

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF **MONTREAL**

Nº: **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)

**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

MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY PERIOD¹
(Section 11 of the *Companies' Creditors Arrangement Act*)

¹ 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, Quinto Mining Corporation (“**Quinto**”), 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 (“**BLRC**”, together with all such other parties (other than 8568391 from and after November 21, 2019 when 8568391 ceased to be a CCAA Party upon its wind-up and dissolution), 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, 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 (“**Wabush Railway**”), 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, *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, 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 their payment commencing on or about August 24, 2018.
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 (these distributions, together with the interim

distributions paid to non-employee Affected Creditors holding Proven Claims described earlier in this Motion, the “**Initial 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 with 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 below).
23. The Stay Period has been extended by order of the Court from time to time, most recently on May 21, 2021 and currently expires on November 30, 2021, 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 June 30, 2022.

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 has informed the CCAA Parties that with the execution of the settlement agreement with Commission Scolaire on May 21, 2021, all Post-Filing Claims filed in accordance with the provisions of the Post-Filing Claims Procedure Order have now been finally determined.

3.2 Twin Falls Corporation

28. As previously reported to this Court, Wabush Iron and Wabush Resources own a 17.1% equity interest (the “**Twinco Interest**”) in Twin Falls Power Corporation Limited (“**Twinco**”). As at December 31, 2019, Twin Falls was also owned 33.3% by Churchill Falls (Labrador) Corporation (“**CFLCo**”), and 49.6% by Iron Ore Company of Canada.
29. Pursuant to Twinco’s Articles of Continuance dated August 1, 1980 and the voting rights attached to Class A Common Shares held by CFLCo: (i) CFLCo holds 66.7% voting control of Twinco; and (ii) the shareholders are entitled to share rateably in the remaining property of Twinco upon dissolution.
30. Pursuant to Twinco’s FY2020 Audited Financial Statements as at December 31, 2020, Twinco had approximately \$6.0 million in cash and cash equivalent assets (the “**Twin**

Falls Cash") and approximately \$158,000 of liabilities. A copy of Twinco's 2020 Audited Financial Statements is communicated herewith as **Exhibit R-1**.

31. Subject to the resolution and collection of certain outstanding tax refunds, the CCAA Parties have monetized all of their assets other than the Twinco Interest.
32. For years, both prior to and after the commencement of these CCAA Proceedings, the CCAA Parties have tried repeatedly to obtain a distribution of the Twin Falls Cash to Twinco's shareholders, but such distribution has been continuously resisted by Twinco and CFLCo. The history of Twinco is long and complicated and is set out in significant detail in the CBCA Motion and the Monitor's Powers Expansion Motion (each as defined below), all as appears from the Court record.
33. The CCAA Parties, with the Monitor's support and assistance, repeatedly tried to obtain a consensual resolution of the issues in dispute, being: (i) a distribution of the Twin Falls Cash to shareholders; and (ii) reimbursement of any amounts paid by Twinco for which CFLCo is responsible under the comprehensive maintenance obligations it undertook in respect of Twin Falls (the "**CFLCo Maintenance Obligations**") and the indemnity provided by CFLCo to Twinco in respect of those obligations and environmental liabilities in connection with the Twin Falls Plant and Twin Falls Assets (as defined in the CBCA Motion) (the "**CFLCo Indemnity**"), each as more particularly detailed in the CBCA Motion.
34. On November 16, 2020, in furtherance of the CCAA Parties' efforts to monetize the Twinco Interest, the CCAA Parties filed a *Motion for the Winding up and Dissolution, Distribution of Assets, Reimbursement of Monies and Additional Relief* (the "**CBCA Motion**") for certain relief against Twinco and CFLCo in connection with the Twin Falls Cash, CFLCo Maintenance Obligations and CFLCo Indemnity.
35. The CBCA Motion was heard on a *pro forma* basis by this Court on November 27, 2020, and at that hearing, January 29, 2021 was set as the date for the hearing of the CBCA Motion and any contestation by Twinco and CFLCo or any other interested party.
36. In response to the CBCA Motion, Twinco filed a Motion to Dismiss the Application for Lack of Jurisdiction and for Forum Non-Conveniens dated January 15, 2021 (the "**Twinco Dismissal Motion**"), and CFLCo filed a Contestation to the CBCA Motion dated January 15, 2021 (the "**CFLCo Contestation**"), both to be heard on January 29, 2021, along with the CBCA Motion.
37. In the CFLCo Contestation, CFLCo advised the CCAA Parties that it was going to imminently commence an originating application for a court supervised liquidation and dissolution of Twinco (the "**Twinco Liquidation Application**").in the Supreme Court of Newfoundland & Labrador General Division (the "**Newfoundland Court**").
38. The Twinco Liquidation Application was formally issued by the Newfoundland Court on January 21, 2021, to be heard on February 23, 2021.
39. On January 27, 2021, this Court adjourned *sine die* the CBCA Motion, the Twinco Dismissal Motion, and the CFLCo Contestation and on February 22, 2021, CFLCo confirmed the adjournment *sine die* of the Twinco Liquidation Application with the

Newfoundland Court (all such adjourned proceedings, the “**Adjourned Proceedings**”), in order to permit the parties to explore one final opportunity at a consensual resolution.

40. As set out in greater detail in the CCAA Parties’ *Motion for the Expansion of the Monitor’s Powers Motion* dated May 6, 2021 (the “**Monitor’s Powers Expansion Motion**”), after the adjournment of the Adjourned Proceedings, discussions ensued between the CCAA Parties, Monitor, Twinco and CFLCo with a view to obtaining on a voluntary basis relevant information required to properly assess the approximate value of the Twinco Interest in order to agree to a consensual resolution.
41. However, discussions did not advance in any meaningful way with Twinco or CFLCo and the CCAA Parties and Monitor were unable to obtain on a voluntary basis information from Twinco and CFLCo that the CCAA Parties and Monitor required to properly assess the approximate value of the Twinco Interest.
42. As a result, the CCAA Parties filed on May 6, 2021, the Monitor’s Powers Expansion Motion, which sought expanded powers for the Monitor to obtain certain information from Twinco and CFLCo, to facilitate the monetization of the Twinco Interest for the benefit of the CCAA Parties’ creditors, the winding up of the CCAA Parties’ estate and the termination of the CCAA Proceedings.
43. The *Motion for the Expansion of the Monitor’s Powers* was heard on June 2, 2021, and on July 14, 2021, Mr. Justice Pinsonnault released a decision granting the motion (the “**Expansion of Powers Decision**”).
44. The Twinco Dismissal Motion was heard on August 6, 2021, and on August 12, 2021, Mr. Justice Pinsonnault issued a judgment dismissing the Twinco Dismissal Motion and affirmed the jurisdiction of the CCAA Court to hear the CBCA Motion (the “**Twinco Dismissal Decision**”).
45. On August 4, 2021, CFLCo filed an application for leave to appeal the Expansion of Powers Decision.
46. On September 2, 2021, CFLCo an application for leave to appeal the Twinco Dismissal Decision (together with the application for leave to appeal the Expansion of Powers Decision, the “**Twin Falls Leave Applications**”).
47. The Twin Falls Leave Applications have been adjourned multiple times to facilitate a consensual resolution, most recently to December 20, 2021. The CCAA Parties, CFLCo, Twinco and the Monitor have continued to work to resolve the outstanding matters in dispute, including obtaining additional information and disclosures from Twinco and CFLCo that would enable the CCAA Parties and the Monitor to assess the estimated value of the Twinco Interest.
48. As part of a larger discussion about a possible settlement of the matters in dispute in the Adjourned Proceedings, the parties ultimately agreed that such additional information and disclosures would be set out in affidavits to be sworn from officers and directors of Twinco.
49. The CCAA Parties, with the assistance of the Monitor, and Twinco and CFLCo have been trying to finalize the terms and conditions of a proposed settlement that would resolve the

matters in dispute in the Adjourned Proceedings and had hoped to be in a position to have those terms settled to seek Court approval of the proposed settlement at the same time as the motion for the stay extension. However, at this time, those negotiations are still continuing.

50. The CCAA Parties are optimistic that negotiations on the proposed settlement will be finalized in the near term. Once the settlement is finalized, the CCAA Parties will seek Court approval of the settlement.

3.3 Tax Updates

3.3.1 Income Taxes

51. On June 9, 2021, the CCAA Parties received a letter from the Canada Revenue Agency (“**CRA**”) confirming that all audits for the 2010-2015 period (and for Arnaud, the 2017-2018 period) are now closed.
52. As previously reported to the Court, all material income tax audit matters known to the CCAA Parties have been resolved without any resulting cash tax liabilities.
53. The CCAA Parties are not aware of any other ongoing CRA income tax audits for the 2015-2018 period, and the CRA had confirmed to the CCAA Parties’ advisors on May 5, 2021 that no such audits are currently open. The CCAA Parties are also not aware of any CRA income tax audits for the 2019 or 2020 taxation years at this time.

3.3.2 Sales Taxes

54. Resolution of outstanding sales tax matters with the CRA and Revenu Québec have continued to experience slow progress. Covid-19 has exacerbated the delays. Updates on the material outstanding sales tax matters are summarized below.

3.3.2.1 Disputed Sales Taxes Owing

55. In March 2021, Revenu Québec informed the Monitor that the outstanding GST and QST sales tax audits for various post-filing taxation periods in respect of CQIM, Wabush Resources and BLLP have been completed and that notices of assessment had been issued reflecting the results of these audits and were mailed to the CCAA Parties.
56. The CCAA Parties have been informed by the Monitor that it will provide an update on these sales tax matters in the Monitor’s report to be filed in connection with this Motion.

3.3.2.2 Sales Tax Refunds for Initial Interim Distributions of Disclaimer Damage Claims

57. The Monitor has informed the CCAA Parties that in March 2021 Revenu Québec informed the Monitor that the audits for QST in respect of QST paid on the Initial Interim Distributions in respect of damage claims from the disclaimer of contracts for the November 2018 taxation period have been completed for Wabush Resources, BLLP and Arnaud and that final notices of assessment had been issued reflecting such audits and mailed to the CCAA Parties.

58. The CCAA Parties have received the notices of assessment for: (i) Wabush Resources, dated March 12, 2021, confirming a refund of \$337,117.37 for QST for November 2018 (the "**Wabush 2018 QST Refund**"), and (ii) BLLP, dated March 3, 2021, confirming a refund of \$544,051.75 for QST for November 2018 (the "**BLLP 2018 QST Refund**").
59. Wabush Resources received the Wabush 2018 QST Refund, together with accrued interest, in late August 2021. The Monitor has informed the CCAA Parties that in mid-July, BLLP received \$497,715.45 of the BLLP 2018 QST Refund. \$64,782 of the BLLP 2018 QST Refund was applied by way of offset against the BLLP 2018 QST Refund owing. The CCAA Parties have been informed by the Monitor that it is inquiring with Revenu Québec about the details of the offset.

3.3.2.3 Wabush Mines QST Refunds

60. Notwithstanding continuing efforts of the CCAA Parties and the Monitor to resolve the dispute with Revenu Québec, the payment of QST 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 (the "**Wabush Mines QST Refund**").
61. In February 2021, the Monitor received a formal ruling from Revenu Québec rejecting the CCAA Parties' objection.
62. On March 19, 2021, Wabush Mines, through their tax consultant, filed an administrative complaint with the Revenu Québec Ombudsman Office.
63. The CCAA Parties have been informed by the Monitor that on or about April 16, 2021, the tax consultant informed the Monitor that the complaint to the Revenu Québec Ombudsman Office was unsuccessful in resolving the dispute.
64. On May 5, 2021, a Judicial Application Originating a Proceeding for an Appeal of a Tax Assessment with respect to the Wabush Mines QST Refund (the "**Wabush Mines QST Refunds Appeal**") was filed with the Court of Québec.
65. On June 21, 2021, a case protocol was agreed to setting out various key dates before the court hearing to adjudicate the Wabush Mines QST Refunds Appeal.
66. The parties have until January 12, 2022 to file a request to set the Wabush Mines QST Refunds Appeal down for trial and judgment. Once all required materials have been filed, the CCAA Parties intend to file such request as soon as practicable.
67. On November 10, 2021, responses to certain written examination questions provided by Revenu Québec were served on Revenu Québec.
68. Revenu Québec has yet to file its defence in respect of the Wabush Mines QST Refunds Appeal. The CCAA Parties understand that there have been recent personnel departures at Revenu Québec and therefore at this time it is uncertain when Revenu Québec's defence will be filed.

3.3.2.4 The Setoff Motion

69. On or about October 2, 2020, the Monitor issued a notice to Revenu Québec allowing its claim for an aggregate amount of \$13,392,752.86 with respect to unpaid QST and GST on outstanding pre-filing amounts owing by CQIM to its suppliers pursuant to a notice of allowance dated October 2, 2020 (the “**Pre-Filing Sales Tax Claim**”).
70. In late 2020, the CCAA Parties were informed by the Monitor that Revenu Québec had informed the Monitor that it would set off the Pre-Filing Sales Tax Claim against the QST and GST input tax credit refund (“**ITC**”) amounts owing to CQIM in the aggregate amount of \$7,459,257.85 in respect of Initial Interim Distributions paid to suppliers in respect of contract disclaimer damage claims (the “**CQIM ITC Refund**”).
71. On January 18, 2021, the Monitor filed a motion in this Court for advice and directions with respect to the ability of Revenu Québec, acting on behalf of itself and the CRA, to set-off the Pre-Filing Sales Tax Claim against the CQIM ITC Refund, on the basis that both claims are pre-filing claims that can be set-off in accordance with section 21 of the CCAA (the “**Setoff Motion**”). The Monitor and the CCAA Parties take the position that the proposed set-off is not permitted as the CQIM ITC Refund is a post-filing claim as it relates to damage claims arising from post-filing disclaimers of contracts.
72. On March 19, 2021, this Court postponed the hearing of the Monitor’s Setoff Motion to allow Revenu Québec to finalize and file its audit verification report on or before April 15, 2021, and its Contestation and supporting affidavit(s) to be filed on or before May 14, 2021.
73. On May 14, 2021, Revenu Québec filed its Contestation asserting additional set off claims against three supplier invoices totalling \$422,940.05 (the “**Additional Setoff Claims**”) for the period subsequent to the issuance of the Initial Order. Revenu Québec has taken the position in its Contestation that set off applies to all of the Additional Setoff Claims which they have asserted are broken down between \$188,185.19 relating to invoices for the pre-filing period and the balance (\$234,755.16) relating to invoices for the post-filing period.
74. Revenu Québec’s position is that the CQIM ITC Refund claims relate to contracts entered into before the CCAA filing and therefore are, in essence, pre-filing claims which are capable of being subject to set off. According to Revenu Québec, the “supply” for which the “registrant” is deemed to have paid the Restructuring Claim is an “accessory” to the underlying contractual obligation “for the making of a taxable supply” and that, even if the CQIM ITC Refund claim “crystallized” post-filing, it nevertheless relates to and is sourced in pre-filing obligations and contracts, making the related ITCs pre-filing obligations.
75. The Monitor and the CCAA Parties maintain the position that the CQIM ITC Refund claims, including the ITC refunds relating to the Additional Setoff Claims in respect of post-filing invoices, are properly characterized as post-filing claims.
76. On November 8, 2021, Mr. Justice Pinsonnault released a decision granting the Setoff Motion, declaring that the CQIM ITC Refund claims and \$234,755.16 of the Additional Setoff Claims, constitute post-filing claims which cannot be offset by any of Revenu Québec’s Pre-Filing Sales Tax Claims (the “**RQ Setoff Decision**”).

77. Revenu Québec has 21 days to seek leave to appeal the RQ Setoff Decision.

3.3.3 Other Tax Matters

78. 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.

3.4 Second Interim Distribution

79. As previously reported to this Court, a second interim distribution under the Plan (the "**Second Interim Distribution**") was put on hold pending the resolution of the 2015-2018 income tax audits.
80. With their satisfactory resolution as noted above, the process to effect the Second Interim Distribution was re-commenced and the Monitor has informed the CCAA Parties that the Second Interim Distribution was made on or around May 17, 2021.

3.5 Dissolution of BLRC and Wabush Railway

81. Paragraphs 46 and 47 of the Plan Sanction Order permit the CCAA Parties to wind-up and dissolve BLRC and Wabush Railway as soon as practicable following the issuance of the Plan Sanction Order.
82. Out of an abundance of caution, the CCAA Parties had previously deferred pursuit the dissolutions of BLRC and Wabush Railway pending satisfactory resolution of the outstanding income tax audit issues. As those issues have been resolved, the CCAA Parties have begun preparation of the necessary documentation for the dissolutions of BLRC and Wabush Railway. Once certificates of dissolution are obtained from the Ministry, the Monitor will file the Confirmation of Dissolution with the Court.

3.6 Books and Records

83. As reported to the Court at the last stay extension motion, the CCAA Parties understand that there are approximately 500 boxes of documents (the "**Records**") that are stored with a third-party storage provider and that may possibly contain books and records acquired by Buyers (defined below) as part of the Court-approved transactions completed in the CCAA Proceedings.
84. 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.
85. The CCAA Parties reviewed all the purchase agreements 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**"). The CCAA Parties provided the Buyers with 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**").

86. The CCAA Parties received one objection from a Buyer, Québec Iron Ore Inc. and Champion Iron Ore Limited (collectively "**QIO**"), the purchaser of the Bloom Lake Mine. QIO requested access to a subset of the Records comprised of 48 boxes (the "**Requested Records**") to determine whether such Records constitute Purchased Assets under the Asset Purchase Agreement dated December 11, 2015 among CQIM, Quinto, BLLP and QIO (the "**Bloom APA**").
87. The CCAA Parties conducted a preliminary review of 11 of the Requested Records to determine whether such boxes may contain Excluded Assets (as defined in the Bloom APA). Based on the review, the CCAA Parties determined that, but for certain documents which constitute Excluded Assets, the 11 boxes appeared to mostly contain Purchased Assets that could be released to QIO.
88. On July 28, 2021, the CCAA Parties and QIO executed a non-disclosure agreement (the "**NDA**"). Pursuant to the protocol set out in the NDA (the "**Records Protocol**"), the CCAA Parties sent a notice to QIO disclosing the nature of the documents proposed to be excluded from the 11 boxes prior to their transfer to QIO (the "**Excluded Records**") of the remaining records in those boxes. QIO did not dispute the exclusion of the Excluded Records and the 11 boxes, less the Excluded Records, were then delivered to QIO in September 2021.
89. With respect to the remaining 37 boxes of Requested Records, all of which appeared to relate to Quinto, the CCAA Parties proposed to send those boxes directly to QIO subject to the terms and conditions of the NDA, including the Records Protocol.
90. Pursuant to the Records Protocol, QIO is required to review the contents of the boxes within a reasonable amount of time not exceeding three (3) months from receipt of the boxes (the "**Review Deadline**") and to attest to the contents of such boxes being Purchased Assets. Under the Protocol, QIO is required to disclose to the CCAA Parties and Monitor if any of the Records contained in the boxes constitute Excluded Assets.
91. On October 15, 2021, the remaining 37 boxes of Requested Records were delivered to QIO. In accordance with the Records Protocol, the Review Deadline for the 37 boxes is therefore January 15, 2022.
92. Pursuant to the Records Protocol, QIO will be entitled to retain those Records attested by them to be Purchased Assets and in respect of any Records identified by them as Excluded Assets, at the option of the CCAA Parties in writing, such Excluded Assets must either be: (i) returned to the CCAA Parties, or (ii) certified by QIO to have been destroyed, in each case at QIO's sole cost and expense.
93. The CCAA Parties intend to dispose of all of the remaining Records in their possession, including the Excluded Records and the Excluded Assets, in due course as they consider appropriate with regard to their obligations to preserve such Records for any periods that may be required by any laws applicable to such Records, without any further notice.

4. THE EXTENSION OF THE STAY PERIOD IS APPROPRIATE

94. 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.
95. Since the Stay Period was last extended to November 30, 2021, 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 and sales tax returns;
 - d) assisted the Monitor in filing for and pursuing federal and Québec sales tax refunds;
 - e) assisted the Monitor in filing and pursuing the Setoff Motion;
 - f) advanced the Wabush Mines QST Refunds Appeal;
 - g) attended the Monitor's Powers Expansion Motion and the Twinco Dismissal Motion;
 - h) communicated with Twinco, CFLCo and other stakeholders of Twin Falls with respect to the CBCA Motion and Monitor's Powers Expansion Motion and with respect to the adjournments of the Adjourned Proceedings;
 - i) worked, with the assistance of the Monitor, to try to negotiate a resolution of the issues in dispute in the Adjourned Proceedings;
 - j) 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**");
 - k) 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 and providing such additional documents as requested by the claims administrator from time to time (the "**CDN FX Class Actions**"); and
 - l) communicated with QIO and the Monitor regarding the Records and implementation of the Records Protocol.
96. It is respectfully submitted that the extension of the Stay Period to June 30, 2022 is required to provide all CCAA Parties with sufficient time to, *inter alia*:

- a) 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;
 - b) complete negotiations and finalize the terms and conditions of a potential settlement of the issues in dispute in the Adjourned Proceedings, obtain Court approval of same and implement such settlement, or, if settlement negotiations are unsuccessful, attend to the Twin Falls Leave Applications and pursue the CBCA Motion;
 - c) continue to advance the Wabush Mines QST Refunds Appeal;
 - d) should leave to appeal the RQ Setoff Decision be sought by Revenu Québec and granted by the Québec Court of Appeal, make representations with respect to the leave application and, if leave is granted, on the merits as well;
 - e) receive any amounts recoverable from the U.S. FX Class Actions Claims, which amounts are expected to be de minimis;
 - f) receive any amounts recoverable from the CDN FX Class Actions, which amounts are expected to be de minimis;
 - g) continue to coordinate with QIO in respect of the Requested Records pursuant to the Records Protocol and deal with the remaining Records;
 - h) assist the Monitor with the final distributions contemplated under the Plan; and
 - i) complete the dissolution of BLRC and Wabush Railway as contemplated by the Plan Sanction Order and the Plan; and
 - j) complete the dissolution of the remaining CCAA Parties and their subsidiaries as contemplated under the Plan.
97. It is anticipated that the requested extension of the Stay Period until June 30, 2022 will afford the CCAA Parties additional time that is needed to progress and substantially complete all of the foregoing.
98. 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.
99. 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 June 30, 2022.
100. 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.

101. In light of the foregoing, the CCAA Parties respectfully ask this Court to extend the Stay Period to June 30, 2022, the whole subject to all other terms of the Bloom Lake Initial Order and the Wabush Initial Order.

5. PROCEDURAL MATTERS

102. The Petitioners submit that the notices given of the presentation of the present Motion are proper and sufficient.
103. 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.
104. 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.
105. 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 22, 2021.
106. 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**").
107. 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

108. 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 communicated herewith as **Exhibit R-2**.
109. 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-2) communicated in support hereof;

WITHOUT COSTS, save and except in case of contestation.

Montréal, November 16, 2021

Blake, Cassels & Graydon L.L.P.

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

(Court Code: BB-8098)

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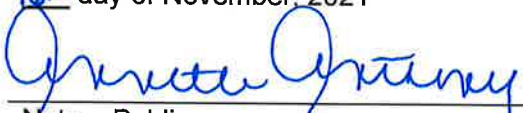
AFFIDAVIT

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
16th day of November, 2021


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 virtually 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 26, 2021, at 9:30 a.m.**

The coordinates to join the virtual hearing are the following:

Microsoft Teams

Join the virtual meeting:

[Click here](#)

By videoconference:

teams@teams.justice.gouv.qc.ca

Vidéoconférence ID: 119 859 003 6

By telephone:

[+1 581-319-2194, 950263610#](tel:+15813192194) (Canada, Quebec)

[833\) 450-1741, 950263610#](tel:8334501741) (Canada - Toll Free Number)

Conference Telephone ID: 950 263 610#

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, November 16, 2021

Blake, Cassels & Graydon L.L.P.

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)

N^o: 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

LIST OF EXHIBITS

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

- | | |
|------------|---|
| R-1 | 2020 Audited Financial Statements of Twin Falls Power Corporation |
| R-2 | Draft Stay Extension Order |

Montréal, November 16, 2021

Blake, Cassels & Graydon L.L.P.

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

N°: 500-11-048114-157

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

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

BLOOM LAKE GENERAL PARTNER LIMITED & AL.
Petitioners

-and-

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

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

**MOTION FOR THE ISSUANCE OF AN ORDER
EXTENDING THE STAY PERIOD, AFFIDAVIT,
NOTICE OF PRESENTATION AND EXHIBITS R-1
AND R-2 (Section 11 CCAA)**

ORIGINAL

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

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Our File: 11573-375