

C A N A D A

PROVINCE OF QUÉBEC  
DISTRICT OF **MONTREAL**

**SUPERIOR COURT**

Commercial Division

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

N°: **500-11-048114-157**

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

**BLOOM LAKE GENERAL PARTNER LIMITED**

-and-

**QUINTO MINING CORPORATION**

-and-

**8568391 CANADA LIMITED**

-and-

**CLIFFS QUÉBEC IRON MINING ULC**

-and-

**WABUSH IRON CO. LIMITED**, a corporation incorporated pursuant to the laws of the State of Ohio, U.S.A., having its registered office at 200 Public Square, Suite 3300, Cleveland, Ohio, U.S.A.

-and-

**WABUSH RESOURCES INC.**, a corporation incorporated pursuant to the laws of Canada, having its head office at 1155 Rue University, Suite 508, Montréal, Québec

Petitioners

-and-

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

-and-

**BLOOM LAKE RAILWAY COMPANY LIMITED**

-and-

**WABUSH MINES**, an unincorporated contractual joint

venture of Wabush Resources Inc. and Wabush Iron Co. Limited, governed by the laws of Newfoundland and Labrador, having its head office at 1505 Chemin Pointe-Noire, C.P. 878, Sept-Iles, Québec

-and-

**ARNAUD RAILWAY COMPANY**, a corporation incorporated pursuant to the laws of Québec, having its head office at 1155 Rue University, Suite 508, Montréal, Québec

-and-

**WABUSH LAKE RAILWAY COMPANY, LIMITED**, a corporation incorporated pursuant to the laws of Newfoundland, having its head office at 1155 Rue University, Suite 508, Montréal, Québec

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

### **MOTION FOR THE ISSUANCE OF AN INITIAL ORDER**

(Sections 4, 5, 11 and *ff.* of the *Companies' Creditors Arrangement Act* ("CCAA"))

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**TO MR. JUSTICE STEPHEN W. HAMILTON OR ONE OF THE OTHER HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE WABUSH CCAA PARTIES SUBMIT:**

**1. BACKGROUND**

1. On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial order (as amended on February 20, 2015 and as further amended from time to time, the "**Bloom 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 ("**Bloom Lake GP**"), Quinto Mining Corporation ("**Quinto**"), 8568391 Canada Limited ("**8568391**") and Cliffs Québec Iron Mining ULC ("**CQIM**") (collectively, the "**Bloom Lake Petitioners**") and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership ("**Bloom Lake LP**") and Bloom Lake Railway Company Limited ("**Bloom Lake Railway Company**") (collectively, the "**Bloom Lake Mises-en-cause**"; collectively with the Bloom Lake Petitioners, the "**Bloom Lake**

**CCAA Parties**"), as appears from the Initial Order communicated herewith as **Exhibit R-1**.

2. The Bloom Lake CCAA Parties are affiliated companies and their activities, together, comprise substantially all of the Canadian operations of, and related to, the mine located approximately 13 km north of Fermont, Québec in the Labrador Trough, a mature mining district located in Québec and Labrador, known as the Bloom Lake Mine (the "**Bloom Lake Mine**") and the Leased Port Premises (as defined in the Bloom Lake CCAA Parties' Motion for the Issuance of an Initial Order, communicated herewith as **Exhibit R-2** (the "**Motion for Bloom Initial Order**")).
3. Pursuant to the Bloom Initial Order (Exhibit R-1), *inter alia*:
  - a) FTI Consulting Canada Inc. was appointed as monitor of the Bloom Lake CCAA Parties (the "**Monitor**") (para. 39 *ff.* of the Bloom Initial Order);
  - b) a stay of proceedings was initially ordered for the Bloom Lake CCAA Parties until February 26, 2015, was extended by Order dated February 20, 2015 to April 30, 2015 and was further extended by way of an Order dated April 17, 2015 to July 31, 2015 (para. 8 *ff.* of the Bloom Initial Order, by way of para. 6 of the stay extension Order rendered on April 17, 2015 communicated herewith as **Exhibit R-3**);
  - c) procedural consolidation was ordered in respect of the Bloom Lake CCAA Parties (para. 7 of the Bloom Initial Order); and
  - d) the following priority charges were granted:
    - i) a Directors' Charge (as defined in the Bloom Initial Order) of \$2.5 million (para. 31 of the Bloom Initial Order), ranking ahead of all Encumbrances (as defined in the Bloom Initial Order) (para. 47 of the Bloom Initial Order);
    - ii) an Administration Charge (as defined in the Bloom Initial Order; collectively with the Directors' Charge, the "**CCAA Charges**") of \$2.5 million, ranking ahead of all Encumbrances (para. 47 of the Bloom Initial Order); and
    - iii) a Sale Advisor Charge (as defined in the Bloom Initial Order) of US\$8 million (para. 32.1 of the Bloom Initial Order, by way of para. 6 of the sale advisor appointment Order rendered on April 17, 2015 communicated herewith as **Exhibit R-4** (the "**Sale Advisor Order**")), with priority over all claims of the unsecured creditors of the Bloom Lake CCAA Parties, but subordinated to the CCAA Charges and all secured claims (para. 47.1 of the Bloom Initial Order, by way of para. 8 of the Sale Advisor Order (Exhibit R-4)).

4. Since the issuance of the Bloom Initial Order, the Bloom Lake CCAA Parties have, *inter alia*:
  - a) obtained an order approving a sale and investor solicitation process (as it relates to the Bloom Lake CCAA Parties, the "**SISP**"), as appears from the Order dated April 17, 2015 communicated herewith as **Exhibit R-5** (the "**SISP Order**");
  - b) obtained Court approval of the engagement of Moelis & Company LLC (as it relates to the Bloom Lake CCAA Parties, "**Sale Advisor**"), as appears from the Sale Advisor Order (Exhibit R-4);
  - c) obtained Court approval for the lease of the ArcelorMittal Mining Camp (as defined in the Motion for Bloom Initial Order (Exhibit R-2)) by 8568391 to a third party, as appears from the Order dated April 17, 2015 communicated herewith as **Exhibit R-6** (the "**Mining Camp Lease Order**"); and
  - d) obtained the issuance of an Order dated April 27, 2015 and communicated herewith as **Exhibit R-7** (the "**Chromite Approval and Vesting Order**"), in respect of CQIM, approving the sale by CQIM of the entirety of its shares of companies operating the Ring of Fire, in the context of the divestiture by CQIM and other related parties of substantially all of CQIM and CNR's (as defined below) indirect investment in a mining district in northern Ontario known as the "**Ring of Fire**", which transaction closed on April 28, 2015.
5. This Motion is to extend the CCAA protection granted to the Bloom Lake CCAA Parties to five additional entities, as described below, to facilitate the reorganization of each of their businesses and operations. More specifically, the Wabush CCAA Parties (as described below) hereby seek the issuance of an Initial Order substantially in the form and substance of the Draft Wabush Initial Order communicated herewith as **Exhibit R-8** (the "**Draft Wabush Initial Order**").

## 2. THE WABUSH CCAA PARTIES

6. The Petitioners, Wabush Iron Co. Limited ("**Wabush Iron**") and Wabush Resources Inc. ("**Wabush Resources**") (collectively, the "**Wabush Petitioners**"; collectively with the Bloom Lake Petitioners, the "**Petitioners**"), are debtor companies under the CCAA.
7. Wabush Mines ("**Wabush Mines JV**") is an unincorporated contractual joint venture of Wabush Iron and Wabush Resources. Like the Bloom Lake Mises-en-cause, it is not a petitioner in these CCAA Proceedings but seeks to have the protections and authorizations of these CCAA Proceedings extended to it as it is intertwined with the Wabush Petitioners and forms an integral part of the business, operations and/or assets of certain of the Wabush Petitioners and more specifically, the iron ore mine and processing facility located near the Town of Wabush and Labrador City, Newfoundland and Labrador (the "**Wabush Mine**") and the Pointe-Noire Port (both as defined and described more fully below).

8. Each of Arnaud Railway Company ("**Arnaud**"), and Wabush Lake Railway Company, Limited ("**Wabush Lake Railway Company**"; collectively with Arnaud and Wabush Mines JV, the "**Wabush Mises-en-cause**"; collectively with the Bloom Lake Mises-en-cause, the "**Mises-en-cause**") provide essential transportation services (as more fully described below) to certain of the Wabush CCAA Parties (as defined below).
9. Arnaud and Wabush Lake Railway Company also seek to have the protections and authorizations of these CCAA Proceedings extended to them as they are also intertwined with the Wabush Petitioners and form an integral part of the business, operations and/or assets of the Wabush Mines JV and more specifically, the Wabush Mine and the Pointe-Noire Port.
10. The restructuring of the Wabush CCAA Parties and the prospects of finding potential investors and/or purchasers for some or all of the Wabush CCAA Parties or their assets would be significantly enhanced if the Wabush Mises-en-Cause are included as CCAA Parties in these CCAA Proceedings.
11. As described herein, the Wabush Petitioners and the Wabush Mises-en-cause (collectively, the "**Wabush CCAA Parties**") and the Bloom Lake CCAA Parties (collectively with the Wabush CCAA Parties, the "**CCAA Parties**") are affiliated companies and their activities, together, comprise substantially all of the Canadian operations of CQIM (as defined below), particularly, ownership and operation of the Bloom Lake Mine, the Wabush Mine, the Pointe-Noire Port and three railway operations: Arnaud Railway, Wabush Lake Railway and Bloom Lake Railway (each as defined below).
12. A chart illustrating the basic corporate structure of the CCAA Parties, including the Wabush CCAA Parties, is communicated herewith as **Exhibit R-9**.
13. All of the CCAA Parties, with the exception of Bloom Lake GP and Bloom Lake LP, are indirect wholly-owned subsidiaries of Cliffs Natural Resources Inc. ("**CNR**"), an international mining and natural resources company listed on the New York Stock Exchange under the symbol "CLF".
14. Neither CNR nor any of its non-Canadian subsidiaries (other than Wabush Iron) are petitioners or mises-en-cause in these CCAA Proceedings.
15. Various market and economic factors, such as the significant fall in global commodity prices, have affected the value and feasibility of the Wabush Mine assets similar to the effect on the Bloom Lake Mine as described in the Motion for Bloom Initial Order (Exhibit R-2).
16. In June 2013, the Wabush Mines JV idled Pointe-Noire Pellets (as defined below).
17. On February 11, 2014, in addition to announcing that CNR was exploring strategic alternatives for the Bloom Lake Mine, CNR announced plans to idle the Wabush Mine by the end of the first quarter of 2014. The idle was being driven by the unsustainable high cost structure, which resulted in operations that were not viable over time as appears

from a press release issued by CNR on February 11, 2014 communicated herewith as **Exhibit R-10**.

18. The Wabush Mines JV suspended operations at Wabush Mine in March 2014. In November 2014, Wabush Mines JV commenced the process of permanently idling the Wabush Mine which involved the permanent shutdown of the Wabush Mine. As described below, a Wabush Mine Closure Plan (as defined below) with respect to the reclamation of the Wabush Mine has been filed with and accepted by the Newfoundland and Labrador Department of Natural Resources, the implementation of which is subject to an environmental assessment review process.
19. Prior to and after the permanent idling of the Wabush Mine, the Wabush CCAA Parties have invested significant time and effort to finding buyers or investors for the operations and/or assets of the Wabush CCAA Parties.
20. The assets of the Wabush CCAA Parties are included in the SISF that is currently being conducted by the Sales Advisor.
21. None of the Wabush CCAA Parties have been generating any revenue since November 2014 and as a result of the permanent idling of the Wabush Mine and Pointe-Noire Pellets, are not expected to generate any revenue in the foreseeable future. However, the Wabush CCAA Parties continue to incur obligations in connection with the maintenance of the idled Wabush Mine, Pointe-Noire Pellets and the Pointe-Noire Port.
22. Although Cliffs Mining Company ("**CMC**"), the parent of Wabush Iron, had provided some funding to the Wabush CCAA Parties to fund their losses, CMC is no longer prepared in the circumstances to continue to fund further losses of the Wabush CCAA Parties except as may be required by the Wabush CCAA Parties to administer and execute the proposed CCAA proceedings described herein and in such case only on a priority secured basis.
23. As a result of this, the Wabush CCAA Parties are facing a liquidity crisis, in that they are no longer capable of meeting their obligations as they generally become due without outside financing, and the value of their assets appears to be less than their liabilities.
24. The Wabush CCAA Parties have become insolvent and therefore seek the protection of this Court from their creditors under the CCAA, as the Bloom Lake CCAA Parties have obtained.
25. CMC has agreed to finance the Wabush CCAA Parties execution and administration of these CCAA Proceedings by way of interim financing in accordance with the terms of an interim financing term sheet dated as of May 19, 2015 (the "**Interim Financing Term Sheet**") that has been presented to Wabush Iron and Wabush Resources, as borrowers, in an amount up to USD \$10 million (the "**Interim Facility**"). The whole of the Interim Financing Term Sheet is communicated herewith as **Exhibit R-11**.

26. The Interim Facility is to be guaranteed by Arnaud and Wabush Lake Railway Company and secured by a priority charge securing up to \$15 million over the assets of the Wabush CCAA Parties (the "Interim Lender Charge").
27. While the Wabush CCAA Parties had hoped that they would be able to address their financial challenges outside of a CCAA filing, circumstances that have developed over the last several months, including continued disputes with third parties arising from material contracts and on-going arbitration and other proceedings, and their inability to obtain funding to pay for their on-going obligations outside of a CCAA proceeding, have led them to seek creditor protection under the CCAA.
28. The inclusion of the Wabush CCAA Parties in these CCAA Proceedings will:
  - a) provide the Wabush CCAA Parties with a more efficient and streamlined process to attempt to preserve the value of their businesses and assets under the supervision of the Court;
  - b) provide the Wabush CCAA Parties with the stability and protection from their creditors to allow them to consider and review all restructuring and reorganization options for the benefit of all of their stakeholders and obtain the liquidity needed to fund their post-filing obligations as they become due and owing by way of the Interim Facility secured by the Interim Lender Charge; and
  - c) enhance the SISP prospects as it will provide interested bidders in the Wabush CCAA Parties' businesses and assets with a Court supervised process and the opportunity to obtain a vesting order with respect to the assets of the Wabush CCAA Parties as well as simplifying transactions with any party that may be interested in acquiring assets of both the Bloom Lake CCAA Parties and the Wabush CCAA Parties.
29. The need for extending the consolidation of these CCAA proceedings in respect of the Bloom Lake CCAA Parties to include the Wabush CCAA Parties is for administrative purposes only at this time and shall not effect a consolidation of the assets and property of the CCAA Parties, including for the purposes of any plan or plans of arrangement that may be hereafter proposed.
30. Unless expressly provided to the contrary, any reference herein to monetary amounts refers to Canadian dollars.

### **3. THE WABUSH CCAA PARTIES' CORPORATE STRUCTURE**

31. As set out above, a chart setting out the corporate structure of the CCAA Parties is shown in Exhibit R-9.

### **3.1 Wabush Mines JV**

32. The Wabush Mines JV is an unincorporated contractual joint venture of the Wabush Petitioners. CMC, the parent company of Wabush Iron, is the managing agent of the Wabush Mines JV.
33. Prior to 2010, CNR had an indirect minority interest in the Wabush Mines JV. In 2010, CNR, through its wholly-owned subsidiaries, purchased the shares of Wabush Resources from ArcelorMittal Dofasco Inc. and the general and limited partnership units of the HLE Mining Limited Partnership from U.S. Steel Canada Inc. for approximately USD \$90,000,000.
34. Following the acquisition of these interests and a series of corporate re-organizations, CNR indirectly became the sole owner of the Wabush Mines JV through Wabush Resources and Wabush Iron.
35. The Wabush Mines JV operated, through its managing agent CMC, the port facilities (the "**Pointe-Noire Port**") and a pellet production facility ("**Pointe-Noire Pellets**"), both located at Pointe-Noire, Québec on the Bay of Sept-Iles and the Wabush Mine.
36. As described below, the Wabush Mines JV owns Pointe-Noire Pellets and certain lands at the Pointe-Noire Port and has a servitude over a dock and adjacent lands managed by the Sept-Iles Port Authority (the "**Port Authority**").
37. In June 2013, the Wabush Mines JV idled Pointe-Noire Pellets.
38. In March 2014, the operations at Wabush Mine were suspended and were permanently idled in November 2014.

### **3.2 Wabush Resources**

39. Wabush Resources is a corporation incorporated pursuant to the laws of Canada, having its head office located at 1155 Rue University, Suite 508, Montreal, Québec (the "**Montréal Head Office**") as it appears from page 5 of the CNR 2013 Annual Report communicated herewith as **Exhibit R-12**.
40. Wabush Resources is a wholly-owned subsidiary of CQIM.
41. Wabush Resources holds a 73.2% undivided interest in the assets of Wabush Mines JV, including the leases, freehold interests in real property located in Québec and Newfoundland and Labrador and a servitude over a dock managed by the Port Authority at the Pointe-Noire Port.
42. Wabush Resources, together with Wabush Iron, own 100% of Arnaud and Wabush Lake Railway Company, as detailed below.



43. Wabush Resources also holds an interest in certain shares of the following entities: Twin Falls Power Corporation ("**Twin Falls**") (18.73% of the outstanding Class B Shares, carrying one vote per share) and Knoll Lake Minerals Limited ("**Knoll Lake**") (42.6%).
44. The remaining shareholders of Twin Falls are Wabush Iron (6.866% of the outstanding Class B Shares, carrying one vote per share), Iron Ore Company of Canada (74.404% of the outstanding Class B Shares, carrying one vote per share) and Churchill Falls (Labrador) Corporation Limited (100% of the outstanding Class A Shares, carrying four votes per share).
45. The remaining shareholders of Knoll Lake are Wabush Iron (15.6%) and MFC Industrial Ltd., now known as MFC Resource Partnership ("**MFC**"), and other minority shareholders (41.8%).
46. Wabush Resources' sole activity is its joint venture participation in the Wabush Mines JV.
47. Wabush Resources has no employees. As noted above, all employees at Wabush Mine and the Pointe-Noire Port are employees of Wabush Mines JV.

### **3.3 Wabush Iron**

48. Wabush Iron is a corporation incorporated pursuant to the laws of the state of Ohio, U.S.A. with its office located at 200 Public Square, Suite 3300, Cleveland, Ohio, U.S.A., as appears from the company details search conducted with the Ohio Secretary of State, U.S.A. communicated herewith as **Exhibit R-13**.
49. Wabush Iron is a wholly-owned subsidiary of CMC, a Delaware corporation.
50. Wabush Iron's sole activity is its joint venture participation in the Wabush Mines JV.
51. Wabush Iron holds a 26.8% undivided interest in the assets of Wabush Mines JV, including leases, freehold interests in real property located in Québec and Newfoundland and Labrador and a servitude over a dock managed by the Port Authority at the Pointe-Noire Port.
52. Wabush Iron, together with Wabush Resources, own 100% of Arnaud and Wabush Lake Railway Company, as detailed below.
53. Wabush Iron also holds an interest in certain shares of the following entities: Twin Falls (6.866% of the outstanding Class B Shares, carrying one vote per share), Knoll Lake (15.6%) and Northern Land Railway Company (50%).
54. The other shareholders of Twin Falls and Knoll Lake are described above. Iron Ore Company of Canada is the remaining shareholder of Northern Land Railway Company (50%).

55. Wabush Iron has no employees. All employees at Wabush Mine and the Pointe-Noire Port are employees of Wabush Mines JV.

### **3.4 Arnaud**

56. Arnaud is a federally regulated railway incorporated pursuant to the laws of Québec, having its head office located at the Montréal Head Office as appears from page 5 of the CNR 2013 Annual Report (Exhibit R-12).
57. Arnaud is owned by Wabush Resources (75%) and Wabush Iron (25%).
58. Arnaud's primary business is the operation of the Arnaud Railway running from Arnaud Junction, Québec to the Port of Sept-Iles ("**Arnaud Railway**"), for the delivery of iron ore concentrate from the Bloom Lake Mine and the Wabush Mine to the Pointe-Noire Port in the Port of Sept-Iles.
59. The last shipment of iron ore concentrate from Bloom Lake Mine was delivered to the Port of Sept-Iles for loading on a ship operated by a customer of Bloom Lake LP on December 24, 2014.

### **3.5 Wabush Lake Railway Company**

60. Wabush Lake Railway Company is a federally regulated railway incorporated pursuant to the laws of Newfoundland and Labrador, having its head office at the Montréal Head Office as it appears from page 5 of the CNR 2013 Annual Report (Exhibit R-12).
61. Wabush Lake Railway Company is owned by Wabush Resources (73.2%) and Wabush Iron (26.8%).
62. The Wabush Lake Railway Company's primary business is the operation of a railway (the "**Wabush Lake Railway**"). The Wabush Lake Railway connects the Wabush Mine to the Northern Land Railway for the transport of iron ore concentrate from the Wabush Mine through the Québec North Shore and Labrador Railway (the "**QNS&L Railway**") and the Arnaud Railway to the Pointe-Noire Port at the Port of Sept-Iles.
63. As a result of the idling of the Wabush Mine, Wabush Lake Railway Company has not transported iron ore concentrate since September, 2014.
64. Wabush Lake Railway Company has no employees.

### **3.6 The CCAA Parties' activities are conducted on a consolidated basis**

65. The head offices of each of the Bloom Lake CCAA Parties and Wabush Resources, Arnaud and Wabush Lake Railway Company are located at the Montréal Head Office, the whole as it appears from page 5 of the CNR 2013 Annual Report (Exhibit R-12).
66. CQIM provides management and administrative support to the entities which manage the Wabush Mine.

67. The Wabush CCAA Parties' activities are conducted on a consolidated basis with the Bloom Lake CCAA Parties, as more fully appears from pages 7, 32-33, 61-62 of the CNR 2013 Annual Report (Exhibit R-12).
68. The significant majority of the CCAA Parties' revenues and their liabilities have been derived from their operations in Québec.
69. The Bloom Lake Mine, Arnaud Railway and the Pointe-Noire Port, all of which are located in Québec, are expected to be the assets of the CCAA Parties with the highest values.
70. As at May 19, 2015, approximately 17 of the 23 active employees of the Wabush CCAA Parties were located in Québec.
71. In light of the above, the procedural consolidation of these CCAA Proceedings for administrative purposes in respect of the CCAA Parties is appropriate and necessary.

#### **4. THE WABUSH CCAA PARTIES' BUSINESSES AND AFFAIRS**

##### **4.1 Wabush Mine**

72. The Wabush Mine is an iron ore mine and processing facility located near Wabush City and Labrador City, Newfoundland and Labrador in the Labrador Trough. A map showing the geographical location of the Wabush Mine and the site is communicated herewith as **Exhibit R-14**.
73. The Wabush Mine had been in operation since 1965. Since 2009 until it was idled in 2014, the Wabush Mine had annual productions of between 2.7 million and 3.9 million metric tonnes of iron ore pellets and concentrate.
74. CNR has indirectly invested approximately USD \$221.2 million in the Wabush Mine since February 2010.
75. As a result of the depressed global market for steel, particularly in Asia, the corresponding significant decline in the price for iron ore, and the high cost structure of the Wabush Mine, operations at the Wabush Mine were not economically sustainable. Therefore, mining operations at the Wabush Mine were suspended in March 2014.
76. Subsequently, the Wabush Mines JV moved to permanently idle the Wabush Mine. This process was completed in November 2014 and a Wabush Mine Closure Plan (as defined below) has been filed with and accepted by the Newfoundland and Labrador Department of Natural Resources, the implementation of which is subject to an environmental assessment review process.
77. For 2014, the idling costs, employment related expenditures and other expenditures of the Wabush Mines JV related to the closure of the Wabush Mine were approximately USD \$105 million.

78. The right of Wabush Mines JV to conduct mining operations at the Wabush Mine arises primarily under a mining sub-sublease with MFC. That sub-sublease is the September 2, 1959 Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited, as lessor (now MFC) and Wabush Iron, as lessee, as amended (the "**Wabush Sublease**").
79. Operations at the Wabush Mine consisted of an open pit truck and shovel mine and a concentrator that utilizes single stage crushing, autogenous grinding mills and gravity separation to produce iron ore concentrate.
80. Similar to the Bloom Lake Mine, iron ore concentrate from the Wabush Mine 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 delivery to and shipment from the Pointe-Noire Port.

#### **4.2 Pointe-Noire Port**

81. The geographical location of the Pointe-Noire Port is as shown in **Exhibit R-14**.
82. Wabush Mines JV has a servitude over one dock and adjacent lands at the Pointe-Noire Port. Wabush Mines JV also owns certain real property and infrastructure at the Pointe-Noire Port, including Pointe-Noire Pellets. Wabush Mines had used its facilities at the Pointe-Noire Port for storage, laydown and transportation of iron ore produced at both the Wabush Mine and the Bloom Lake Mine. As described above, 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 Pointe-Noire Port. Iron ore concentrate was then loaded onto transshipping vessels from Dock 31.
83. Transshipping was required because Dock 31 is limited in the size of ships which it can receive. Accordingly, iron ore for many customers must be loaded onto smaller "transshipping" ships which ferry multiple loads out to ocean-going vessels a short distance off-shore in the Bay of Sept-Iles for transport to overseas customers.
84. Wabush Mines JV requested and was refused authorization by the Port Authority to conduct dredging work and install a new loading system on the dock in order to permit the loading of larger ships at the dock and eliminate the need for transshipping in an effort to reduce operating costs.
85. The Port Authority's refusal to provide these work authorizations has been the subject of legal proceedings before the Québec Superior Court initiated by the Wabush CCAA Parties. Such legal proceedings have since been discontinued by the Wabush CCAA Parties.
86. As described below in section 6.13, proceedings involving Arnaud and the Port Authority before the Canadian Transportation Agency (the "**Agency**") are continuing before the Federal Court of Appeal.

**4.3 Employees**

87. Prior to the permanent idling of the Wabush Mine, the Wabush Mines JV was a significant employer in the areas of the Towns of Wabush and Labrador City, Newfoundland and Labrador and Pointe-Noire, Québec.
88. Prior to the permanent idling of the Wabush Mine in November 2014 and the last shipment of iron ore from the Pointe-Noire Port, the Wabush Mines JV employed approximately 600 employees in its operations at the Wabush Mine and the Pointe-Noire Port.
89. Following the permanent idling of the Wabush Mine and the last shipment of iron ore from the Pointe-Noire Port, employment numbers for Wabush Mines JV have dropped significantly. As described in the following chart, as at May 19, 2015, the Wabush Mines JV employs approximately 23 active employees in its operations at the Wabush Mine and the Pointe-Noire Port and approximately 168 hourly employees on lay-off at the Point-Noire Port.

<b>Employer / (Location)</b>	<b>Active – Salaried Employees</b>	<b>Active – Hourly Employees</b>	<b>Non-Active (Leave of Absence/ Leave with Pay)</b>	<b>Hourly Lay-off subject to recall rights</b>	<b>Total Employees (Salaried, Hourly, Leave, Lay-Off)</b>
Wabush Mines JV / (Wabush Mine)	6	0	0	0	6
Wabush Mines JV / (Pointe-Noire Port)	11	6	0	168	185
<b>TOTAL</b>	<b>17</b>	<b>6</b>	<b>0</b>	<b>168</b>	<b>191</b>

**4.3.1 Employees at Wabush Mine**

90. There are presently approximately 6 salaried employees at Wabush Mine. As of December 31, 2014, all hourly employees for the Wabush Mine have been terminated as a result of the permanent idling of the Wabush Mine.

**4.3.2 Employees at the Pointe-Noire Port**

91. Hourly employees at the Pointe-Noire Port are represented by the United Steelworkers Local 6254. A new collective agreement was entered into effective March 2, 2014 which expires on February 29, 2020.

92. Prior to December 2013, employees at the Pointe-Noire Port and employees of Arnaud were covered by the same bargaining certificate and collective bargaining agreement, and were on the payroll of the Wabush Mines JV. Arnaud employees remained on the Wabush Mines JV payroll until the termination of their employment.
93. Pursuant to a decision rendered by the Canadian Industrial Relations Board on December 18, 2013 on an application brought by Arnaud and the union, Arnaud is considered to be a federally regulated enterprise.
94. Operations at the Pointe-Noire Port were comprised of port operations, Pointe-Noire Pellets, railroad operation and related administrative functions. Certain employees of Pointe-Noire Pellets were laid off in 2013 prior to the permanent idling of the Wabush Mine in 2014 and the transition of the Bloom Lake Mine to care and maintenance mode. Additional lay-offs took place in November 2014 when the Wabush Mine was permanently idled.
95. Certain railroad and port operations and administrative functions continued at the Pointe-Noire Port after the closure of Pointe-Noire Pellets, the permanent idling of the Wabush Mine and the care and maintenance of the Bloom Lake Mine in order to deal with shipments of remaining iron ore from Bloom Lake Mine. On or about January 15, 2015, the last shipment of iron ore was dispatched from the Pointe-Noire Port and these remaining operations then ceased.
96. Unionized employees at the Pointe-Noire Port have a minimum of 36 months recall rights and up to a maximum of 5 years depending on the employee's years of service and subject to the terms of their collective bargaining agreement.

#### **4.3.3 Employee Entitlements**

97. Consistent with the treatment of employees of the Bloom Lake CCAA Parties, all salaried employees of the Wabush CCAA Parties who have been terminated on or before the date of this Motion have received their accrued and unpaid wages (including any bonuses), accrued and unpaid vacation indemnities (calculated as per company policies) and statutory severance and termination entitlements ("**Employee Entitlements**").
98. In order to treat all employees equally, the Wabush CCAA Parties intend to pay Employee Entitlements to all other salaried employees who are terminated without cause in the future.
99. With the exception of vacation pay indemnities described below, all hourly employees of the Wabush CCAA Parties who have been laid off have been provided with their Employee Entitlements. In order to treat all employees equally, the Wabush CCAA Parties intend to pay Employee Entitlements to all other hourly employees who are laid off in the future.
100. There is approximately \$1.6 million of obligations relating to accrued vacation pay indemnities, of which \$1.4 million relate to the hourly active and laid off employees. The

amount of vacation pay indemnities for hourly employees is not included in the May 18 Forecast (as defined below) as the timing of the payment of a majority of this amount is uncertain.

101. All salaried and hourly employees of the Wabush CCAA Parties who have been terminated and all employees who are on lay-off have been provided with all regular group insurance coverage (with the exception of long and short-term disability coverage) for 16 weeks from their respective date of lay-off.
102. As with Employee Entitlements, the Wabush CCAA Parties intend to continue to pay and provide these benefits to all other salaried and hourly employees who are terminated without cause or laid-off in the future.
103. The estimated amounts in respect of the pre-filing and post-filing Employee Entitlements and continuation of benefits as set out above are included in the Wabush CCAA Parties' weekly cash flow forecast to August 14, 2015 discussed in more detail below (as such cash flow forecast may be amended from time to time, the "**May 18 Forecast**") and communicated herewith as **Exhibit R-15**.
104. All statutory employer remittances are current.

#### **4.4 Pension Plans**

##### **4.4.1 Defined Contribution Schemes**

105. The pension plans for salaried employees at the Wabush Mine hired on or after January 1, 2013 are defined contribution schemes. These are the same defined contribution schemes as are maintained for the employees at the Bloom Lake Mine and the Montréal Head Office, which are described in the Motion for Bloom Initial Order (Exhibit R-2).
106. Wabush Mines JV is the administrator of these defined contribution schemes.
107. Contributions under the defined contribution scheme are paid with each payroll. The defined contribution schemes also includes an employer matching provision whereby the employer contributes up to 6% of each employee's eligible wages with each payroll.
108. All employee and employer contributions are paid current and future contribution amounts have been included in the May 18 Forecast.

##### **4.4.2 Defined Benefit Plans**

109. The pension plan for salaried employees at the Wabush Mine and the Pointe-Noire Port hired before January 1, 2013 is a defined benefit plan and is called the Contributory Pension Plan for Salaried Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company (the "**Salaried DB Plan**").
110. The pension plan for unionized hourly employees at the Wabush Mine and Pointe-Noire Port is also a defined benefit plan and is called the Pension Plan for Bargaining Unit

Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company (the “**Hourly DB Plan**” and together with the Salaried DB Plan, the “**DB Plans**”).

111. Wabush Mines JV is the administrator of the DB Plans.
112. Based on a valuation as at January 1, 2014 (the “**2014 Valuation**”), the wind-up deficiency for the DB Plans was estimated to be a total of \$26,522,582, consisting of \$10,718,471 for the Salaried DB Plan and \$15,804,111 for the Hourly DB Plan.
113. Based on estimates received from the Wabush CCAA Parties’ pension consultant, the Wabush CCAA Parties believe the estimated wind-up deficiencies for the DB Plans as at January 1, 2015 to be a total of approximately \$41.5 million, consisting of approximately \$18.2 million for the Salaried DB Plan and approximately \$23.3 million for the Hourly DB Plan.
114. All monthly normal cost and amortization payments in respect of the DB Plans for January through April, 2015 have been paid in full.
115. The monthly normal cost payments for the DB Plans for 2015 based on the 2014 Valuation are approximately \$50,494.83 (Hourly DB Plan) and \$41,931.25 (Salaried DB Plan) for a total monthly normal cost payment of \$92,460.08 (the “**Normal Cost Payments**”). The Normal Cost Payments are included in the May 18 Forecast.
116. The Wabush CCAA Parties are also paying monthly amortization payments based on the 2014 Valuation of \$393,337.00 (Hourly DB Plan) and \$273,218.58 (Salaried DB Plan) for a total monthly amortization payment of \$666,555.58 (the “**Monthly Amortization Payments**”).
117. In addition to the Monthly Amortization Payments, the Wabush CCAA Parties are also required to make a lump sum “catch-up” amortization payment (the “**Yearly Catch Up Amortization Payment**”) for the DB Plans estimated to be approximately \$5.5 Million due in July 2015.
118. The Wabush CCAA Parties do not have any funding available to continue to pay the Monthly Amortization Payments or to pay the Yearly Catch-Up Amortization Payment due in July 2015 as the proposed Interim Financing Term Sheet prohibits such payments post-filing. As a result, the Monthly Amortization Payments and the Yearly Catch Up Amortization Payment, and any adjustments thereto as noted in paragraph 119 below, are not included in the May 18 Forecast.
119. Updated actuarial valuations as at January 1, 2015 will be completed, which may adjust the amount of the monthly normal cost and amortization payments set out above. However, these updated actuarial valuations are not required to be filed (or available) until June 30, 2015, and therefore no adjustments will be made to the amount of monthly normal cost and amortization payment liabilities until that time.



#### **4.4.3 Other Post-Retirement Benefits**

120. The CCAA Parties currently provide other post-retirement employee benefits ("**OPEB**"), including life insurance and health care, to former hourly and salaried employees of its Canadian subsidiaries hired before January 1, 2013, which vary based on whether retirees were formerly members of a bargaining unit or were non-unionized salaried employees.
121. Approximately 933 retired employees and 16 active employees are currently fully eligible for retirement benefits.
122. As of December 31, 2014, accumulated benefits obligations for post-retirement benefits ("**ABO**") totaled approximately \$52.1 million.
123. The premiums required to fund the foregoing OPEBs are approximately \$182,000 a month.
124. In addition to the foregoing, there is a supplemental retirement arrangement plan (the "**SRA**") for certain current and former salaried employees of Wabush Mines JV. The obligations under the SRA are approximately \$1.01 million.
125. The Wabush CCAA Parties do not have any funding available to continue to pay any of the foregoing OPEBs, including the SRA obligations, post-filing as the proposed Interim Financing Term Sheet prohibits such payments. As a result, no payments on account of the OPEBs are included in the May 18 Forecast.

#### **4.5 Employee Housing Arrangements**

126. CQIM and Wabush Mines JV own a number of houses in the Pointe-Noire Port area and in the Town of Wabush used by employees and former employees for their housing (collectively, the "**Employee Houses**"). These Employee Houses are subject to a number of arrangements with employees and former employees.
127. Certain employees at Wabush Mine have entered into purchase and sale agreements with Wabush Mines JV to purchase Employee Houses. These arrangements permit the employees to pay for the Employee Houses during their employment with Wabush Mines JV by having the monthly installments deducted from their pay. On termination of employment or upon the expiration of the relevant employee's recall period under the Collective Bargaining Agreement, the employee is required to either complete the purchase of the Employee House if the Employee House has not already been fully paid for, or sell its interest in the Employee House to Wabush JV in accordance with the terms of the purchase and sale agreement.
128. A number of these Employee Houses have been purchased by employees pursuant to this arrangement and a number of these arrangements are scheduled to come to term post-CCAA filing.

129. There are approximately 8 Employee Houses located in the Pointe-Noire Port area that are used by management employees. Title to these Employee Houses are held by CMC, as agent for the Wabush Mines JV. Only 4 of these 8 Employee Houses are currently occupied and it is expected that this will reduce to only 2 Employee Houses at the end of the school year.
130. Paragraph 33(c) of the Bloom Initial Order provides that the Bloom Lake CCAA Parties could sell or otherwise dispose of Employee Houses without the Court's approval but with the approval of the Monitor. The Wabush CCAA Parties are proposing that such provision be extended in the proposed Draft Wabush Initial Order to all of the Employee Houses owned by the Wabush CCAA Parties.

**5. ASSETS**

131. The approximate aggregate net book values of property, plant, equipment, cash, restricted cash, receivables, inventory, goodwill and intangibles of the Wabush CCAA Parties as of April 30, 2015 based on unaudited internal financial statements are shown in the chart set out below. As a result of the suspension of all mining operations, significant material impairment charges are pending which will result in a material adjustment to these numbers.
132. Subject to the qualifications above and below, the approximate net book value of the assets broken down by legal entity is provided in the chart communicated herewith as **Exhibit R-16**).

Nature	Net Book Value (USD)*
Property, plant and equipment	<b>\$44,644,160</b>
Cash and Equivalents	<b>\$1,384,165</b>
Restricted Cash	<b>\$0</b>
Trade and other receivables	<b>\$2,336,630</b>
Receivables from associated companies	<b>\$7,270,199</b>
Inventory	<b>\$13,516,227</b>
Goodwill and intangibles	<b>\$0</b>
<b>TOTAL</b>	<b>\$69,151,381*</b>

\* The foregoing chart includes only select assets of the Wabush CCAA Parties. For example, the chart does not include other assets of the Wabush CCAA Parties such as deferred income taxes, investments in subsidiaries and other assets. In addition, the combined Net Book Value of the

assets of the Wabush CCAA Parties has not been adjusted to eliminate intercompany balances among the Wabush CCAA Parties.

133. As a result of significant and ongoing losses in November of 2014, the assets of the Wabush Mine were written down by approximately USD \$183 million due to the impairment and write-off charges associated with idling the Wabush Mine.
134. The Wabush CCAA Parties are anticipating receiving at some time during the CCAA proceedings, the following tax refunds:
  - (a) Federal income tax refund for 2013 with respect to carry back of net operating losses for Wabush Resources in the amount of approximately \$3.3 million; and
  - (b) Income tax refund from the Province of Québec for overpayments in 2011 and 2012 and loss carry backs of net operating losses for 2012 and 2013 in the amount of approximately \$6.6 million.

## 6. INDEBTEDNESS

### 6.1 Overview

135. As described in greater detail in the financial statements of the Wabush CCAA Parties communicated herewith as **Exhibit R-17**, the Wabush CCAA Parties have estimated aggregate outstanding liabilities of USD\$ 593 million as of April 30, 2015 for accounting purposes. This amount reflects adjusted amounts for intercompany indebtedness which have been adjusted to take into account estimated fair value adjustments to the face value of the intercompany amounts set out in paragraph 136 below.

### 6.2 Intercompany Indebtedness

136. As of April 30, 2015, the face value of the outstanding indebtedness of the Wabush CCAA Parties to non-filing affiliated entities (before the accounting adjustments referenced in paragraph 135 above) is estimated to be approximately USD\$ 650 million as summarized in the chart communicated herewith as **Exhibit R-18**.
137. In addition to the amounts described above, there are also obligations which have been guaranteed and/or covered by the provision of bonds and/or letters of credit by affiliates of the Wabush CCAA Parties which may give rise to additional intercompany claims against the Wabush CCAA Parties if any of those bonds and letters of credit are called upon by the beneficiaries or holders thereof.

#### 6.2.1 CMC Demand Credit Agreement

138. Pursuant to a demand credit agreement dated as of February 23, 2015 (the "**Demand Credit Agreement**") between CMC, as lender, and Wabush Resources and Wabush Iron, as borrowers on a joint and several basis, Wabush Resources and Wabush Iron are indebted to CMC in the amount of USD \$7 million.

139. Pursuant to an equipment security agreement and moveable hypothec dated the same date ("**Equipment Security Agreement**" and "**Moveable Hypothec**", respectively), the obligations of Wabush Resources and Wabush Iron to CMC under the Demand Credit Agreement are secured by any and all present and future right, title and interest of Wabush Resources and Wabush Iron in all equipment located in Newfoundland and Labrador (including any equipment set out in Schedule A to the Equipment Security Agreement and Moveable Hypothec), all accessions thereto, books and records and permits, and all proceeds of any of the foregoing, wherever located, all as more particularly defined and described in the Equipment Security Agreement and Moveable Hypothec.
140. Copies of the Demand Credit Agreement, Equipment Security Agreement and Moveable Hypothec are communicated herewith as **Exhibits R-19, R-20 and R-21**, respectively.

### **6.3 Equipment Financing**

141. Given the idling of the Pointe-Noire Pellets in 2013 and the permanent idling of the Wabush Mine in November 2014, the Wabush CCAA Parties are no longer party to any material equipment financing arrangements.
142. With respect to the remaining miscellaneous equipment financing, the Wabush CCAA Parties are not intending post-filing to pay for any equipment that is subject to a financing arrangement for which they are not using. Similarly, the Wabush CCAA Parties do not intend to pay post-filing for equipment subject to lease arrangements for which they are no longer using.
143. The May 18 Forecast does not provide for payment in respect of these financing and lease arrangements. Therefore, if the relief sought on this Motion is granted, and subject to further Order of the Court, the Wabush CCAA Parties do not intend to make any payments pursuant to these financing or lease arrangements during these CCAA Proceedings.

### **6.4 Construction Liens**

144. As of May 15, 2015, there were 5 legal hypothecs in the aggregate amount of approximately \$4,339,284.92 in favor of persons having taken part in the construction or renovation of an immovable, registered against property of each of Wabush Resources and Wabush Iron, respectively, located in Québec (collectively, the "**Legal Hypothecs**"), as more fully appears from a table summarizing the Legal Hypothecs and a copy of the Legal Hypothecs registered as of May 11, 2015, communicated herewith, en liasse, as **Exhibit R-22**.

### **6.5 Trade Creditors**

145. As at April 30, 2015, the Wabush CCAA Parties have a total amount outstanding to trade creditors of approximately USD \$8 to 10 million.

## **6.6 Contracts**

146. Due to the Wabush CCAA Parties' current circumstances, including the cessation of mining operations and these CCAA Proceedings, numerous contracts to which the Wabush CCAA Parties are parties have become redundant. Accordingly, if the relief sought on this Motion is granted, it is the intention of the Wabush CCAA Parties to serve notices of resiliation and disclaimer of certain contracts pursuant to the CCAA as soon as practicable.
147. The Wabush Mines JV is also party to a "take or pay" contract. This "take or pay" contract provides for charges based on the usage of services related to the transportation of iron ore, with significant minimum monthly payments. As the Wabush Mine is permanently idled, these services are not being used. Therefore, if granted the relief sought on this Motion, and subject to further Order of the Court, Wabush Mines JV does not intend to make any payments pursuant to any such contract during these CCAA Proceedings.
148. Unless the Wabush CCAA Parties are using the goods or services provided under these kinds of contracts, the Wabush CCAA Parties intend to disclaim these contracts as soon as practicable if the relief sought by this Motion is granted.

## **6.7 Sandvik Mining and Construction**

149. On or about March 4, 2015, Sandvik Mining and Construction Canada a Division of Sandvik Canada Inc. ("**Sandvik**") sent a demand letter to CMC, as managing agent of Wabush Mines JV. The letter demanded payment of approximately \$1,753,155.13 allegedly owing in relation to a supply, erection and commissioning agreement involving, among other things, the supply by Sandvik of a ship loader to Wabush Mines JV for the Pointe-Noire Port, and provided notice of termination of the Sandvik supply, erection and commissioning agreement, as appears from a copy of the letter from Sandvik dated March 4, 2015 communicated herewith as **Exhibit R-23**.
150. On or about April 9, 2015, Sandvik informed CMC, as managing agent of Wabush Mines, that Sandvik would be liquidating equipment owned by Wabush Iron and Wabush Resources to satisfy amounts allegedly owing to Sandvik and other losses allegedly suffered by Sandvik, the whole as appears from a copy of the letter from Sandvik dated April 9, 2015 communicated herewith as **Exhibit R-24**.

## **6.8 Northern Land Company Limited**

151. There is approximately \$1 million owing by Wabush Iron to Northern Land Company Limited for its share of the capital expenses for the 2014 track replacement program undertaken by Northern Land Company Limited.

## **6.9 Carol Lake**

152. Pursuant to a Maintenance and Operation Agreement dated January 1, 1980 and amended on June 10, 1985 (the "**Maintenance Agreement**"), Wabush Lake Railway

Company is obliged to pay its share of joint costs in relation to the Northern Land Railway to Carol Lake Company. Since Wabush Lake Railway Company has not been running trains on the Northern Land Railway for some years, its share of the joint costs is capped at 20% pursuant to the Maintenance Agreement or approximately \$58,000 a month.

#### **6.10 Twin Falls Power Corporation**

153. Wabush Mines JV owes approximately \$800,000 to Twin Falls for annual maintenance of transmission lines for 2014 constituting its pro rata share of these expenses.

#### **6.11 Municipal Property Taxes Owing**

154. There is presently approximately \$2.5 million in taxes owed to the City of Sept-Iles.
155. The Town of Wabush is owed outstanding property taxes relating to certain Employee Houses in the amount of approximately \$500,000.

#### **6.12 Environmental Matters**

156. On September 23, 2014, the Newfoundland and Labrador Department of Natural Resources accepted the updated Rehabilitation and Closure Plan for the Wabush Mine (the "**Wabush Mine Closure Plan**"). Environmental bonds have been posted by an affiliate with respect to the Wabush Mine Closure Plan in the amount of \$49.7 million.
157. In February 2015, the Newfoundland and Labrador Department of Environment and Conservation (the "**DEC**") advised that the decommissioning and reclamation work under the Wabush Mine Closure Plan is subject to environmental assessment review pursuant to the Newfoundland and Labrador *Environmental Protection Act* (the "**EPA**"), and that the decommissioning and reclamation work set out in the Wabush Mine Closure Plan could not proceed unless and until the Wabush Mine Closure Plan was registered with the DEC and allowed to proceed by the Minister of the Environment and Conservation. The Wabush Mine Closure Plan has not yet been registered for the purposes of the environmental assessment review process pursuant to the EPA. The EPA does not impose a time limit for registration.

#### **6.13 Litigation**

##### **6.13.1 Canadian Transportation Agency Proceedings**

158. On April 2, 2014, the Port Authority filed an application with the Agency seeking a determination as to whether certain track on the Arnaud Railway is subject to the transfer and discontinuance process under the Canada Transportation Act ("**CTA**") (the "**Railway Application**"). This process would require Arnaud, Wabush Iron and Wabush Resources to take certain steps prior to transferring or discontinuing operation of this track. The Agency dismissed the Port Authority's application on October 16, 2014.

159. On December 23, 2014, the Agency advised Arnaud, Wabush Iron and Wabush Resources that, at the request of the Minister of Transport, the Agency had appointed an Inquiry Officer pursuant to the CTA to conduct an inquiry with respect to the same track which was the subject of the Railway Application.
160. The inquiry considered, among other things, whether this track is a "railway" pursuant to the CTA; whether it is subject to CTA certificate of fitness requirements; and whether it should be included in Arnaud, Wabush Iron and Wabush Resources' three-year plans under the CTA.
161. On January 20, 2015, the inquiry officer submitted his report to the Agency and found that certain tracks identified as the Wabush Loop and the CQIM Spur Track were railway lines subject to some provisions of the CTA, that Arnaud was the operator of these tracks, and that these tracks were subject to the CTA certificate of fitness requirements; with the exception that the inquiry officer found that the CQIM Spur Track was a spur, and not considered as a railway line, and thus not subject to the three year plan provisions of the CTA.
162. On January 26, 2015, the Agency adopted the findings of the report of the inquiry officer. Arnaud, Wabush Iron and Wabush Resources petitioned the Federal Court of Appeal for leave to appeal CTA's decision of January 26, 2015, and such leave was granted on April 22, 2015.

#### **6.13.2 On-Going Arbitrations and Other Matters**

163. Wabush Mines JV is currently party to several ongoing, confidential arbitration proceedings related to disputes arising in connection with certain material contracts.
164. The approximate aggregate amount of claims against the Wabush CCAA Parties that are the subject matter of these arbitration proceedings is in excess of \$50 million.
165. These arbitration proceedings have consumed a significant amount of time and resources of Wabush Mines JV.

#### **6.13.3 Royal Bank of Canada Litigation**

166. Royal Bank of Canada commenced an action in Newfoundland and Labrador against CMC, as managing agent of Wabush Mines JV, for damages in the amount of approximately \$2,113,324 plus interest of approximately \$12,434,946 with respect to the alleged breach of a 1996 equipment lease related to the maintenance of two electric shovels. This litigation remains ongoing.

#### **6.14 CMC Secured Funding**

167. As set out in paragraph 138, CMC is owed approximately US\$7.0 million under the Demand Credit Agreement.

**6.15 Registrations in Québec, Ontario, Newfoundland and Labrador, New Brunswick and Ohio registries**

168. For ease of reference, a copy of summaries of the search results in Québec, Ontario, Newfoundland and Labrador, New Brunswick, and Ohio in respect of the CCAA Parties are listed below:
- a) Real estate search report (Québec) on the Wabush CCAA Parties immovable property, communicated herewith as **Exhibit R-25**;
  - b) RPMRR (Québec) on the Wabush CCAA Parties movable property, communicated herewith as **Exhibit R-26**;
  - c) Personal Property Security Act (Ontario, Newfoundland and Labrador, New Brunswick and Ohio) search results summary on the Wabush CCAA Parties' movable property, communicated herewith as **Exhibit R-27**; and
  - d) Public register of real and immovable mining rights on Wabush Iron Co. Limited and Wabush Resources Inc.'s mining rights in Québec, communicated herewith as **Exhibit R-28** (no registrations).
169. Searches of the real property and mining claims registries in New Brunswick disclosed no registration. Searches of the real property and mining claims registries in Newfoundland and Labrador disclosed one registration in respect of *lis pendens* in respect of the litigation instituted by Royal Bank of Canada as described in paragraph 166 of this Motion.
170. Copies of the raw search results in respect of the foregoing will be available at the hearing of this Motion.

**7. CASH MANAGEMENT SYSTEM**

171. The Wabush CCAA Parties utilize a centralized cash management system for, among other things, the collection of customer receipts and the payment of suppliers, payroll, employee-related benefits and lease financing amounts. The cash management system is managed by CNR with support from CQIM at the Montréal Head Office with respect to payroll, vendor communications and accounts payable.
172. The majority of the Wabush CCAA Parties' bank accounts are held with the Bank of Montreal which provides for certain cash management services which do not provide for any overdraft or any payment risk credit lines.

**8. FINANCIAL RESULTS AND LOSSES**

173. For the four months ended April 30, 2015, the Wabush CCAA Parties recorded estimated cumulative net loss of approximately USD \$1.17 million before non-cash, accounting adjustments related to the deconsolidation of the Wabush CCAA Parties, as appears from the financial statements of the Wabush CCAA Parties (Exhibit R-17) which



financial statements have not been prepared in accordance with generally accepted principles, as more specifically set out in the notes in Exhibit R-17.

**9. EVENTS LEADING TO THE COURT FILING**

174. A combination of factors have caused liquidity demands for the Wabush CCAA Parties including, among other things:

- a) The depressed global market for steel, particularly in Asia, and the resulting decrease in the price of iron ore. Since 2011, the price of iron ore has fallen from USD \$190 per tonne to below USD \$67 per tonne;
- b) The aforementioned depressed global steel market causing the production at the Wabush Mine to become unsustainable, resulting in significant costs and loss of revenues associated with the idling of the Wabush Mine;
- c) Notices of default have been delivered under significant commercial contracts and demands for payment have been made on the Wabush CCAA Parties;
- d) Inability to negotiate cost reductions in certain material logistics and other contracts; and
- e) The Wabush CCAA Parties do not have sufficient resources or the ability to generate sufficient funds to satisfy their other outstanding obligations in the normal course.

175. The Wabush CCAA Parties responded to the liquidity challenges described above by, among other things:

- a) seeking investments, support and other financial contributions from its overseas customers;
- b) seeking investment, support and other financial contributions from other potential customers and end users of iron ore;
- c) seeking to reduce costs through re-negotiation of certain material contracts;
- d) seeking buyer or buyers for the iron ore business or parts thereof;
- e) seeking financing or other investment contributions from financial institutions and investment and pension funds; and
- f) entering into negotiations with MFC for the sale of the Wabush Mine.

176. These efforts proved unsuccessful and losses relating to the operations of the Wabush CCAA Parties continued to escalate to unsustainable levels.

177. By November 2014, it became apparent to the CCAA Parties that efforts to sell the Wabush Mine and to find strategic partners for the Bloom Lake Mine would not be

successful within a reasonable time frame. Accordingly, a decision was then made to minimize on-going hemorrhaging of capital by transitioning the Wabush Mine to a permanent idle and suspending mining operations at the Bloom Lake Mine and transitioning the Bloom Lake Mine into care and maintenance mode.

178. At this time, given the growing pressures that have been asserted by creditors on the Wabush CCAA Parties, including through pending and costly arbitration and other legal proceedings, the continued financial losses and the significant but unsuccessful efforts to consummate a solution to their financial issues outside of a CCAA filing, the Wabush CCAA Parties have no other alternative but to seek protection from their creditors under the CCAA so that they can continue to pursue restructuring and/or sale options under a court-supervised process for the benefit of all stakeholders.

**10. 13 WEEK FORECAST**

179. Based on the financial position of the Wabush CCAA Parties, it is the position of the Wabush CCAA Parties that the assumptions set out in the May 18 Forecast (Exhibit R-15) are reasonable.
180. The May 18 Forecast has been prepared by the Wabush CCAA Parties' management in consultation with FTI Consulting Canada Inc., the proposed Monitor for the Wabush CCAA Parties. The Monitor has advised that it will be filing a report on the May 18 Forecast.
181. Based on the May 18 Forecast, the CCAA Parties will require funding under the Interim Facility of approximately USD \$1.3 million commencing the week of May 18, 2015 until the Comeback Hearing (as defined below) in order to be able to pay their post-filing obligations in the ordinary course.
182. As described above, the Wabush CCAA Parties are not using equipment which is subject to the various financing arrangements and the May 18 Forecast does not provide for payments in respect of these arrangements. Similarly, the Wabush CCAA Parties are not intending to pay for any lease payments in respect of equipment that they are not using. Therefore, subject to further Order of the Court, the Wabush CCAA Parties do not intend to make any payments pursuant to these financing and lease arrangements during these CCAA Proceedings.
183. As described above, for similar reasons, the Wabush CCAA Parties also do not intend to make any payments with respect to "take or pay" agreements which provide for minimum payments.
184. As described above, the May 18 Forecast does not include provision for amortization payments or OPEBs.
185. Certain costs, such as insurance premiums, are paid by non-filing affiliates on behalf of the Wabush CCAA Parties. To the extent such payments are made after the date of the Wabush Initial Order, the Wabush CCAA Parties intend to reimburse the relevant non-filing affiliates for such amounts.

**11. NEED FOR CREDITOR PROTECTION**

**11.1 The Wabush CCAA Parties are Insolvent**

186. Notwithstanding significant efforts of management and the Board of Directors of the Wabush CCAA Parties, the Wabush CCAA Parties are currently insolvent.
187. On-going arbitrations and litigation have also been a significant drain on the Wabush CCAA Parties' time and resources.
188. The Wabush CCAA Parties are no longer generating any revenue and no further revenue is anticipated to be generated due to the permanent idling of the Wabush Mine and the idling of Pointe-Noire Pellets. No further funding is available to the Wabush CCAA Parties from any of its affiliates except under the court-approved interim financing which the Wabush CCAA Parties are seeking approval of on this Motion.
189. As of May 18, 2015, the Wabush CCAA Parties have less than approximately \$250,000 in available cash and such resources are insufficient to fund their ongoing obligations as they become due or pay their liabilities in the normal course.
190. The affiliates of the Wabush CCAA Parties have informed the Wabush CCAA Parties that no further funding will be provided to the Wabush CCAA Parties other than as may be required to fund these CCAA Proceedings, in which case, it must be in the form of court-approved interim financing.
191. The Wabush CCAA Parties have negotiated the Interim Facility from CMC in order to maintain their liquidity needs for the funding of these CCAA Proceedings and they hereby seek approval of the Interim Facility and the Interim Lender Charge, as more fully described in this Motion.
192. Based on the May 18 Forecast, and if the Interim Facility is approved by the Court, and the Interim Lender Charge is granted the priority sought at the Comeback Hearing, the Wabush CCAA Parties will have sufficient funding and liquidity to cover anticipated post-filing costs and expenses until August 14, 2015.
193. The Wabush CCAA Parties have businesses and assets which may have significant value and protection from creditors is required as the Wabush CCAA Parties address their current financial situation or seek financing or a sale of all or part of their businesses and assets.

**12. PROPOSED RESTRUCTURING**

194. The Wabush CCAA Parties require the benefit of the relief requested in this Motion, including a stay of proceedings, in order to allow them to explore further restructuring, refinancing and/or sales efforts, engage in further discussions with key stakeholders such as employees, suppliers, governmental authorities, financiers and affected communities under the stability and guidance of a court supervised process, and to generally pursue available options for the benefit of all stakeholders.

195. With the protection from their creditors requested herein granted to the Wabush CCAA Parties, the Wabush CCAA Parties will focus their resources on:
- a. carrying out the SISP that has already been approved by this Court;
  - b. continuing care and maintenance efforts at the Wabush Mine to maintain the status quo during these CCAA Proceedings;
  - c. taking other steps to preserve and maintain the value of the Wabush CCAA Parties' assets and properties; and
  - d. such other matters that may arise throughout the process.
196. Given a reasonable period of time to further implement the SISP, the overall value of the Wabush CCAA Parties' businesses and assets will likely be maximized for the benefit of their stakeholders.
197. In the Wabush CCAA Parties' view, the prospects for these restructuring efforts are significantly enhanced if the Wabush CCAA Parties obtain the relief being sought on this Motion by the granting of protection under the CCAA by this Court on the terms of the Draft Wabush Initial Order (Exhibit R-8).

### **13. RELIEF SOUGHT**

#### **13.1 General**

198. The Wabush CCAA Parties are deeply concerned that unless a stay of proceedings is granted to the Wabush CCAA Parties pursuant to the terms of the CCAA, certain suppliers, creditors and other stakeholders may attempt to take steps to try and improve their positions in comparison to other similarly situated stakeholders. This would jeopardize and potentially deplete the value of the Wabush CCAA Parties' estates to the detriment of all stakeholders and disrupt the ongoing restructuring efforts.
199. The granting of the CCAA stay will preserve the status quo and permit the Wabush CCAA Parties to continue with their restructuring efforts along with the rest of the CCAA Parties. This will also allow for the coordination of these CCAA Proceedings between the Bloom Lake CCAA Parties and Wabush CCAA Parties and the SISP and the ability to effect a global restructuring solution for all of the CCAA Parties under a single consolidated proceeding that avoids the potential of any duplication of costs that could occur if separate insolvency proceedings are initiated by or against the Wabush CCAA Parties.
200. It is the Wabush CCAA Parties' view that pursuing options under the CCAA will yield significantly better results for the diverse group of stakeholders than any conceivable liquidation scenario.
201. On this present Motion, the Wabush CCAA Parties seek an initial stay period of 30 days (the "**Stay Period**"). Before the expiry of the Stay Period, the Wabush CCAA Parties

intend to return to this Court for a comeback hearing anticipated to be on or about June 9, 2015, on notice to interested parties, for, among other things, the granting of priority for the court approved charges set out in the Draft Wabush Initial Order (Exhibit R-8), an extension of the Stay Period and other matters which may require the Court's attention at that time (the "Comeback Hearing").

**13.2 Appointment of the Monitor as Monitor to the Wabush CCAA Parties**

202. The Monitor already acting in these CCAA Proceedings in respect of the Bloom Lake CCAA Parties has agreed to act in respect of the Wabush CCAA Parties in the event that the relief sought herein is granted.
203. As CQIM is the parent company of Wabush Resources, the Monitor is familiar with its assets, businesses and personnel associated with the Wabush Mines JV.
204. The Monitor has therefore obtained significant information in respect of the businesses, operations and assets of the Wabush CCAA Parties, an understanding of the many issues faced by the Wabush CCAA Parties and relevant to their restructuring efforts and a familiarity with the management and personnel of the Wabush CCAA Parties. The Monitor is therefore best qualified to act as Monitor with respect to the Wabush CCAA Parties and it is appropriate that the Monitor be appointed as such.
205. The Monitor is prepared to act as Monitor of the Wabush CCAA Parties, pursuant to, and subject to, the terms of the Wabush Initial Order and the statutory provisions of the CCAA.
206. The Wabush CCAA Parties have been informed by the Monitor that it is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act (Canada)*. The Monitor is not subject to any of the restrictions on who may be appointed monitor as set out in section 11.7(2) of the CCAA.
207. At no time during the preceding two years has the Monitor been:
  - a) a director, officer or employee of the Wabush CCAA Parties;
  - b) related to the Wabush CCAA Parties or to any former director or officer of the Wabush CCAA Parties; or
  - c) the Wabush CCAA Parties' auditor, accountant or legal counsel, or a partner or employee of the auditor, accountant or legal counsel of the Wabush CCAA Parties.
208. The Monitor is not a trustee under a trust indenture issued by the Wabush CCAA Parties or any person related to the Wabush CCAA Parties, and is not a holder of a power of attorney granted by the Wabush CCAA Parties or by any person related to the Wabush CCAA Parties. The Monitor is not related to a trustee or holder of a power of attorney noted above.

209. Therefore, the Monitor is qualified to act as Monitor and there is no restriction on the Monitor being appointed Monitor of the Wabush CCAA Parties in these CCAA Proceedings.

### **13.3 Administration Charge**

210. Counsel for the Wabush CCAA Parties, independent counsel for the Wabush CCAA Parties' Directors and Officers (as defined below), the Monitor, the Monitor's counsel and counsel to CMC, as the Interim lender, are essential to the restructuring and/or sale efforts contemplated in the CCAA proceedings.

211. They have each advised that they are prepared to provide or continue to provide professional services to the Wabush CCAA Parties only if they are protected by a charge over the assets of the Wabush CCAA Parties.

212. It is contemplated that the Wabush CCAA Parties will each be invoiced and pay fees and expenses of the beneficiaries of the Wabush Administration Charge on a weekly basis and a court ordered charge is sought as security for the fees and disbursements relating to services rendered up to a maximum amount of \$1.75 million with the priority set out in the Draft Wabush Initial Order.

213. The Wabush CCAA Parties seek an Administration Charge (the "**Wabush Administration Charge**") in the amount of \$1.75 million, to have such charge secure the professional fees and expenses payable by the Wabush CCAA Parties, and to have such charge apply to the assets of the Wabush CCAA Parties.

214. Pursuant to the Draft Wabush Initial Order (Exhibit R-8), the Wabush Administration Charge would rank ahead of the security granted under the Demand Credit Agreement and behind the security or other encumbrances over the property of the Wabush CCAA Parties in favour of any parties not served with notice of the presentation of this Motion. CMC has consented to the Wabush Administration Charge ranking ahead of the security granted under the Demand Credit Agreement.

215. However, as provided in the Draft Wabush Initial Order (Exhibit R-8), it is the intention of the Wabush CCAA Parties to seek priority over all creditors at the Comeback Hearing. Creditors with security interests who are likely to be affected by such priority will be served with notice of that motion.

216. The amount of the Wabush Administration Charge has been determined not on the basis of the total fees payable to these professionals during the CCAA proceedings but on an assessment of what could be an amount outstanding to these professionals at any given time in these CCAA Proceedings.

217. In order to ensure a reasonable allocation of the professional fees and expenses of the CCAA Parties among the CCAA Parties, a protocol will be established which provides for professional fees and expenses to be allocated (a) to the Bloom Lake CCAA Parties in respect of matters that relate exclusively to the Bloom Lake CCAA Parties, their businesses or their assets, (b) to the Wabush CCAA Parties in respect of matters that

relate exclusively to the Wabush CCAA Parties, their businesses or their assets, and (c) initially to the Bloom Lake CCAA Parties to be subsequently allocated among the CCAA Parties with the approval of the Court, in respect of matters that relate jointly to the Bloom Lake CCAA Parties and Wabush CCAA Parties, such as any subsequent claims procedure for the CCAA Parties.

#### **13.4 Directors & Officers' Protection**

218. The Wabush CCAA Parties are seeking a Directors' Charge (the "**Wabush Directors' Charge**") in the amount of \$2 million, to have such charge also be in favour of the Directors and Officers of the Wabush CCAA Parties, and to have such charge only apply to the assets of the Wabush CCAA Parties.
219. Pursuant to the Draft Wabush Initial Order (Exhibit R-8), the Wabush Directors Charge would rank behind the Wabush Administration Charge, ahead of the security granted under the Demand Credit Agreement and behind the security or other encumbrances over the property of the Wabush CCAA Parties in favour of any parties not served with notice of the presentation of this Motion. CMC has consented to the Wabush Directors Charge ranking ahead of the security granted under the Demand Credit Agreement.
220. However, it is the intention of the Wabush CCAA Parties to seek to have the full amount of the Wabush Directors' Charge rank in priority to all other Encumbrances against the Wabush CCAA Parties' assets at the Comeback Hearing. Creditors with security interests who are likely to be affected by such priority will be served with notice of that motion for the Comeback Hearing.
221. Restructuring efforts for the Wabush CCAA Parties will be significantly enhanced with continuity on the boards' of directors (collectively, the "**Directors**") as well as continuity in the make-up of their respective officers (collectively, the "**Officers**"), given the complexity of the Wabush CCAA Parties' businesses and assets and the historical and specialized expertise and knowledge they possess with respect to the Wabush CCAA Parties' businesses, assets and the mining industry as a whole.
222. CNR maintains primary and excess directors' and officers' liability insurance policies for the directors and officers of its subsidiaries which include the Directors and Officers of the Wabush CCAA Parties (together, the "**D&O Insurance**").
223. The D&O Insurance contain limits and exclusions that could potentially affect the total amount of insurance available to the Directors and Officers of the Wabush CCAA Parties. For example:
  - a) The D&O Insurance has a limit of liability (inclusive of defence costs) of USD \$215 million and expires on July 15, 2015. Additionally, USD \$45 million of the D&O Insurance limit only applies in narrow circumstances and is only available to covered claims made during the policy period where CNR fails or refuses to indemnify insured Directors & Officers;

- b) The aggregate limit of liability applies to all covered claims made during the policy period. All insureds (including the directors and officers of CNR and of CNR subsidiaries which are not Wabush CCAA Parties) share the limits available under the D&O Insurance, which could further reduce amounts available to satisfy claims of the Directors and Officers;
  - c) Certain insureds who are not Wabush CCAA Parties have already provided notice of claims unrelated to these CCAA Proceedings to the D&O Insurance carriers which is impairing the aggregate limits of liability under the relevant policies; and
  - d) Certain claims and certain types of losses are excluded under the D&O Insurance which may mean that not all post-filing claims which could be made against Directors and Officers would be covered. Some principal exclusions include:
    - i) Claims for actual or alleged bodily injury or property damage;
    - ii) Losses that constitute compensation earned by the claimant in the course of employment but unpaid by the insured, including salary, wages, commissions, bonuses or incentive compensation;
    - iii) Losses for any actual or alleged violation of the responsibilities or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 (ERISA) or a similar Canadian statute;
    - iv) Losses that constitute fines, penalties or taxes imposed by law;
    - v) Losses that constitute costs associated in testing for, monitoring or cleaning up pollutants;
    - vi) Fines, penalties or taxes imposed by law other than penalties assessed against any insured person pursuant to the Foreign Corrupt Practices Act; and
    - vii) Any amount of Loss attributable to the cost of any non-monetary relief, including costs associated with complying with injunctive relief.
224. A number of the foregoing exclusions may preclude coverage for employee wages, pension contributions and other employment-related claims, taxes and/or penalties. These exclusions in the D&O Insurance could foreclose any recovery for such claims under the D&O Insurance. These claims account for approximately 80% of the estimated post-filing amounts outstanding from time to time that the Directors and Officers would be exposed to.
225. The Directors and Officers of the Wabush CCAA Parties have expressed significant concern with respect to potential personal liability if they continue in their current capacities through this restructuring process. In the Wabush CCAA Parties' view it is



important that adequate protection be afforded to the Directors and Officers to provide incentive for them to remain as Directors and Officers, respectively, of the Wabush CCAA Parties.

226. In light of the potential for significant personal liability, all of the Directors and Officers of the Wabush CCAA Parties have advised that they will not continue their service and involvement in the proposed restructuring unless the Draft Wabush Initial Order (Exhibit R-8) grants a charge as security for the Wabush CCAA Parties' obligations to the Directors and Officers in the manner and with the priority as described above.
227. The Wabush CCAA Parties have made inquiries through an insurance broker who has advised that no additional directors' and officers' insurance is obtainable by the Wabush CCAA Parties.
228. With the assistance of the Monitor, a calculation has been performed to estimate the potential quantum of post-filing amounts outstanding from time to time for which Directors and Officers may have potential personal liability under various statutes.
229. This amount has been calculated as to approximately \$2 million, depending on certain assumptions.
230. The Wabush CCAA Parties thus propose that the Wabush Directors' Charge be granted in the amount of \$2 million to the extent such claims are not covered by the D&O Insurance, in order to provide a reasonable level of protection to the Directors and Officers.
231. The Wabush CCAA Parties believe that the amount of the Wabush Directors' Charge is fair and reasonable in the circumstances.

### **13.5 Terms of Interim Financing and Interim Lender Charge**

232. As mentioned above, CMC has advised that it is only willing to fund the Wabush CCAA Parties' participation in these CCAA Proceedings by way of the Interim Facility if (a) the Interim Lender Charge in the amount of up to \$15 million, with the priority set out in the Interim Financing Term Sheet, is granted over the assets of the Wabush CCAA Parties, (b) the pricing, including the interest rate, as set out in the Interim Financing Term Sheet is agreed to by the Wabush CCAA Parties and approved by the Court, and (c) the covenants set out in the Interim Financing Term Sheet are agreed to by the Wabush CCAA Parties and approved by the Court.
233. The Wabush CCAA Parties are of the view that the Interim Lender Charge, Interim Facility pricing and covenants set out in the Interim Financing Term Sheet are reasonable and, taking into account the economic and operational status of the Wabush CCAA Parties, significantly superior to market standard for financing of a comparable amount. Accordingly, no other parties were approached about potentially providing interim financing.

234. The Wabush CCAA Parties have no revenue and minimal cash on hand; they accordingly have no liquidity and no ability to fund their participation in the CCAA Proceedings without financing.
235. This Interim Facility is essential to the successful restructuring of the Wabush CCAA Parties in these CCAA Proceedings. Under these circumstances, the Interim Facility, on the terms set out in the Interim Financing Term Sheet, is the most practical, affordable and accessible source for such financing.
236. Pending the Comeback Hearing, the Interim Facility will be in priority to the security granted under the Demand Credit Agreement, but it will be behind the Wabush Administration Charge, the Wabush Directors' Charge and any other secured creditors. It is the intention of the Wabush CCAA Parties to seek a priority charge for the Interim Facility and over all other Encumbrances at the Comeback Hearing. Creditors with security interests who are likely to be affected by such priority will be served with notice of that motion.

#### **13.6 Execution Notwithstanding Appeal**

237. In view of the urgency and severity of the circumstances confronting the Wabush CCAA Parties, it is essential that execution of the order requested be granted notwithstanding appeal.

#### **14. CONCLUSIONS**

238. The Draft Wabush Initial Order (Exhibit R-8) presented on this Motion is based on the form of standard CCAA Initial Order approved by the Superior Court of Québec, Commercial Division (the "**Model Order**"). A black-lined version comparing the Model Order to the Draft Wabush Initial Order is communicated as **Exhibit R-29**. A black-lined version comparing the Bloom Initial Order to the Draft Wabush Initial Order is communicated as **Exhibit R-30**.
239. For the reasons set forth above, the Wabush CCAA Parties believe that it is both appropriate and necessary that the relief being sought in the Draft Wabush Initial Order (Exhibit R-8) be granted for the purposes of maximizing the restructuring efforts of the Wabush CCAA Parties for the benefit of their stakeholders.
240. The Bloom Initial Order provides that 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. The Wabush CCAA Parties have not complied with this requirement in connection with this Motion. Given that this Motion is to seek the issuance of an Initial Order, the Wabush CCAA Parties believe that it is critical in order to preserve and maintain the value of their assets not to provide the creditors and other stakeholders of the Wabush CCAA Parties with an opportunity to pursue the exercise of rights or remedies against the Wabush CCAA Parties, their businesses and/or their assets pending the Court's hearing of this Motion.

241. The Wabush CCAA Parties respectfully submit that this motion should be granted in accordance with its conclusions.

242. The present motion is well-founded in fact and in law.

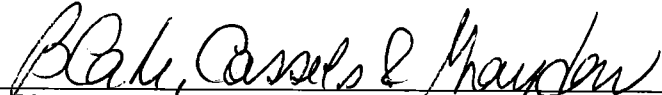
**FOR THESE REASONS, MAY IT PLEASE THE COURT TO:**

**GRANT** the present Motion for the Issuance of an Initial Order;

**ISSUE** an Initial Order in the form of the Draft Wabush Initial Order (Exhibit R-8) communicated in support hereof;

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

Montréal, May 19, 2015



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

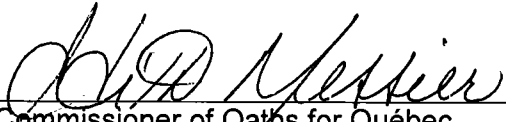
**AFFIDAVIT**

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-Cause, Arnaud Railway Company and Wabush Lake Railway Company, Limited, each having a place of business at 1155 Rue University, Suite 508, in the city and district of Montréal, Québec, solemnly that all the facts alleged in the present Motion for the Issuance of an Initial Order are true.

AND I HAVE SIGNED:

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

SOLEMNLY DECLARED before me  
at Montréal, Québec, this 19<sup>th</sup> day of May,  
2015

 80,049  
\_\_\_\_\_  
Commissioner of Oaths for Québec



C A N A D A

PROVINCE OF QUÉBEC  
DISTRICT OF **MONTREAL**

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

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N°: **500-11-048114-157**

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

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

and

**WABUSH IRON CO. LIMITED  
AND  
WABUSH RESOURCES INC.**

Petitioners

and

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

Mises-en-cause

and

**FTI CONSULTING CANADA INC.**

Proposed Monitor

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**LIST OF EXHIBITS**  
(In support of the Motion for the issuance of an Initial Order)

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- R-1 Initial Order as amended on February 20, 2015;
- R-2 CCAA Parties' Motion for the Issuance of an Initial Order (First Motion for an Initial Order);
- R-3 Stay extension Order rendered on April 17, 2015;
- R-4 Sale advisor appointment Order rendered on April 17, 2015;
- R-5 SISP Order dated April 17, 2015;
- R-6 Mining Camp Lease Order dated April 17, 2015;
- R-7 Chromite Approval and Vesting Order dated April 27, 2015;

- R-8 Draft Wasbush Initial Order;
- R-9 Chart illustrating the basic corporate structures of the CCAA Parties;
- R-10 Press release issued by CNR on February 11, 2014;
- R-11 Interim Financing Term Sheet dated May 19, 2015;
- R-12 CNR 2013 Annual Report;
- R-13 Company Profile regarding Wabush Iron Co. Limited;
- R-14 Map showing the geographical location of the Wabush Mine and the site and the Pointe-Noire Port;
- R-15 New CCAA Parties' weekly cash flow forecast to August 14, 2015 (May 18 Forecast);
- R-16 Chart showing net book value of the assets by legal entity;
- R-17 Financial statements of April 2015;
- R-18 Chart showing the outstanding indebtedness of the New CCAA Parties to other affiliated companies;
- R-19 Demand Credit Agreement dated February 23, 2015;
- R-20 Equipment Security Agreement dated February 23, 2015;
- R-21 Movable Hypothec dated February 23, 2015;
- R-22 *En liasse*, Table summarizing the Legal Hypothecs of construction and copy of the Legal Hypothecs of construction registered against property of the New CCAA Parties as of May 11, 2015;
- R-23 Demand letter from Sandvik Mining and Construction Canada a Division of Sandvik Canada Inc. dated March 4, 2015;
- R-24 Letter from Sandvik dated April 9, 2015;
- R-25 Real estate search report (Québec) on the New CCAA Parties immovable property;
- R-26 RPMRR (Québec) on the New CCAA Parties movable property;
- R-27 Personal Property Security Act (Ontario, New Brunswick, Newfoundland & Ohio) search results summary on the New CCAA Parties' movable property;
- R-28 Public register of real and immovable mining rights on Wabush Iron Co. Limited and Wabush Resources Inc.'s mining rights in Québec;
- R-29 A black-lined version comparing the Model Order to the Draft Wabush Initial Order;

R-30 A black-lined version comparing the Initial Order to the Draft Wabush Initial Order.

Montréal, May 19, 2015

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

8455407.1

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 & ALS**

Petitioners

-and-

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

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

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**MOTION FOR THE ISSUANCE OF AN INITIAL  
ORDER, AFFIDAVIT AND  
LIST OF EXHIBITS**

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**ORIGINAL**

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

**BB-8098**

**BLAKE, CASSELS & GRAYDON LLP**

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Our File: 11573-365

