

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

N°: 500-11-048114-157

**SUPERIOR COURT**

Commercial Division

(Sitting as a court designated pursuant to the *Companies'*  
*Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

**IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF:**

**BLOOM LAKE GENERAL PARTNER LIMITED**

**QUINTO MINING CORPORATION**

**8568391 CANADA LIMITED**

**CLIFFS QUÉBEC IRON MINING ULC**

**WABUSH IRON CO. LIMITED**

**WABUSH RESOURCES INC.**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP**

**BLOOM LAKE RAILWAY COMPANY LIMITED**

**WABUSH MINES**

**ARNAUD RAILWAY COMPANY**

**WABUSH LAKE RAILWAY COMPANY LIMITED**

Mises-en-cause

-and-

**9108-7189 QUÉBEC INC. (doing business as CDC  
EXPORTS)**, a corporation existing pursuant to the laws of  
Québec, having its head office at 551, Rue Notre-Dame,  
Berthierville, Québec, J0K 1A0

**THE REGISTRAR OF THE REGISTER OF PERSONAL  
AND MOVEABLE REAL RIGHTS**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

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**MOTION FOR THE ISSUANCE OF AN APPROVAL AND VESTING ORDER  
WITH RESPECT TO THE SALE OF CERTAIN ASSETS**  
(Sections 11 and 36 *ff.* of the *Companies' Creditors Arrangement Act*)

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TO THE HONOURABLE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTRÉAL, THE WABUSH CCAA PARTIES (AS DEFINED BELOW) SUBMIT:

**1. BACKGROUND**

1. On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial Order commencing these proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies' Creditors Arrangement Act* (the “**CCAA**”) in respect of the Petitioners Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake Railway Company Limited (collectively, the “**Bloom Lake CCAA Parties**”), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record and is communicated herewith for convenience as **Exhibit R-1**.
2. On April 17, 2015, Mr. Justice Hamilton issued, *inter alia*, the following orders:
  - a) an Order (the “**Sale Advisor Order**”), *inter alia*, authorizing the engagement of Moelis & Company LLC as the Bloom Lake CCAA Parties' mergers and acquisitions financial advisor (the “**Sale Advisor**”), as appears from a copy of the Sale Advisor Order, which forms part of the Court record and is communicated herewith as **Exhibit R-2**; and
  - b) an Order (the “**SISP Order**”), *inter alia*, approving sale and investor solicitation procedures (the “**Initial SISP**”) in respect of the Bloom Lake CCAA Parties, as appears from a copy of the SISP Order, which forms part of the Court record and is communicated herewith as **Exhibit R-3**.
3. On May 20, 2015, Mr. Justice Hamilton, issued an Initial Order (as subsequently amended, rectified and/or restated the “**Wabush Initial Order**”) extending the scope of the CCAA Proceedings to the Petitioners Wabush Iron Co. Limited (“**Wabush Iron**”) and Wabush Resources Inc. (“**Wabush Resources**”) and the Mises-en-cause Wabush Mines, an unincorporated contractual joint venture (the “**Wabush Mines JV**”), Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively, the “**Wabush CCAA Parties**”, which Wabush CCAA Parties, together with the Bloom Lake CCAA Parties, are collectively, the “**CCAA Parties**”), as appears from the Initial Order dated May 20, 2015, which forms part of the Court record and is communicated herewith for convenience as **Exhibit R-4**.
4. Pursuant to the Wabush Initial Order, *inter alia*:
  - a) the Monitor was appointed as the monitor of the Wabush CCAA Parties (para. 39 of the Wabush Initial Order) and a stay of proceedings was granted until

June 19, 2015 (the “**Wabush Stay Period**”) (para. 7 ff. of the Wabush Initial Order); and

b) the Wabush CCAA Parties were authorized, subject to approval of the Monitor, sections 11.3 and 36 of the CCAA and further order of the Court, to pursue all avenues to, *inter alia*, market, convey, transfer, assign or in any other manner dispose of the Business or Property (as such terms are defined in the Wabush Initial Order), in whole or part (para. 33(b) of the Initial Order).

5. On June 9, 2015, Mr. Justice Hamilton, issued an order (the “**Wabush Comeback Order**”), *inter alia*:

a) extending the Wabush Stay Period to July 31, 2015;

b) approving the Initial SISP as it relates to the Wabush CCAA Parties, authorizing the amendment and restatement of the Initial SISP *nunc pro tunc*, and approving an amended and restated sale and investor solicitation process in respect of all CCAA Parties (the “**SISP**”), a copy of which is communicated herewith as **Exhibit R-5**; and

c) approving the engagement of the Sale Advisor by the Wabush Parties *nunc pro tunc*;

the whole as appears from the Wabush Comeback Order, which forms part of the Court record and is communicated herewith for convenience as **Exhibit R-6**.

6. On July 30, 2015, Mr. Justice Hamilton issued an order extending the Wabush Stay Period to November 6, 2015, as appears from the Order dated July 30, 2015, which forms part of the Court record and is communicated herewith for convenience as **Exhibit R-7**.

## 2. **ORDERS SOUGHT**

7. The Wabush CCAA Parties hereby seek the issuance of an Approval and Vesting Order substantially in the form of the draft Approval and Vesting Order communicated herewith as **Exhibit R-8** (the “**Draft Approval and Vesting Order**”), which provides, *inter alia*, for the Court’s approval of the proposed transaction (the “**Bunker C Fuel Transaction**”) as set out in the Sale of Goods Agreement dated September 30, 2015 as amended on October 7, 2015 (collectively, the “**Bunker C Fuel Sale Agreement**”) by and between the Petitioners Wabush Iron and Wabush Resources as sellers (collectively, the “**Sellers**”), and the Mise-en-cause 9108-7189 Québec Inc. (doing business as CDC Exports) as purchaser (the “**Purchaser**”).

8. The Bunker C Fuel Sale Agreement is communicated herewith as **Exhibit R-9**.

## 3. **OVERVIEW OF THE PROPOSED TRANSACTION**

9. The Wabush Mines JV is an unincorporated contractual joint venture of the Sellers.

10. The Wabush Mines JV had operated, through its managing agent Cliffs Mining Company, a port facility (the “**Port Facility**”) and a pellet production facility (the “**Pellet**”).



**Plant**”), both located at Pointe-Noire, Québec on the Bay of Sept-Iles and the iron ore mine and processing facility located near the Towns of Wabush and Labrador City, Newfoundland and Labrador known as the Wabush Mine or Scully Mine (the “**Wabush Mine**”).

11. The Wabush Mine had been in operation since 1965. Since 2009 until it was idled in 2014, the Wabush Mine had annual production of between 2.7 million and 3.9 million metric tonnes of iron ore pellets and concentrate.
12. Before it was permanently idled in November 2014, the Wabush Mines JV had used its facilities at the Port Facility for the storage, laydown and transportation of iron ore produced at, among other places, the Wabush Mine.
13. The Port Facility also contained the Pellet Plant which, until it was idled in June 2013, pelletized iron ore concentrate into iron ore pellets, a process by which raw materials are mixed, formed into a pellet and fired into a hard sphere.
14. Iron ore concentrate was transported by rail by the Wabush Lake Railway, and then transferred to the Northern Land Railway, the QNS&L Railway and the Arnaud Railway for shipment from the Port Facility. In some cases, iron ore concentrate was pelletized at the Pellet Plant before shipment from the Port Facility.
15. When the Pellet Plant was operational, it required “Bunker C” fuel for the purposes of heating and pelletizing. In addition, Bunker C fuel was used at the Wabush Mine to fuel fired boilers used for back-up power and to run the iron ore dryer. The Bunker C fuel was contained in certain tanks located at the Port Facility (the “**Tanks**”).
16. The geographical location of the Tanks located at the Port Facility is shown in **Exhibit R-10**.
17. The proposed Bunker C Fuel Transaction contemplates the sale, transfer, assignment, conveyance and delivery by the Sellers to the Purchaser of all of the Sellers’ right, title and interest in and to all of the remaining Bunker C fuel (the “**Purchased Assets**”) contained in the Tanks.
18. The CCAA Parties are in the process of attempting to negotiate a definitive agreement, subject to Court approval, for the sale of the Port Facility to the leading bidder identified in the SISP (the “**Potential Port Facility Purchaser**”). The Potential Port Facility Purchaser has confirmed that the Purchased Assets can be excluded from the potential Port Facility transaction without any impact on the transactions contemplated with the Potential Port Facility Purchaser.

#### **4. THE SALES PROCESS**

19. As outlined above, Mr. Justice Hamilton approved the SISP in respect of the Wabush CCAA Parties and the Bloom Lake Parties and the engagement of the Sales Advisor by the Wabush CCAA Parties *nunc pro tunc*; pursuant to the Wabush Comeback Order. All initially capitalized terms in this section shall have the meanings given to them in the SISP unless otherwise defined herein.

20. The SISP contemplated two phases.
  - a) The first phase of the SISP contemplated delivery of non-binding letters of intent to the Petitioners by the deadline set out in the SISP, being May 19, 2015 (the "**LOI Deadline**").
  - b) A subset of letters of intent received that met certain criteria, were invited to submit binding offers in the second phase by the bid deadline determined by the CCAA Parties, in consultation with the Sale Advisor and the Monitor, being 5:00 p.m. (Montreal time) on July 16, 2015 (the "**Bid Deadline**"), written notice of which was provided to all Qualified Phase I Bidders and posted on the Monitor's Website.
21. The Purchased Assets were made available for sale in the SISP and during the process of seeking liquidation proposals for assets and inventory. Furthermore, the availability of the Wabush CCAA Parties' assets is widely known.
22. The Monitor had some experience in attempting to sell bulk fuel inventory from previous files and it is a very difficult asset on which to realize given the cost and logistical difficulties of removing the fuel from the storage tanks. No proposals superior to the Bunker C Fuel Sale Agreement have been received for the Purchased Assets and the Monitor is satisfied that the efforts to sell the Purchased Assets were reasonable in the circumstances.
23. The Monitor was consulted on and approved the steps taken to seek alternative proposals for the purchase of the Purchased Assets.

## **5. THE SALE AGREEMENT**

### **5.1 The Purchaser**

24. The Purchaser is engaged in the recovery, dismantling, transportation, reassembling and resale of heavy equipment.

### **5.2 Purchase Price**

25. The Sale Agreement contemplates the sale of the Purchased Assets for an aggregate Purchase Price of \$2,000,000 (the "**Purchase Price**"). In addition, the Purchaser is obliged, pursuant to the terms of the Sale Agreement, to clean the Tanks and Tank lines.

### **5.3 Conditions to Closing**

26. The closing of the proposed Transaction contemplated by the Sale Agreement is conditional upon receipt of Court approval for the Sale Agreement, as contemplated by the Approval and Vesting Order sought herein, by not later than November 30, 2015.
27. In addition to Court approval, the Purchaser is permitted, at its sole cost, to test the quality of the Purchased Assets to confirm that the Purchased Assets comply with certain quality standards as enumerated in the Sale Agreement. If the Purchaser fails to conduct the aforementioned quality testing and/or fails to reject the Purchased Assets on the basis that they do not meet the quality standards set out in the Sale Agreement by



October 31, 2015, then the Purchased Assets shall be deemed to have met such quality standards for all purposes.

28. It is expected that the Purchaser will complete the aforementioned quality testing and will advise the Sellers in writing that the testing has been completed and that the quality of the Purchased Assets has been found to comply with the quality standards set out in the Sale Agreement prior to the presentation of the present Motion.

#### **5.4 Closing Mechanics**

29. Pursuant to the Sale Agreement, the Purchaser has paid \$200,000 to the Monitor as a deposit (the "**Deposit**"). The Draft Approval and Vesting Order includes an order authorizing the Monitor to hold the deposit and to apply or disburse the deposit in accordance with the Sale Agreement.
30. The Sale Agreement provides that payment of the balance of the Purchase Price and all applicable taxes to the Monitor is to occur within seven days of the issuance of the Approval and Vesting Order sought in this Motion.
31. Within 48 hours of the payment of the balance of the Purchase Price, the Purchaser is to commence removal of the Purchased Assets from the Tanks, which process is estimated to take up to 70 days to complete.
32. To the extent that any Purchased Assets remain in the Tanks on the 71<sup>st</sup> day following the issuance of the Approval and Vesting Order, title to such Purchased Assets shall, at the election of the Sellers, revert to the Sellers.
33. The Interim Financing Term Sheet (as defined in the Wabush Initial Order (Exhibit R-4)) provides that subject to the Monitor being satisfied that there are sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens (as defined in the Interim Financing Term Sheet), the Wabush CCAA Parties shall repay advances under the Interim Financing Term Sheet from net proceeds from the sale of any Collateral (as defined in the Interim Financing Term Sheet). The Monitor has advised that it is not satisfied that there are sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens and, accordingly, the Purchase Price will be held by the Monitor pending further Order of the Court.

#### **5.5 Overall Assessment**

34. The Wabush CCAA Parties are satisfied that the Purchase Price for the sale of the Purchased Assets is reasonable and fair in the circumstances.
35. The Wabush CCAA Parties are satisfied that the conditions to closing and the closing mechanics should lead to the closing of the proposed Transaction on an expedited basis should this Court approve this Motion and that the closing risks are minimal.

36. Furthermore, the following notable aspects of the Sale Agreement support the approval of the Sale Agreement and of the Transaction contemplated therein:
- a) If the Transaction is not completed for any reason other than:
    - i) the failure or refusal of the Court to issue the Approval and Vesting Order; or
    - ii) the failure of the Purchased Assets to meet the quality standards enumerated in the Sale Agreement subsequent to quality testing expected to be completed by the Purchaser prior to the presentation of the present Motion;the Deposit will be retained;
  - b) The Purchased Assets are being sold on an “as is, where is” basis, “with all faults”, at the Purchaser’s own risk and peril and without recourse;
  - c) The Purchaser is entirely responsible for removing the Purchased Assets from the Tanks at the Port Facility, transferring the Purchased Assets onto vessels under the Purchaser’s management and control, transferring the Purchased Assets offsite and the supplying all the equipment, personnel and materials required to carry out the foregoing, without any responsibility or liability on the part of the Sellers in connection with the removal, transfer and transportation of the Purchased Assets;
  - d) The Purchaser has warranted that, following the removal of the Purchased Assets from the Tanks, it will proceed to clean the Tanks and the Tank lines in accordance with all applicable industry standards and applicable law, and will provide the Sellers with written confirmation from a third-party consultant with expertise in fuel tank clean acceptable to the Sellers that the Tanks and Tank lines are entirely free of fuel oil and other petroleum products, substances and contaminants and are in a condition that permits their use in accordance with all applicable industry standards and applicable law; and
  - e) The Purchaser is entirely responsible for cleaning up any spills or other environmental incidents that occur during the testing, removal, transfer and transport of the Purchased Assets.
37. The Wabush CCAA Parties are satisfied that the criteria set out in section 36 of the CCAA have all been met and understand that the Monitor supports the Bunker C Fuel Transaction and will file a report on the proposed Bunker C Fuel Transaction.

**6. PROCEDURAL MATTERS**

38. The Wabush CCAA Parties submit that the notices given of the presentation of the present Motion are proper and sufficient.

39. Pursuant to paragraph 56 of the Wabush Initial Order, all motions in these CCAA Proceedings are to be brought on not less than ten (10) calendar days' notice to all Persons on the service list. Each motion must specify a date (the "**Initial Return Date**") and time for the hearing.
40. The service of the present Motion serves as notice pursuant to paragraphs 47 and 56 of the Wabush Initial Order.
41. Paragraph 57 of the Wabush Initial Order requires that any Person wishing to object to the relief sought on a motion in the CCAA Proceedings must serve responding motion materials or a notice stating the objection to the motion and grounds for such objection (a "**Notice of Objection**") in writing to the moving party and the Monitor, with a copy to all persons on the service list, no later than 5 p.m. Montréal time on the date that is four (4) calendar days prior to the Initial Return Date (the "**Objection Deadline**"). Accordingly, any parties wishing to object to the relief sought on this Motion must serve responding motion materials or a Notice of Objection by no later than 5 p.m. Montréal time on October 30, 2015.
42. Paragraph 58 of the Wabush Initial Order further provides that if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion may determine whether a hearing is necessary, whether such hearing will be in person, by telephone or in writing and the parties from whom submissions are required (collectively, the "**Hearing Details**").
43. Paragraph 59 of the Wabush Initial Order provides that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.

## 7. CONCLUSIONS

44. In light of the foregoing, the Wabush CCAA Parties hereby respectfully seek the issuance of an Order substantially in the form of the Draft Approval and Vesting Order (Exhibit R-9) which provides for the Court's approval of the Sale Agreement and of the Transaction contemplated therein.
45. The Wabush CCAA Parties further submit that the notices given of the presentation of the present Motion are proper and sufficient because:
  - a) the Wabush CCAA Parties are not aware of any third parties having a lien or charge over the Purchased Assets, save and except the charges created by the Orders issued in these CCAA Proceedings;
  - b) updated searches conducted against the Sellers at the Quebec Register of Personal and Moveable Rights as at October 9, 2015 attached as **Exhibit R-11**, do not disclose any third parties having registered a security interest over the Sellers' interest in the Purchased Assets.
46. The present motion is well founded in fact and in law.



**FOR THESE REASONS, MAY IT PLEASE THE COURT TO:**

**GRANT** the present Motion;

**ISSUE** an order substantially in the form of the Draft Approval and Vesting Order (Exhibit R-8) communicated in support hereof;

**WITHOUT COSTS**, save and except in case of contestation.

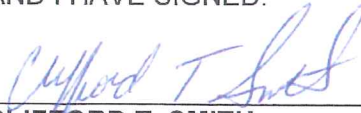
Montréal, October 23, 2015

  
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**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Wabush CCAA Parties

**AFFIDAVIT**

I, the undersigned, **CLIFFORD T. SMITH**, the President of the Petitioners, Wabush Resources Inc. and Wabush Iron Co. Limited and Vice-President of the Mises-en-causes, Arnaud Railway Company and Wabush Lake Railway Company, Limited, having a place of business at 1155 Robert-Bourassa Boulevard (formerly Rue University), Suite 508, in the city and district of Montreal, Québec, solemnly affirm that all the facts alleged in the present *Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of Certain Assets* are true.

AND I HAVE SIGNED:

  
\_\_\_\_\_  
**CLIFFORD T. SMITH**

SOLEMNLY DECLARED before me at  
Cleveland, Ohio  
on this 23<sup>rd</sup> day of October, 2015

  
\_\_\_\_\_  
Notary Public



ADAM D. MUNSON, Atty.  
NOTARY PUBLIC  
STATE OF OHIO  
My Commission Has No  
Expiration Date  
Section 147.03 R.C.

**NOTICE OF PRESENTATION**

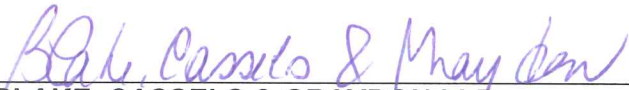
**TO: Service List**

**AND: 9108-7189 QUÉBEC INC.  
(CDC EXPORTS)  
551, Rue Notre-Dame  
Berthierville, Québec, J0K 1A0**

**TAKE NOTICE** that the present *Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of Certain Assets* will be presented for adjudication before the Honourable Stephen W. Hamilton, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montreal, in the Montreal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **November 5, 2015**, at a time and in a room to be determined.

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, October 23, 2015

  
\_\_\_\_\_  
**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Wabush CCAA Parties



CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

**SUPERIOR COURT**

Commercial Division

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

N<sup>o</sup>: 500-11-048114-157

**IN THE MATTER OF THE PLAN OF COMPROMISE OR  
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Petitioners

and

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

Mises-en-cause

and

**9108-7189 QUÉBEC INC. (doing business as CDC  
EXPORTS)  
THE REGISTRAR OF THE REGISTER OF PERSONAL  
AND MOVEABLE REAL RIGHTS**

Mise-en-cause

and

**FTI CONSULTING CANADA INC.**

Monitor

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**LIST OF EXHIBITS**

(In support of the *Motion for the Issuance of an Approval and Vesting Order  
with respect to the Sale of Certain Assets*)


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- |     |   |
|-----|---|
| R-1 | Bloom Lake Initial Order, dated January 27, 2015; |
| R-2 | Sale Advisor Order, dated April 17, 2015;         |
| R-3 | SISP Order dated, April 17, 2015;                 |

- R-4 Wabush Initial Order, dated May 20, 2015;
- R-5 SISP;
- R-6 Wabush Comeback Order, dated June 9, 2015;
- R-7 Order dated July 30, 2015;
- R-8 Draft Approval and Vesting Order;
- R-9 Sale Agreement;
- R-10 Geographical location of the Tanks;
- R-11 RDPRM Searches.

The exhibits are available at the following link:

<https://blakes.sharefile.com/d-s7ff50787038420c9>

Montréal, October 23, 2015

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**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Wabush CCAA Parties

N°: 500-11-048114-157

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**SUPERIOR COURT  
DISTRICT OF MONTREAL  
(Commercial Division)**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF:**

**BLOOM LAKE GENERAL PARTNER LIMITED & AL.**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP & AL.**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

-and-

**9108-7189 QUÉBEC INC. & AL.**

Mise-en-cause

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**MOTION FOR THE ISSUANCE OF AN APPROVAL  
AND VESTING ORDER WITH RESPECT TO THE  
SALE OF CERTAIN ASSETS, AFFIDAVIT, NOTICE  
OF PRESENTATION AND EXHIBITS**

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**ORIGINAL**

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**M<sup>re</sup> Bernard Boucher**

**BB-8098**

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Our File: 11573-371

