedings based on estimates obtained from legal and professional advisors.

Wabush CCAA Parties Cash Flow Projection

Amounts in CAD in thousands (\$000s)

Week Ending Friday	30-Sep-16	7-Oct-16	14-Oct-16	21-Oct-16	28-Oct-16	4-Nov-16	11-Nov-16	18-Nov-16	25-Nov-16	2-Dec-16	9-Dec-16	16-Dec-16	23-Dec-16	30-Dec-16	6-Jan-17	13-Jan-17	20-Jan-17	27-Jan-17	3-Feb-17	19-Week	
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
Cash Flow from Operations																					
Receipts	-	7	-	7	-	-	7	-	7	-	7	-	7	-	-	7	-	7	-	-	58
Payroll & Employee Benefits	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(22)	-	(215)
Termination & Severance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contractors	(66)	-	(101)	-	(92)	-	(101)	-	(36)	-	(101)	-	(36)	-	(41)	-	(36)	-	(41)	-	(647)
Utilities	(21)	-	-	-	(31)	-	-	-	(31)	-	-	-	(31)	-	-	-	(36)	-	-	-	(150)
Other Operating Disbursements	(13)	-	(4)	-	(825)	-	(4)	-	(13)	-	(9)	-	(43)	-	(4)	-	(825)	-	(4)	-	(1,742)
Operating Cash Flows	(121)	7	(126)	7	(969)	-	(119)	-	(93)	-	(123)	-	(123)	-	(66)	7	(918)	7	(66)	(2,695)	
Restructuring Professional Fees	(788)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(99)	(99)	(99)	(99)	(99)	(92)	(92)	(92)	(92)	(92)	(92)	(2,599)
Projected Net Cash Flow	(909)	(100)	(233)	(100)	(1,076)	(107)	(226)	(107)	(200)	(99)	(222)	(99)	(222)	(99)	(158)	(85)	(1,010)	(85)	(158)	(5,294)	

Notes:

[1] The purpose of this cash flow projection is to determine the liquidity requirements of the Wabush CCAA Parties during the forecast period.

[2] Forecast receipts include recurring mortgage payments associated with certain residential properties in Wabush owned by Wabush Mines

[3] Forecast Payroll & Employee Benefits disbursements are forecast based on current staffing levels and recent payroll amounts, and do not include any payments in respect of post-employment benefit;

[4] Forecast disbursements in respect of Contractors consist primarily of environmental monitoring and containment activities related to the Scully mine, and are assumed to be paid when services are rendered;

[5] Forecast Utilities disbursements consist primarily of hydro costs to maintain the Scully Mine facilities and reflect current payment terms, rates and estimated consumption over the forecast period

[6] Forecast Other Operating Disbursements reflect costs of on-going monitoring and maintenance of the Scully Mine facilities not reflected in other line items. The timing of Other Operating Disbursements is assumed to be cash on deliver

[7] Forecast Restructuring Professional Fees consist of legal and financial advisor fees associated with the CCAA proceedings

Appendix B

The August 30 Notice



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
1 Place Ville Marie
Suite 3000
Montréal QC H3B 4N8 Canada
Tel: 514-982-4000 Fax: 514-982-4099

August 30, 2016

BY BAILIFF

Bernard Boucher
Associé/Partner
Dir: 514-982-4006
bernard.boucher@blakes.com

Reference: 11573/374

MFC Industrial Ltd.
400 Burrard Street, Suite 1860
Vancouver, BC V6C 3A6

Attention: Mr. Michael Smith

**RE: Notice of Intent to Dismantle or Destroy
Infrastructure or Fixtures located at the Wabush Mine**

Sir,

We are the legal counsel for the Wabush CCAA Parties as this term is defined in an initial order issued on May 20, 2015 by Mr. Justice Stephen Hamilton in the Court file bearing number 500-11-048114-157 (the "**CCAA Proceedings**").

As you also know, MFC Industrial Ltd. ("**MFC**") and certain of the Wabush CCAA Parties are parties to various indentures, agreements, and amendments thereto, being collectively referred to as the Mining Lease Documents and as more fully detailed in the Motion for Directions and the Issuance of a Safeguard Order ("**Motion**") filed by the Wabush CCAA Parties in the CCAA Proceedings on November 26, 2015.

In connection with said Motion, Mr. Justice Stephen Hamilton issued notably on December 4, 2015, the following order (the "**December 4th Order**"):

"Orders that until such time as the Court renders judgment with respect to the Motion, the Wabush CCAA Parties shall give 14 day prior notice to MFC before dismantling or destroying the infrastructure or fixtures at the Wabush mine, in order to allow MFC to take whatever proceedings it considers appropriate to protect its rights."

In accordance with the December 4th Order, you are hereby notified that it is the Wabush CCAA Parties' intention to initiate a request for proposal process for liquidation proposals for the infrastructure and fixtures located at the Wabush Mine, which proposals may lead to the sale and dismantlement of all or some of the infrastructure or fixtures located at the Wabush Mine.

8507360.2



This letter constitutes the notice to MFC required under the December 4th Order.

Yours truly,

BLAKE, CASSELS & GRAYDON LLP

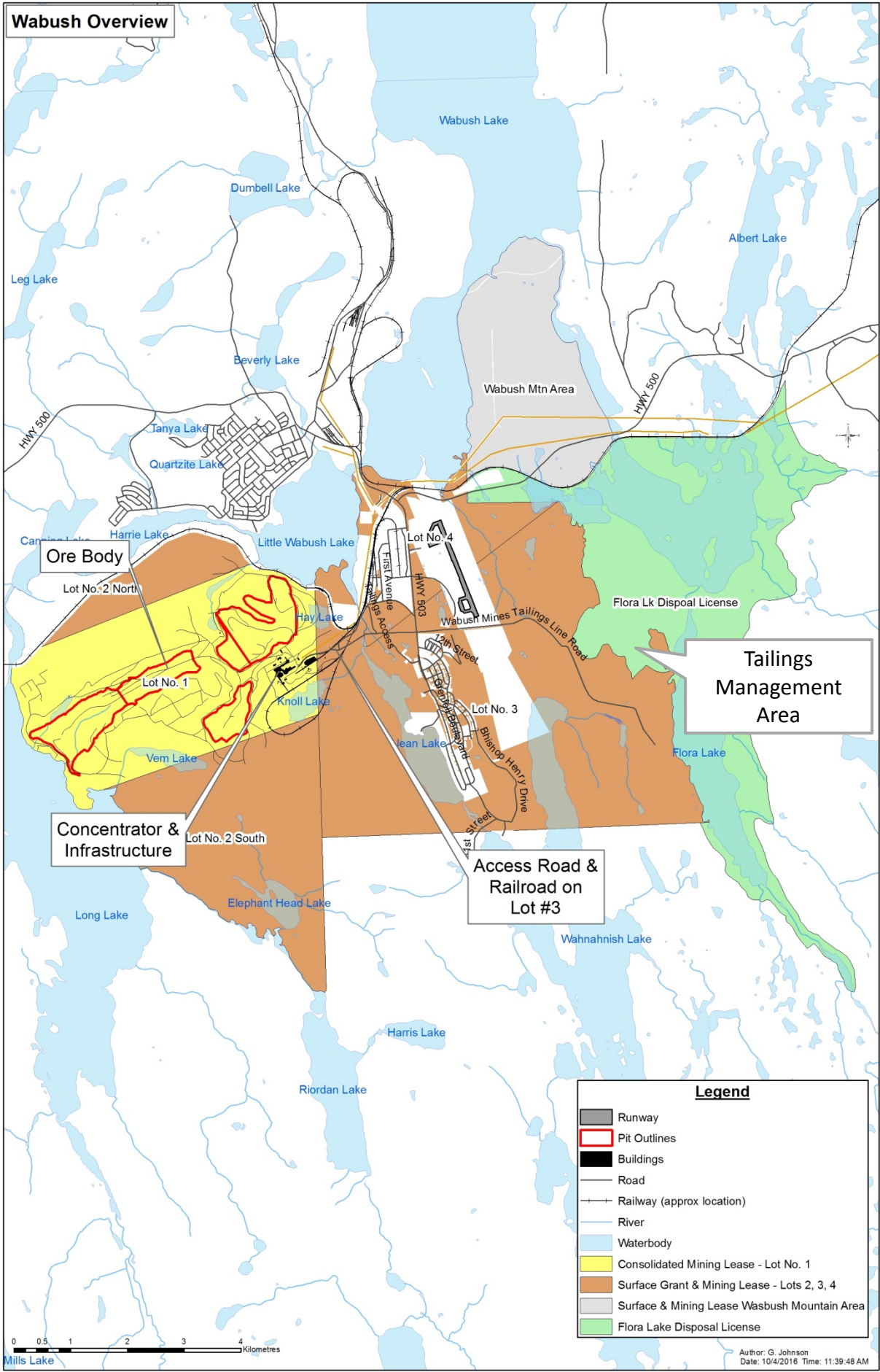
Bernard Boucher
/em

c. Me Gary Rivard

Appendix C

Map Showing Wabush Mine

Wabush Overview



Ore Body

Lot No. 2 North

Lot No. 1

Concentrator & Infrastructure

Lot No. 2 South

Access Road & Railroad on Lot #3

Tailings Management Area

Legend

- Runway
- Pit Outlines
- Buildings
- Road
- Railway (approx location)
- River
- Waterbody
- Consolidated Mining Lease - Lot No. 1
- Surface Grant & Mining Lease - Lots 2, 3, 4
- Surface & Mining Lease Wabush Mountain Area
- Flora Lake Disposal License



Appendix D

**The Thirteenth Report of the Monitor
(without appendices)**

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

**THIRTEENTH 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 (“**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. The CCAA Parties have filed a number motions initially returnable on November 5, 2015, including motions seeking the following:
 - (a) Approval of the Bunker C Fuel Transaction, as described in the Monitor’s Ninth Report;

- (b) Approval of the SMS Transaction, as described in the Monitor's Tenth Report;
 - (c) The granting of the Claims Procedure Order (the "**CPO**"), as described in the Monitor's Eleventh Report (the "**Claims Procedure Motion**");
 - (d) An extension of the Stay Period to January 29, 2016, as described in the Monitor's Twelfth Report (the "**Stay Extension Motion**");
6. To date, the Monitor has filed twelve reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Thirteenth Report (this "**Report**"), is to provide additional information to the Court on the Notice of Objection filed in respect of the Stay Extension Motion by MFC Industrial Limited ("**MFC**") on November 2, 2015 (the "**MFC Objection**"), a copy of which is attached hereto as **Appendix A** for ease of reference.

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 Stay Extension 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 MFC OBJECTION

- 12. As the Court is aware, MFC is the lessor under an amendment and consolidation of mining leases between Canadian Javelin Limited (now MFC) and WICL dated September 2, 1959, as amended (the "**Wabush Sublease**"), pursuant to which WICL and WRI hold their sub-leasehold interest in the Wabush mine property.

13. The Wabush Sublease contains certain termination rights in favour of MFC, defined as the Reversionary Rights in the MFC Objection, in the event that of payment defaults under the Wabush Sublease. In addition, the Wabush Sublease provides certain rights to acquire assets, though such rights arise only in the event that the Wabush Sublease is terminated pursuant to the Reversionary Rights (the “**Purchase Rights**”). As described in the Monitor’s Twelfth Report, there is a dispute as to whether the Wabush CCAA Parties are in default of the Minimum Royalty Payment obligation under the Wabush Sublease. The Wabush Sublease has not been terminated, either pursuant to the Reversionary Rights or otherwise. Accordingly, the Purchase Rights have not, at this time, been triggered and remain contingent in nature.

14. The Monitor believes that it is appropriate that the Court be made aware of correspondence and exchanges between MFC, the Wabush CCAA Parties and the Monitor in order to provide additional context that might be relevant in the consideration of the MFC Objection.

15. MFC, the Wabush CCAA Parties and the Monitor have been in correspondence. Copies of the correspondence commencing September 3, 2015, are attached hereto as **Appendices B to J** and can be summarized as follows:
 - (a) MFC has requested certain information with respect to the assets of the Wabush CCAA Parties;

 - (b) MFC were invited, but declined, to participate in the SISP;

 - (c) The Wabush CCAA Parties are prepared to provide information to MFC either pursuant to an existing confidentiality agreement¹ which continues to be binding on MFC, or pursuant to a new confidentiality agreement; and

¹ Confidentiality agreement dated November 18, 2013 and amended June 11, 2014, signed in connection with previous discussions regarding a potential transaction for the sale of the Wabush mine to MFC

- (d) MFC refuses to accept information under the terms of any confidentiality agreement.
16. The Monitor understands that there is a long history of litigation between MFC and the Wabush CCAA Parties. Indeed on a telephone conversation that took place between MFC, the Monitor and their respective counsel on October 6, 2015, Mr. Michael Smith, Managing Director of MFC, stated that MFC had been in litigation with the Wabush CCAA Parties for fifteen years.
17. The SISP provides that interested parties execute a non-disclosure agreement in order to gain access to information. None of the interested parties that participated in the SISP refused to sign a non-disclosure agreement. The Monitor is of the view that the requirement that the information requested be subject to a confidentiality agreement is not unreasonable in the circumstances.
18. Furthermore, the Monitor is concerned that MFC's continued insistence that information be provided on a non-confidential basis, having previously been given access to a data room under a confidentiality agreement, might suggest that MFC is considering using the information for purposes other than evaluating a possible transaction with the Wabush CCAA Parties, which is the sole purpose permitted under the confidentiality agreement.
19. The MFC Objection suggests that there has been a lack of cooperation and transparency on the part of the Wabush CCAA Parties with regards to the advancement of the SISP and reluctance on the part of the Wabush CCAA Parties to provide information requested by MFC. The Monitor does not believe either to be the case.

20. The MFC Objection states that MFC has learned “thru locals” that the Wabush CCAA Parties were preparing to dispose of moveable assets. The MFC Objection omits the fact that the Monitor informed MFC on October 6, 2015, that the Wabush CCAA Parties were in the process of endeavouring to negotiate definitive documents for the sale, subject to Court approval, of equipment located at the Wabush Mine.
21. The MFC Objection state that MFC has sought clarifications regarding the advancement of the SISP on various occasions. No such requests have been made to the Monitor and the Wabush CCAA Parties have also informed the Monitor that they have received no such requests from MFC.

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

Dated this 5th day of November, 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

Appendix E

**The Fourteenth Report of the Monitor
(without appendices)**

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

**FOURTEENTH 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 (“**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 January 29, 2016.
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. To date, the Monitor has filed thirteen reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Fourteenth Report (this “**Report**”), is to provide information to the Court with respect to:

- (a) The filing by the Wabush CCAA Parties of an Environmental Assessment Registration for the Decommissioning and Rehabilitation of the Wabush Mines Scully Mine dated November 2015 (the “**EAR Plan**”);
- (b) Dealings with MFC Industrial Limited (“**MFC**”) and its counsel since the Court hearing that took place on November 5, 2015 (the “**November 5 Hearing**”); and
- (c) Summonses issued against WICL, WRI, Wabush Mines and Cliffs Mining Company, the managing agent of Wabush Mines (the “**Summonses**”), in respect of alleged offences under the Fisheries Act, R.S.C., 1985, c. F-14 (the “**Fisheries Act**”).

TERMS OF REFERENCE

- 6. 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**”).
- 7. 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.

8. 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.
9. 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 EAR PLAN

10. On November 26, 2015, Wabush Mines filed the EAR Plan, a copy of which is attached as Appendix A hereto.
11. The Wabush CCAA Parties have informed the Monitor that the EAR Plan was filed pursuant to, and in accordance with, the Newfoundland & Labrador Environmental Protection Act and in response to demands from the Department of Natural Resources. The Monitor has been informed by the Wabush CCAA Parties that the EAR Plan is required to initiate the provincial environmental assessment process for any reclamation activities that may become necessary in the future. The EAR Plan does not contemplate any decommissioning, demolition or destruction of any buildings or infrastructure before 2017 and the Wabush CCAA Parties have informed the Monitor that they have no current intention of expanding the environmental work beyond that of which the Court has already been informed, namely ongoing dust control, health, safety and monitoring activities and the like.

DEALINGS WITH MFC

12. In its Thirteenth Report, the Monitor provided copies of correspondence between MFC, the Wabush CCAA Parties and the Monitor. The correspondence, commencing September 3, 2015, that was attached as Appendices B to J to the Thirteenth Report was summarized as follows:
- (a) MFC requested certain information with respect to the assets of the Wabush CCAA Parties;
 - (b) MFC was invited, but declined, to participate in the SISP;
 - (c) The Wabush CCAA Parties were prepared to provide information to MFC either pursuant to an existing confidentiality agreement¹ (the “**Pre-Filing CA**”) which continues to be binding on MFC, or pursuant to a new confidentiality agreement; and
 - (d) MFC refused to accept information under the terms of any confidentiality agreement.
13. At the November 5 Hearing, the Honourable Mr. Justice Hamilton encouraged the CCAA Parties and MFC to make further efforts to agree to reasonable parameters for MFC to obtain access to information to facilitate MFC submitting a proposal for the acquisition of the Wabush mine and related assets if it wished to do so.

¹ Confidentiality agreement dated November 18, 2013 and amended June 11, 2014, signed in connection with previous discussions regarding a potential transaction for the sale of the Wabush mine to MFC.

14. Following the November 5 Hearing, the Monitor contacted MFC's counsel to endeavour to assist MFC and the Wabush CCAA Parties in reaching an agreement with respect to confidentiality arrangements and MFC's information requests, all with a view to obtaining a proposal from MFC for the acquisition of the Wabush mine and related assets. Despite the accommodations and concessions made by the Wabush CCAA Parties with the concurrence of the Monitor, no confidentiality agreement has been signed and although the majority of the information requested by MFC has been provided on a non-confidential basis, no proposal has been forthcoming from MFC.

15. The correspondence between the Monitor, the Wabush CCAA Parties and MFC's counsel is summarized as follows:
 - (a) On November 6, 2015, the Monitor provided to MFC's counsel a copy of the draft of the confidentiality agreement as it stood when negotiations on the form had stalled in August. On the same date, MFC's counsel responded that they would review the situation with their clients and revert as soon as possible;

 - (b) On November 10, 2015, the Monitor followed up with MFC's counsel regarding the confidentiality agreement;

 - (c) On November 12, 2015, the Monitor received a letter from MFC's counsel (the "**MFC November 12 Letter**") that:
 - (i) Proposed that the Pre-Filing CA be terminated and MFC enter into a new confidentiality agreement with the Monitor that would expire at the termination of the CCAA Proceedings; and

 - (ii) Requesting that MFC be provided a list of assets available for sale.

- (d) On November 12, 2015, the Monitor responded to the MFC November 12 Letter explaining that the approach to the confidentiality agreement proposed in the MFC November 12 Letter was not considered appropriate and would result in further delays. The Monitor also provided the majority of the information that MFC had requested in correspondence prior to the November 5 Hearing, which information the Wabush CCAA Parties had agreed to provide as a sign of good faith and in order to move matters along expeditiously. The Monitor requested that MFC provide its proposal by 5:00 p.m. Eastern Time on November 19, 2015, if it was genuinely interested in acquiring the Wabush mine and related assets;
- (e) Later on the evening of November 12, 2015, MFC's counsel responded that neither they nor MFC had opened or looked at the information as they did not wish to receive "confidential information" subject to the Pre-Filing CA and stated that the information provided would be deleted if it was considered "confidential information under the Pre-Filing CA and would be reviewed if they received confirmation that the information provided was not "confidential information under the Pre-Filing CA;
- (f) On November 13, 2015, the Monitor informed MFC's counsel that all of the information that had been provided on November 12, 2015, other than two specific files, was not confidential information;
- (g) On November 16, 2015, MFC's counsel responded to the Monitor's email of November 13, 2015 and requested that the proposal set out in the MFC November 12 Letter be reconsidered;

- (h) The Monitor responded on November 16, 2015, explaining that it was believed that the proposal set out in the MFC November 12 Letter regarding a new confidentiality agreement with the Monitor would lead to undue delay and was inappropriate because it is the Wabush CCAA Parties' information that is confidential and any new confidentiality agreement must therefore be with the Wabush CCAA Parties. In addition, the request for termination of the Pre-Filing CA could also lead to undue delay may also not be appropriate as the Pre-Filing CA provides for wider obligations than just those to the Wabush CCAA Parties. The Monitor also noted that MFC had now received the majority of the information that it had requested and invited MFC to inform the Monitor of any additional information requests and asked that a mark-up of the draft confidentiality agreement be provided so that proposed changes could be considered in the event that any confidential information was requested;
- (i) In its response on November 16, 2015, the Monitor also noted that it had reviewed a press release issued by MFC on that date (the "**MFC Press Release**") which suggested that notwithstanding its comments in correspondence with the Wabush CCAA Parties and the Monitor, and orally to the Court at the November 5 Hearing, MFC has no intent to submit a proposal to acquire the Wabush mine and the related assets, nor did it intend to restart operations in the short term. Notwithstanding, the Monitor reiterated that a proposal for the acquisition of the Wabush mine by MFC would be welcomed by the Monitor and Wabush CCAA Parties. The MFC Press Release stated, *inter alia*:
- “Adjusting our assets and operations to reflect our future,
not our past*

In the third quarter of 2015, we determined to pursue the sale of our resource assets, comprised of our hydrocarbon properties and iron ore interests. We do not consider such assets to be a strategic fit with our core long-term strategy. We have instituted an active program to identify potential buyers and we currently expect to rationalize the assets within 12 months. As a result, these assets have been recorded as held for sale as of 30 September 2015 and the operations and cash flows related to these assets are accounted for as discontinued operations for the three and nine months ended 30 September 2015.

Our strategic priorities have shifted and the method of our anticipated participation in these projects has changed, so now is the time for prudence as we focus on our future as a regulated institution with an emphasis on trade and structured finance and banking.”

“Iron Ore Interests

We are the lessor under a mining sub-lease of the land upon which the Wabush Iron Ore Mine in Labrador, Canada, is located. The mine had operated since 1966. Upon termination of the lease, we intend to re-take the mine and exercise our contractual rights. Our rights may be delayed due to the operator filing for relief for all of their Canadian mines under the Companies' Creditors Arrangement Act. Iron ore prices have declined globally and the short-term outlook is not favorable. But, most importantly, we do not have any debt on this property. While we believe that the mine presents an interesting long-term opportunity, now is

the time for conservatism and prudence while we focus on our other efforts. As such, we have initiated a rationalization process and, therefore, have reclassified the mine and our interest in another iron ore property as discontinued operations. We will be responsible stewards of our capital.”;

- (j) MFC’s counsel responded on November 17, 2015, but did not address or refute the suggestion that MFC had no intent to submit a proposal to acquire the Wabush mine and related assets;
- (k) Later on November 17, 2015, the Monitor reiterated its request that MFC inform the Monitor of any additional information requests, provide any specific comments on the proposed form of confidentiality agreement and submit any proposal for the acquisition of the Wabush mine that it cared to make;
- (l) That same evening, MFC’s counsel sent an email proposing (the “**MFC November 17 Proposal**”) that:
 - (i) All restrictions on MFC talking to other stakeholders be released in order to enable MFC to have dialogue with the Town of Wabush, the governments of Newfoundland and Canada and the Union;
 - (ii) The Pre-Filing CA be terminated;
 - (iii) That a new confidentiality agreement that terminates at the end of the CCAA proceedings be signed if considered necessary by the Monitor; and

- (iv) MFC be given access to the data room and be allowed to share any information therein with all governmental agencies;

- (m) The Monitor discussed the MFC November 17 Proposal with the Wabush CCAA Parties and on November 19, 2015, responded to MFC as follows:
 - (i) The Wabush CCAA Parties and the Monitor had no objection to MFC having discussions with the Federal or Provincial governments, the Town of Wabush or the union regarding a potential acquisition of the Wabush mine;

 - (ii) The Wabush CCAA Parties and Cliffs Natural Resources Inc. were prepared to terminate the Pre-Filing CA;

 - (iii) A new confidentiality agreement was required, in part because the data room may contain certain information that the Wabush CCAA Parties are contractually or legally obliged to keep confidential or subject to confidentiality restrictions. The new confidentiality agreement would terminate on the termination of the insolvency proceedings, to include both the CCAA proceedings and any subsequent proceedings that may follow;

- (iv) Access would be provided to the data room on execution of the new confidentiality agreement. Given the potential confidentiality obligations to other parties, a right to share all information in the data room with governmental agencies or other parties could not be provided, but the Wabush CCAA Parties and the Monitor would consider any requests for MFC to share specific information with appropriate government agencies on a case by case basis;
- (n) A mark-up of the proposed confidentiality agreement was provided by MFC's counsel on November 20, 2015;
- (o) Counsel to the Wabush CCAA Parties responded with a revised draft confidentiality agreement on November 24, 2015;
- (p) A further revised draft confidentiality agreement was provided by MFC's counsel on November 26, 2015 and on the same date the Monitor and counsel to the Wabush CCAA Parties called MFC's counsel to try to gain an understanding of why the suggested changes were considered necessary or appropriate;
- (q) On November 27, 2015, counsel to the Wabush CCAA Parties informed MFC's counsel that it was in the process of preparing a revised draft of the confidentiality agreement and that the proposed deletions of a section requiring the destruction of confidential information and of a section providing an acknowledgement that no license or property rights are granted because of access to information were unacceptable; and
- (r) On December 2, 2015, a revised draft confidentiality agreement was provided to MFC's counsel by counsel to the Wabush CCAA Parties.

16. As at the date of this Report, no new confidentiality agreement has been signed by MFC and the Pre-Filing CA has not been terminated. The Monitor understands that the only points of dispute with respect to a new confidentiality agreement are MFC's insistence on the deletion of a section requiring the destruction of confidential information and of a section providing an acknowledgement that no license or property rights are granted because of access to information. In the Monitor's view, these provisions are entirely reasonable and MFC has provided no cogent reason why it is not prepared to include them in the confidentiality agreement. The Monitor notes that similar provisions are included in the Pre-Filing CA that was signed by MFC and in confidentiality agreements signed by interested parties in the SISF and by stakeholders in the CCAA Proceedings.
17. In an email to the Monitor dated November 27, 2015, and a letter to counsel to the Wabush CCAA Parties and the Monitor dated November 30, 2015, (together, the "**MFC EAR Correspondence**") MFC's counsel raised a number of questions, concerns and allegations with respect to the EAR Plan, an alleged sale of assets to a liquidator and the intentions of the Wabush CCAA Parties. Copies of the MFC EAR Correspondence are attached as Appendix B hereto.
18. On November 30, 2015, MFC filed a Notice of Objection to the CCAA Parties' Motion for Directions and the Issuance of a Safeguard Order. At paragraph 3 of the Notice of Objection, MFC stated:
 - “3. Furthermore, MFC intends to serve an application requesting a partial lift of the stay of proceedings in order to allow for the presentation of a Motion seeking an order of the Court terminating the Wabush Sub-Lease;”
19. The Monitor responded to the MFC EAR Correspondence by letter dated December 1, 2015. A copy of that letter is attached as Appendix C hereto.

20. A further letter was received from MFC's counsel on December 2, 2015. A copy of that letter is attached as Appendix D hereto. The Monitor will discuss the questions raised in MFC's letter with the Wabush CCAA Parties and a response will be provided in due course.
21. In the Monitor's view, the Wabush CCAA Parties have been making significant good faith efforts to accommodate MFC's requests for information and to agree reasonable terms of a confidentiality agreement. MFC has been provided, on a non-confidential basis, virtually all of the information that it has requested other than access to the confidential data room and MFC has made no additional information requests since at least November 12, 2015, despite repeated requests by the Monitor for MFC to advise of any additional information that it might wish to obtain. Furthermore, the Wabush CCAA Parties and the Monitor confirmed to MFC within two days of being asked that they had no objection to MFC having discussions with the Federal or Provincial governments, the Town of Wabush or the union regarding a potential acquisition of the Wabush mine and related assets.
22. Both the Wabush CCAA Parties and the Monitor would welcome a proposal from MFC for the acquisition of the Wabush mine and related assets at an appropriate price. Regrettably, however, the trail of correspondence, the statements made by MFC in the MFC Press Release and the stated intent to bring a motion to lift the stay of proceedings to allow MFC to file a motion for the termination of the Sub-Lease leads, in the Monitor's view, to the conclusion that MFC has no *bona fide* intent to submit a proposal to acquire the Wabush mine and the related assets, nor do they intend to restart operations in the short term. If a proposal is forthcoming from MFC or any other party before the negotiation of a definitive agreement for the sale of the moveable property at the Wabush mine is concluded, any such proposal would be given full consideration.

THE SUMMONSES

23. The Summonses were issued on October 28, 2015 and served on Newfoundland counsel to the Wabush CCAA Parties on November 5, 2015. Copies of the Summonses are attached as Appendix E hereto.
24. The Summonses allege offences under the Fisheries Act as follows:
 - (a) On or between May 14, 2015 and May 25, 2015, at or near the Town of Wabush, in the Province of Newfoundland and Labrador, following a deposit out of the normal course of events, at the final discharge point known as Knoll Lake, failed to conduct an acute lethality test without delay, in violation of paragraph 14(1)(b) of the *Metal Mining Effluent Regulations, SOR/2002-222*; and
 - (b) On or about May 14, 2015 and continuing until May 25, 2015, at or near the Town of Wabush, in the Province of Newfoundland and Labrador, following the receipt of laboratory test results indicating that the limit for Total Suspended Solids in effluent set out in Schedule 4 of the *Metal Mining Effluent Regulations, SOR/2002-222*, had been exceeded, at the final discharge point known as Knoll Lake, failed to notify an inspector without delay, in violation of subsection 24(1) of the *Metal Mining Effluent Regulations, SOR/2002-222*.
25. The Wabush CCAA Parties have informed the Monitor that they are in the process of discussing the Summonses with legal counsel and intend to appear at the hearing scheduled for December 17, 2015, in the Provincial Court in Wabush to address the Summonses.

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

Dated this 2nd day of December, 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

The image shows two handwritten signatures in blue ink. The signature on the left is for Nigel D. Meakin, and the signature on the right is for Steven Bissell. Both signatures are written in a cursive, flowing style.

Nigel D. Meakin
Senior Managing Director

Steven Bissell
Managing Director