

C A N A D A

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. 36, as amended)

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

**BLOOM LAKE GENERAL PARTNER LIMITED**

**QUINTO MINING CORPORATION**

**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-

**FTI CONSULTING CANADA INC.**

Monitor

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**MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY PERIOD<sup>1</sup>**

(Section 11 of the *Companies' Creditors Arrangement Act*)

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<sup>1</sup> Except as otherwise provided for herein, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bloom Lake Initial Order (as defined herein) and the Wabush Initial Order (as defined herein).

**TO THE HONOURABLE MICHEL A. PINSONNAULT, 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 PETITIONERS AND THE MISES-EN-CAUSE SUBMIT:**

**1. BACKGROUND**

1. On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial Order (as subsequently amended, rectified and/or restated, the “**Bloom Lake 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 (“**BLGP**”), Quinto Mining Corporation, 8568391 Canada Limited (“**8568391**”) and Cliffs Québec Iron Mining ULC (“**CQIM**”) and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) 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.
2. Pursuant to the Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor to the businesses and financial affairs of the Bloom Lake CCAA Parties (the “**Monitor**”) and a stay of proceedings was ordered in respect of the Bloom Lake CCAA Parties until February 26, 2015 (the “**Bloom Lake Stay Period**”).
3. The Bloom Lake Stay Period was extended by order of the Court from time-to-time, as appears from the Court record.
4. On April 17, 2015, Mr. Justice Stephen W. Hamilton, J.S.C., 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
  - 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.
5. 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, Wabush Lake Railway Company Limited, and Arnaud Railway Company (“**Arnaud**”, and collectively, the “**Wabush CCAA Parties**”; the Wabush CCAA Parties, together with the Bloom Lake CCAA Parties, the “**CCAA Parties**”), the whole as appears from the Court record.
6. Pursuant to the Wabush Initial Order, *inter alia*, the Monitor was appointed as the monitor to the businesses and financial affairs of the Wabush CCAA Parties and a stay of proceedings was granted until June 19, 2015 (the “**Wabush Stay Period**”; collectively with the Bloom Lake Stay Period, the “**Stay Period**”).

7. 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, *nunc pro tunc* to the date of the Wabush Initial Order, authorizing the amendment and restatement of the Initial SISP, and approving the amended and restated sale and investor solicitation procedures; and
  - c) approving the engagement of the Sale Advisor as it relates to the Wabush CCAA Parties, *nunc pro tunc* to the date of the Wabush Initial Order.

the whole as appears from a copy of the Wabush Comeback Order, which forms part of the Court record.

8. On November 5, 2015, Mr. Justice Hamilton issued an order (as amended by an order of the Court issued on November 16, 2015 and as further amended from time to time, the “**Amended Claims Procedure Order**”), *inter alia*:
- a) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers; and
  - b) ordering the extinguishment of all Claims, D&O Claims and Restructuring Claims (as each such term is defined in the Amended Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Amended Claims Procedure Order.

the whole as appears from a copy of the Amended Claims Procedure Order, which forms part of the Court record.

9. On March 26, 2018, Mr. Justice Hamilton issued an order (the “**Post-Filing Claims Procedure Order**”), *inter alia*,
- a) approving a procedure for the submission, evaluation and adjudication of post-filing claims, if any, against the CCAA Parties and their current and former directors and officers; and
  - b) ordering the extinguishment of all Post-Filing Claims and Post-Filing D&O Claims (each as defined in the Post-Filing Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Post-Filing Claims Procedure Order.

10. On April 20, 2018, Mr. Justice Hamilton issued an order (as rectified on April 25, 2018 (the “**Original Meetings Order**”), *inter alia*, accepting the filing of a Joint Plan of Compromise and Arrangement dated April 16, 2018 (the “**Original Plan**”) by the Participating CCAA Parties, authorizing the Participating CCAA Parties (as defined therein) to hold Meetings of the Unsecured Creditor Classes (as defined therein) to consider and vote on a resolution to approve the Original Plan, and permitting amendments to the Original Plan without further order of the Court only until May 18, 2018.

11. On May 18, 2018, Mr. Justice Hamilton issued an order (the “**Amended Meetings Order**”), which, *inter alia*, accepted the filing of the Amended and Restated Joint Plan of Compromise and Arrangement in respect of the Participating CCAA Parties (as defined therein), dated May 16, 2018 (as it may be further amended, restated or supplemented from time to time, the “**Plan**”), authorizing the Participating CCAA Parties to convene meetings of Unsecured Creditor Classes (as defined therein) of the Participating CCAA Parties (the “**Meetings**”) to consider and vote on a resolution to approve the Plan.
12. The Plan effected comprehensive settlements reached in respect of Pension Claims (as defined therein), claims in respect of other post-retirement employee benefit, Other Employee Claims (as defined therein) and the Non-Filed Affiliate Employee Actions (as defined therein).
13. In particular, the Plan settled claims arising from any failure of the Wabush CCAA Parties to make certain normal course payments or special payments under the Wabush CCAA Parties' pension plans and for the wind-up deficit under the Wabush CCAA Parties' defined benefit pension plans pursuant to the *Pension Benefits Act* (Newfoundland and Labrador), the *Pension Benefits Standards Act (Canada)* and the *Supplemental Pension Plans Act (Québec)*. In connection with implementation of the Plan, Notices of Discontinuances have since been filed with the Québec Court of Appeal, the Supreme Court of Canada and the Newfoundland and Labrador Supreme Court Trial Division (General) in connection with the proceedings commenced before such courts related to such claims.
14. On June 18, 2018, the Meetings were held in accordance with the Plan and the Amended Meetings Order, and the Plan was approved by the Classes of Affected Unsecured Creditors (as defined therein), the whole as appears from the Court record.
15. On June 29, 2018, Mr. Justice Hamilton issued the Sanction Order dated June 29, 2018 (the “**Plan Sanction Order**”), the whole as appears from the Court record.
16. On July 30, 2018, Mr. Justice Hamilton issued the Plan Modification Order dated July 30, 2018 (the “**Plan Modification Order**”), pursuant to which minor modifications were made to the Plan in order to avoid unanticipated tax consequences, the whole as appears from the Court record.
17. On July 31, 2018, the Monitor issued the Plan Implementation Date Certificate, confirming the implementation of the Plan on July 31, 2018, the whole as appears from the Court record.
18. On or about August 10, 2018, the Monitor commenced interim distributions to non-employee Affected Creditors holding Proven Claims (as defined therein) under the Plan.
19. The Monitor has informed the CCAA Parties that all Affected Creditors with secured claims that have been finally determined or resolved have been paid commencing on or about August 24, 2018. Certain secured claims remain unresolved, as discussed further below.
20. On or about September 5, 2018, after confirming the amount of applicable withholdings with the applicable taxing authorities, the Monitor commenced interim distributions to employee Affected Creditors holding Proven Claims under the Plan. The Monitor has

informed the CCAA Parties that all employee Affected Creditors holding Proven Claims have been paid their interim distributions.

21. On November 21, 2019, a Certificate of Dissolution was issued in respect of 8568391 and the Monitor filed a Dissolution Confirmation Certificate in respect thereto. Pursuant to paragraph 49 of the Plan Sanction Order, the CCAA Proceedings were terminated in respect of 8568391 and 8568391 is no longer a CCAA Party in these CCAA Proceedings, effective the date of the Certificate of Dissolution.
22. On December 3, 2019, the Court approved further modifications to the Plan in connection with the Court's approval of the Wabush Late Claims (as defined therein).
23. The Stay Period has been extended by order of the Court from time to time, most recently on February 19, 2020, and currently expires on November 30, 2020, as appears from the Court record.

## **2. ORDER SOUGHT**

24. On this Motion, the CCAA Parties hereby seek the issuance of an Order which provides for the extension of the Stay Period in respect of the CCAA Parties until May 31, 2020, substantially in the form of the draft order communicated herewith as **Exhibit R-1** (the "**Draft Stay Extension Order**").

## **3. OVERVIEW OF NOTABLE OUTSTANDING MATTERS**

### **3.1 The Post-Filing Claims Procedure**

25. On March 26, 2018, this Court granted the Post-Filing Claims Procedure Order to govern the review, determination, adjudication or compromise of Post-Filing Claims and D&O Post-Filing Claims (each as defined in the Post-Filing Claims Procedure Order).
26. The Post-Filing Claims Procedure Order provided for a claims bar date for D&O Post-Filing Claims and Post-Filing Claims of 5:00 p.m. on May 21, 2018.
27. The Monitor had previously informed the CCAA Parties that Post-Filing Claims with aggregate value of \$2.8 million were received under the Post-Filing Claims Procedure Order, including one D&O Post-Filing Claim in the amount of \$30,000.00, in each case by the applicable claims bar date.
28. The Monitor has informed the CCAA Parties that all Post-Filing Claims filed in accordance with the provisions of the Post-Filing Claims Procedure Order, including the Post-Filing Claims of the City of Fermont, as discussed below, have now been finally determined.
29. As was previously reported to this Court, in addition to the Post-Filing Claims filed by other creditors in accordance with the provisions of the Post-Filing Claims Procedure Order, Commission Scolaire du Fer, now Centre de Services du Fer ("**Commission Scolaire**") had filed an amended motion arguing that a portion of its pre-filing claim filed in the Amended Claims Procedure Order should be instead considered as a Post-Filing Claim.

30. The Monitor had taken the position that Commission Scolaire did not file a Post-Filing Proof of Claim as required by the Post-Filing Claims Procedure Order.
31. The Monitor has informed the CCAA Parties that it has reached a settlement in principle with Commission Scolaire, pending the finalization of the amount to be paid on account of secured claims and execution of a definitive settlement agreement, as discussed further below.

### **3.2 CCAA Parties' Retirement Savings Plans**

32. At the time of the last stay extension request, all of the CCAA Parties retirement savings plans had been wound up and terminated, with the sole exception of the Cliffs Canadian Cliffs Canadian Retirement Plan, Retraite Québec Registration No. 1241751 (the "**DC Plan**").
33. Since the last stay extension request, Retraite Québec has informed the CCAA Parties that the wind-up and termination of the DC Plan has been completed, effective retroactively as at December 31, 2018.
34. With the termination of the DC Plan, the CCAA Parties believe that all of their retirement savings plans have now been wound-up and terminated.

### **3.3 City of Fermont Municipal Tax Contestations**

35. As outlined in the Monitor's Fifty Second Report, there was a pending contestation in regard to the assessed value for the Bloom Lake Mine for the 2013-2015 triennial tax roll between the CCAA Parties and the City of Fermont.
36. On May 29, 2020, BLGP and BLLP and the Monitor entered into a settlement agreement with the City of Fermont to resolve their claims (the "**Fermont Settlement**"). The Tribunal Administratif du Québec has approved the Fermont Settlement and the declarations of settlement have been communicated to the Québec Superior Court. This matter has now been finally determined.

### **3.4 Motion of Commission Scolaire**

37. On September 27, 2018, Commission Scolaire filed a Motion to amend their proof of claim (as amended from time to time, the "**Commission Scolaire Motion**"), originally filed as unsecured, as a secured claim, the whole as appears from the Court record.
38. Commission Scolaire took the position that its claim was secured by the operation of law, that its proof of claim contained a "good faith error", and that its claim should have been considered as secured by the Monitor and the CCAA Parties.
39. On December 12, 2018, Commission Scolaire filed an amended motion to argue that a portion of its claim is post-filing and that it should be paid in full as a result. On February 4, 2019, Commission Scolaire re-amended its motion to seek leave to file a late post-filing claim.
40. The Monitor has informed the CCAA Parties that as a result of discussions with the Monitor, Commission Scolaire has agreed to a settlement in principle in respect of its

claims (the “**Commission Scolaire Settlement**”), pending the finalization of the quantum of the payment that will be received on account of its secured claim and execution of a definitive settlement agreement.

### 3.5 Twin Falls Corporation

41. Twin Falls Power Corporation Limited (“**Twin Falls**”) is incorporated under the laws of Canada, and is owned:
  - a) 33.3% by Churchill Falls (Labrador) Corporation (“**Churchill Falls**”);
  - b) 49.6% by Iron Ore Company of Canada (“**IOC**”); and
  - c) 4.6% by Wabush Iron and 12.5% Wabush Resources (together, the “**Wabush Interest**”).
42. The CCAA Parties understand that Churchill Falls is owned 65.8% by Newfoundland and Labrador Hydro (“**NL Hydro**”), who in turn is owned by Nalcor Energy (“**Nalcor**”).
43. Until their resignation on July 14, 2017, two representatives of Wabush Iron and Wabush Resources were members of the board of directors of Twin Falls.
44. Twin Falls developed a 225 megawatt hydroelectric generating plant on the Unknown River in Labrador (the “**Twin Falls Plant**”).
45. The Twin Falls Plant, which has been inoperative since 1974, is located on land that was subleased by Twin Falls from Churchill Falls pursuant to a sublease agreement dated November 15, 1961 (as amended, the “**Twin Falls Sublease**”).
46. Under the Twin Falls Sublease, Churchill Falls was permitted, as the sublessor, to suspend the term of the Sublease to make more efficient use of the Unknown River for the balance of the term of the Sublease. Churchill Falls exercised this suspension right with effect from July 1, 1974. As such, the Twin Falls Plant was placed into an extended shut-down at such time.
47. In consideration for and anticipation of the suspension of the Twin Falls Sublease, the Operating Lease dated November 30, 1967 was entered into among Churchill Falls, Twin Falls, the Government of Newfoundland, IOC, Wabush Iron and others (as amended, the “**Operating Lease**”), pursuant to which Churchill Falls agreed, among other things, to assume broad maintenance obligations (the “**Churchill Falls Maintenance Obligations**”) and broad indemnity obligations (the “**Churchill Falls Indemnity**”), requiring Churchill Falls to maintain the Twin Falls Plant and the related assets.
48. The Twin Falls Sublease expired on December 31, 2014 and ownership of the Twin Falls Plant now resides with Churchill Falls. Additionally, Nalcor, behalf of Twin Falls, has informed the CCAA Parties that all of Twin Falls’ assets have been transferred or reverted to Churchill Falls, among others, with the result that Twin Falls currently owns no assets other than the Twin Falls Cash (as defined below). Accordingly, there has not been a corporate purpose for Twin Falls since at least the end of 2014.

49. According to Twin Falls' FY2019 Audited Financial Statements as at December 31, 2019, Twin Falls had approximately \$6.1 million in cash and cash equivalent assets (the "**Twin Falls Cash**") and approximately \$46,000 of liabilities.
50. Even before the commencement of the CCAA Proceedings, the CCAA Parties had tried repeatedly to obtain a distribution from Twin Falls to its shareholders. Such efforts have continued during the CCAA Proceedings. To date, Twin Falls has failed to make any distribution to shareholders, due to the refusal of Churchill Falls to agree to any distributions, stating concerns related to contingent environmental liabilities, as discussed further below.
51. It is the understanding of the CCAA Parties that no order or other enforcement mechanism of any type has been issued or initiated by any government agency with respect to environmental remediation, assessment or monitoring. The CCAA Parties further understand that Twin Falls is not subject to any contractual or other obligation with respect to environmental remediation, assessment or monitoring and that the monitoring currently being carried out, and any environmental remediation obligation, is the responsibility of Churchill Falls, pursuant to the Churchill Falls Indemnity and the Churchill Falls Maintenance Obligations. The Monitor has informed the CCAA Parties that the foregoing is consistent with the Monitor's understanding.
52. The CCAA Parties understand there to be potential environmental liability relating to the Twin Falls Plant, equipment and related assets, among other things (the "**Potential Environmental Liabilities**"), but take the position that pursuant to the Churchill Falls Indemnity, the Churchill Falls Maintenance Obligations, Churchill Falls has ownership of these assets and the sole responsibility for all such Potential Environmental Liabilities.
53. Additionally, it is the CCAA Parties' position that Churchill Falls has had, and continues to have, obligations under statute for Twin Falls Potential Environmental Liabilities under the current *PCB Regulations*, SOR/2008-273.
54. Despite the foregoing, it appears that Churchill Falls has not been reimbursing Twin Falls for monies previously expended by Twin Falls in respect of maintenance and environmental costs that should have been paid by Churchill Falls pursuant the Churchill Falls Indemnity and Churchill Falls Maintenance Obligations.
55. To date, despite repeated attempts, Twin Falls and Churchill Falls have refused all proposals that would enable Wabush Resources and Wabush Iron to realize the value of their interest in Twin Falls, and have continued to be unwilling to engage in any meaningful discussions with the CCAA Parties to resolve the issue.
56. Despite many months of the CCAA Parties trying to obtain a consensual resolution, Twin Falls and Churchill Falls have continuously failed to engage in any constructive dialogue towards a resolution of the issues related to the Churchill Falls Indemnity, Churchill Falls Maintenance Obligations and the distribution of the Twin Falls Cash. While the CCAA Parties are always open to a consensual resolution, the CCAA Parties believe they have now exhausted all reasonable efforts towards a consensual resolution with Twin Falls and Churchill Falls. Accordingly, concurrently with this Motion, the CCAA Parties have filed a motion in these proceedings for relief under Sections 214 and 241 of the CBCA (the "**CBCA Motion**"), to be heard by the Court on a *pro forma* basis on November 27, 2020.



### 3.6 Tax Updates

#### 3.6.1 Income Taxes

57. The audit by Canada Revenue Agency (“**CRA**”) in respect of certain income tax filings for the taxation years 2010 to 2015, as previously reported to the court in the Monitor’s Third, Fourth and Fortieth Reports have been suspended pending review of the CCAA Parties’ 2018 tax returns as filed. Such review is underway, as evidenced by audit queries received with respect to the 2018 returns since the last extension of the Stay Period, which the CCAA Parties have responded to on a timely basis. Based on discussions with CRA, it is the CCAA Parties’ understanding that there will be no more audit queries from the CRA relating to the 2018 returns.
58. On February 26, 2020, the CCAA Parties received a letter from the CRA indicating that the CRA has completed the audit of the 2016 and 2017 Arnaud amended returns and has accepted them. The CCAA Parties are awaiting the refund of approximately \$41,520.86 from Revenu Québec in respect of the Arnaud amended returns.
59. The CCAA Parties, with the assistance of the Monitor and their advisors, have been working with the CRA to resolve other matters raised in respect of the CCAA Parties’ income tax filings, most notably, in connection with the 2018 returns of CQIM, BLLP, and Wabush Resources.
60. The CCAA Parties have continued to communicate with the CRA and have been responding to CRA requests for additional documents and additional information.
61. On September 17, 2020, the CCAA Parties received from the CRA a proposal for adjustments to Wabush Resources’ 2018 income tax return (the “**Wabush Proposal**”). The proposed adjustments in the Wabush Proposal include the denial of certain deductions claimed by Wabush Resources in connection with disbursements made in 2018, and an assessment of additional income resulting from the application of the "debt forgiveness" rules in the *Income Tax Act* (Canada) arising from the implementation of the CCAA Plan on July 31, 2018.
62. The CCAA Parties do not agree with the proposed adjustments set out in the Wabush Proposal. The CCAA Parties and the Monitor, together with their respective counsel, have explained the CCAA Parties’ position on the proposed adjustments to the CRA audit team in mid-October 2020, and have provided additional facts and supporting submissions to the CRA based on that discussion. The CCAA Parties believe that such submissions should permit the Wabush Proposal to be resolved without any tax liability to Wabush Resources.
63. The CCAA Parties expect to also receive the proposals from CRA in respect of the 2018 returns for CQIM and BLLP as well (the “**Other CRA 2018 Proposals**”, and together with the Wabush Proposal, the “**CRA 2018 Proposals**”). The CCAA Parties will review the Other CRA 2018 Proposals, will work diligently to respond to the Other CRA 2018 Proposals and are hopeful that all outstanding CRA audits and assessments, including the audits for 2010-2015 and 2018 tax years, of the CCAA Parties will be satisfactorily resolved in the near term so that creditors can receive another distribution. If such is not the case, the CCAA Parties may be seeking the Court’s assistance. While the CCAA Parties believe that their submissions with respect to the Wabush Proposal should also

allow similar issues expected to be raised in the Other CRA 2018 Proposals to be resolved without any tax liability to the CCAA Parties, if the CRA were to assess CQIM's 2018 taxation year based on the positions in the Wabush Proposal, a material income tax liability could arise, in which case the CCAA Parties will be seeking the Court's advice and directions with respect to treatment of any such tax liability in light of the CCAA Plan.

64. On or about September 21, 2020, the CCAA Parties received from the CRA a proposal for adjustments to CQIM's 2013 income tax return (the "**Revised CQIM 2013 Proposal**"). Such proposal revises a proposal letter dated February 17, 2020 in response to submissions made by the CCAA Parties on May 19, 2020 (the "**May 19 Submissions**"). The Revised CQIM 2013 Proposal is largely consistent with the May 19 Submissions made by the CCAA Parties, subject to some calculation differences. Counsel to the CCAA Parties discussed these calculation differences on November 5, 2020 and the CRA has advised that they will confirm their position by mid-November 2020.

### **3.6.2 Sales Taxes**

65. As previously reported to this Court, the resolutions of outstanding sales tax matters with the CRA and Revenu Québec have experienced slow progress and this has continued. Covid-19 has exacerbated the delays.
66. There are a total approximately 7 sales taxes audits that remain outstanding with Revenu Québec, including sales tax audits for HST and QST in respect of ITCs claimed by certain of the CCAA Parties for damage claims paid through distributions under the Plan.
67. The two sales tax issues discussed in our last stay extension remain unresolved. With respect to the return of an excess security deposit in the approximate amount of \$136,000.00 from the CRA, on September 18, 2020, the CCAA Parties' counsel received a letter from the CRA confirming that the corporate income tax dispute relating to the excess security deposit amount has been resolved. The CCAA Parties are awaiting issuance of formal reassessments reflecting the decision described in the September 18, 2020 letter and thereafter the release by the CRA of the balance of the excess security deposit.
68. The payment of sales tax refunds owing to Wabush Mines in the amount of approximately \$728,000.00 remains outstanding since a Notice of Objection was filed in April 2018 notwithstanding continuing efforts of the CCAA Parties and the Monitor to resolve these matters. Since the last extension of the Stay Period, the CCAA Parties, with the assistance of their consultant and the Monitor, have been responding to Revenu Québec's requests for additional information and are hopeful that the payment of the refunds will be made in the short term.
69. The CCAA Parties' consultant, who has maintained direct communications with Revenu Québec concerning this matter, has clearly indicated that a determination of the Notice of Objection by Revenu Québec was expected in time to allow the CCAA Parties and the Monitor to report thereon to the Court at the upcoming hearing. However, as at the date hereof, no such determination has been received.
70. The CCAA Parties understand from the Monitor that further details on the other remaining sales tax audits will be provided in the Monitor's report to be filed in connection with this Motion.

### 3.6.3 Other Tax Matters

71. As previously, reported to this Court, there are 2018 payroll tax assessments outstanding in respect of several of the CCAA Parties in respect of amounts withheld from distributions under the Plan.
72. All remittances of payroll taxes were made in accordance with the protocol agreed with Revenu Québec in advance of the Monitor making the interim distributions under the Plan. It appears that the remittances were not correctly matched by Revenu Québec, leading to the issuance of notices of assessment, including penalties and interest. Revenu Québec had informed the Monitor that it was the process of resolving this issue, but such assessments remain outstanding. The Monitor has informed the CCAA Parties that its counsel has been in communication with Revenu Québec to attempt to resolve this issue. The CCAA Parties are hopeful that this matter will be resolved shortly.

### 3.7 Books and Records

73. The CCAA Parties understand that there are approximately 500 boxes of documents (the “**Records**”) that have been stored with a third-party storage provider that may possibly contain books and records acquired by Buyers (as defined below) as part of the Court-approved transactions completed in the CCAA Proceedings.
74. Based on list of the Records that has been obtained by the CCAA Parties (the “**Records List**”), the Records appear to be commingled amongst the various CCAA Parties, and some of the Records appear to be related to non-filed affiliates of the CCAA Parties. In addition, most of the Records are not specifically labelled and therefore the contents of those Records are not easily identifiable without having to review the contents of each of the 500 boxes.
75. The majority of the Records appear to predate the CCAA Proceedings, having been placed in storage between 2012 and 2016 and appearing to relate predominantly to the time period between 2005 and 2012. The CCAA Parties have not had any employees since July 2017, and given the number of boxes, the CCAA Parties and Monitor have not incurred the time nor expense of reviewing each of the boxes of Records to verify the accuracy of the Records List nor the nature of the Records as described in the Records List.
76. The CCAA Parties have reviewed all the purchase agreements that have been entered into by the CCAA Parties and identified 3 purchasers who purchased books and records of the CCAA Parties under their purchase agreements which may be included in the Records (each a “**Buyer**”). It has been at least over 3 years since the closing of the various sale transactions by the CCAA Parties in the CCAA Proceedings but it is possible that some of the Records may be books and records that may have been purchased by these Buyers. Accordingly, out of an abundance of caution, the CCAA Parties have provided specific written notice of the CCAA Parties’ intention to dispose of the Records and an opportunity to object to the destruction of the Records within 30 days of the notice (the “**Objection Deadline**”).
77. If no objection is received by the CCAA Parties’ counsel and Monitor’s counsel by the Objection Deadline, the CCAA Parties intend to dispose of the Records in due course as it considers appropriate, having regard to their obligations to preserve such Records for

any periods as may be required by any laws applicable to such Records, without any further notice.

78. If any objections are received by the Objection Deadline, the CCAA Parties, in consultation with the Monitor and the applicable Buyer, will develop a process in coordination with the objecting party/parties to determine the entitlement of such objecting party/parties to the Records and, if necessary, facilitate access to such Records for inspection or transfer, subject to appropriate safeguards being put in place for confidentiality.

#### 4. THE EXTENSION OF THE STAY PERIOD IS APPROPRIATE

79. Since the issuance of the Bloom Lake Initial Order and the Wabush Initial Order, the CCAA Parties have acted and continue to act in good faith and with due diligence.

80. Since the Stay Period was last extended to November 30, 2020, the CCAA Parties or their counsel have, with the assistance of and in consultation with the Monitor, *inter alia*:

- a) communicated regularly with the Monitor and provided the Monitor with full cooperation and complete access to the CCAA Parties' Property, premises and books and records;
- b) worked to resolve various outstanding tax assessments and audits of the CCAA Parties;
- c) responded to numerous information requests in respect of various outstanding tax audits and queries related to the CCAA Parties' income tax returns;
- d) assisted the Monitor in filing for and pursuing federal and Québec sales tax refunds;
- e) communicated with Twin Falls, Churchill Falls and other stakeholders of Twin Falls in an attempt to find a resolution to monetize the Wabush Interest or obtain their pro rata share of the Twin Falls Cash and any other monies properly owing to Twin Falls from Churchill Falls under the Churchill Falls Indemnity and Churchill Falls Maintenance Obligations;
- f) communicated with the claims administrator with respect to proofs of claim filed by certain of the CCAA Parties in respect of settlement of U.S. class actions involving foreign exchange instruments (the "**U.S. FX Class Actions Claims**");
- g) communicated with the claims administrator with respect to proofs of claim filed by certain of the CCAA Parties in respect of settlement of the Canadian class actions involving foreign exchange instruments (the "**CDN FX Class Actions**");
- h) worked with the Monitor to resolve the municipal tax contestation relating to the Vermont Settlement; and
- i) worked with the Monitor to develop a protocol for the CCAA Parties' Records and communicated with the Buyers to advise of the CCAA Parties' and the Monitor's

intention to dispose of the Records if no response is received by the Objection Deadline.

81. It is respectfully submitted that the extension of the Stay Period to May 31, 2021 is required to provide all CCAA Parties with sufficient time to, *inter alia*:
  - a) obtain the monetization or recovery in respect of the Wabush Interest;
  - b) continue responding to audit inquiries and follow-up inquiries from the CRA and Revenu Québec and work to resolve any open audit issues;
  - c) work with the Monitor to resolve outstanding issues related to the federal and Québec sales tax filings of the CCAA Parties and to obtain all sales tax refunds due to the CCAA Parties in respect thereof;
  - d) work with the Monitor to resolve outstanding issues related to federal income tax filings, including the CRA 2018 Proposals;
  - e) the collection of any amounts recoverable from the U.S. FX Class Actions Claims;
  - f) the collection of any amounts recoverable from the CDN FX Class Actions;
  - g) work with the Monitor to implement the proposed protocol with respect to the Records; and
  - h) complete the dissolutions of the CCAA Parties and any of their subsidiaries contemplated under the Plan.
82. It is anticipated that the requested extension of the Stay Period until May 31, 2021 will afford the CCAA Parties additional time that is needed to progress and substantially complete all of the foregoing.
83. The Monitor has advised the CCAA Parties that it supports the present Motion and the extension of the Stay Period. The CCAA Parties understand that the Monitor will file a report regarding the proposed extension of the Stay Period.
84. Considering that the majority of the CCAA Parties' assets have been sold in the context of these CCAA Proceedings, and that the ongoing expenses consist of professional fees, the CCAA Parties believe that there is sufficient liquidity to fund the estimated ongoing costs and expenses of the CCAA Parties and any obligations incurred by them until May 31, 2021.
85. The CCAA Parties have acted and are acting with good faith and due diligence, circumstances exist that make the extension of the Stay Period appropriate and no stakeholder will be materially prejudiced by the extension of the Stay Period.
86. In light of the foregoing, the CCAA Parties respectfully ask this Court to extend the Stay Period to May 31, 2021, the whole subject to all other terms of the Bloom Lake Initial Order and the Wabush Initial Order.

**5. PROCEDURAL MATTERS**

87. The Petitioners submit that the notices given of the presentation of the present Motion are proper and sufficient.
88. Pursuant to paragraph 54 of the Bloom Lake Initial Order and 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.
89. The service of the present Motion serves as notice pursuant to paragraph 54 of the Bloom Lake Initial Order and paragraphs 47 and 56 of the Wabush Initial Order.
90. Paragraph 55 of the Bloom Lake Initial Order and paragraph 57 of the Wabush Initial Order require 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 November 23, 2020.
91. Paragraph 56 of the Bloom Lake Initial Order and paragraph 58 of the Wabush Initial Order further provide 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**").
92. Paragraph 57 of the Bloom Lake Initial Order and paragraph 59 of the Wabush Initial Order provide that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.

**6. CONCLUSIONS**

93. In light of the foregoing, the Petitioners hereby respectfully seek the issuance of an order substantially in the form of the Draft Stay Extension Order (Exhibit R-1);
94. 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 Stay Extension Order (Exhibit R-1) communicated in support hereof;

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

Montréal, November 16, 2020

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Petitioners and the Mises-en-  
cause

**AFFIDAVIT**

I, the undersigned, James Graham, the General Counsel & Secretary of Bloom Lake General Partner Limited, Cliffs Québec Iron Mining ULC, Quinto Mining Corporation, Wabush Resources Inc., Bloom Lake Railway Company Limited, Wabush Iron Co. Limited, and the Secretary of Arnaud Railway Company and Wabush Lake Railway Company Limited, having a place of business at 200 Public Square, Cleveland, Ohio, solemnly affirm that all the facts alleged in the present *Motion for the Issuance of an Order Extending the Stay Period* are true.

AND I HAVE SIGNED:

  
James Graham

SOLEMNLY DECLARED before me at  
Cleveland, Ohio, on this  
17<sup>th</sup> day of November, 2020

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



ANNETTE ANTHONY  
NOTARY PUBLIC  
STATE OF OHIO  
Recorded in  
Cuyahoga County  
My Comm. Exp. 11/12/2022



**NOTICE OF PRESENTATION**

**TO: Service List**

**TAKE NOTICE** that the present *Motion for the Issuance of an Order Extending the Stay Period* will be presented for adjudication before the Honourable Michel A. Pinsonnault, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montréal, in the Montréal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **November 27, 2020, at 9:00 am by Video Conference in accordance with the instructions to be provided by the Court and circulated to the parties on the Service List and posted on the Monitor's website at: <http://cfcanada.fticonsulting.com/bloomlake/>.**

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, November 16, 2020

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Petitioners and the Mises-en-  
cause

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

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

**BLOOM LAKE GENERAL PARTNER LIMITED  
QUINTO MINING CORPORATION  
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-

**FTI CONSULTING CANADA INC.**

Monitor

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**LIST OF EXHIBITS**

(In support of the *Motion for the Issuance of an Order Extending the Stay Period*)

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**R-1** Draft Stay Extension Order

Montréal, November 16, 2020

*Blake, Cassels & Graydon LLP*

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**BLAKE, CASSELS & GRAYDON LLP**

Attorneys for the Petitioners and the Mises-en-cause

N°: 500-11-048114-157

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

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**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

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**MOTION FOR THE ISSUANCE OF AN ORDER  
EXTENDING THE STAY PERIOD, AFFIDAVIT,  
NOTICE OF PRESENTATION AND EXHIBIT R-1**  
(Section 11 CCAA)

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**ORIGINAL**

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The logo for the law firm Blakes, featuring the word "Blakes" in a stylized, cursive script font.

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**BB-8098**

Our File: 11573-375