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

QUINTO MINING CORPORATION

8568391 CANADA LIMITED

CLIFFS QUÉBEC IRON MINING ULC

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP

BLOOM LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

-and-

9201955 CANADA INC.

Mise-en-cause

-and-

THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

Mise-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

<u>AMENDED</u> MOTION FOR THE ISSUANCE OF AN APPROVAL AND VESTING ORDER WITH RESPECT TO THE SALE OF THE CHROMITE SHARES
(Sections 11 and 36 *ff.* of the *Companies' Creditors Arrangement Act*)

TO THE HONOURABLE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, THE CCAA PARTIES (AS DEFINED BELOW) 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 may be further amended from time to time, the "**Initial Order**") commencing these proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of the Petitioners and the Mises-en-cause, The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake Railway Company Limited (collectively, the "**CCAA Parties**"), as appears from the Initial Order communicated herewith as **Exhibit R-1**.

2. Pursuant to the Initial Order (Exhibit R-1), *inter alia:*

   a) FTI Consulting Canada Inc. was appointed as monitor of the CCAA Parties (the "**Monitor**") (para. 39 *ff.* of the Initial Order) and a stay of proceedings was ordered until February 26, 2015, as extended to April 30, 2015 (para. 8 *ff.* of the Initial Order); and

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

2. ORDERS SOUGHT

3. The Petitioners hereby seek the issuance of an Approval and Vesting Order substantially in the form of the draft Approval and Vesting Order communicated herewith as **Exhibit R-10** (the "**Amended Draft Approval and Vesting Order**"), which provides, *inter alia*, for:

   a) the Court's approval of the proposed transaction (the "**Transaction**") contemplated by the Share Purchase Agreement […] dated as of March 22, 2015, as amended and restated as of April 17, 2015 (the "**Share Purchase Agreement**") by and between the Petitioner Cliffs Québec Iron Mining ULC ("**CQIM**"), Cliffs Greene B.V., Cliffs Netherlands B.V., Wabush Resources Inc., Cliffs Canadian Shared Services Inc., Cliffs Natural Resources Exploration Canada Inc. and "**CanCo**"[1], as vendors (collectively, the "**Sellers**"), Noront Resources Ltd., as parent ("**Noront**"), and 9201955 Canada Inc. as purchaser (the "**Purchaser**"); and

[1] Pursuant to the Purchase Agreement, CanCo is an unlimited liability company to be incorporated by one or more of the Sellers or their affiliates under the laws of a Province of Canada as part of a pre-closing reorganization set out in Exhibit H of the Purchase Agreement.

b) the vesting of all of CQIM's right, title and interest in and to the Amalco Shares (as defined below) in and with the Purchaser, free and clear of all encumbrances.

4. A redacted copy of the Share Purchase Agreement is communicated herewith as **Exhibit R-11**. An unredacted copy of the Share Purchase Agreement is communicated herewith under confidential seal as **Exhibit R-12**.

3. OVERVIEW OF THE PROPOSED TRANSACTION

5. The proposed Transaction represents the divestiture of substantially all of Cliffs Natural Resources Inc.'s ("**CNR**") investment in the Ring of Fire, a mining district in northern Ontario, located approximately 500 kilometres northeast of Thunder Bay, Ontario and 240 kilometres north of Nakina, Ontario (the "**Ring of Fire**").

6. The proposed Transaction contemplates the sale of all of the applicable Sellers' right, title and interest in the following shares (collectively, the "**Ring of Fire Shares**"):

a) all issued and outstanding common shares and preferred shares of Amalco (as defined below) (collectively, the "**Amalco Shares**");

b) all of the issued and outstanding shares of 2274659 Ontario Inc. ("**RoadCo**") held by Cliffs Netherlands B.V.;

c) all of the issued and outstanding shares of KWG Resources Inc. ("**KWG**") held by Cliffs Greene B.V.; and

d) all of the issued and outstanding shares of Debut Diamonds Inc. ("**Debut**") held by Cliffs Greene B.V.

7. CQIM, one of the Sellers in the proposed Transaction, is a Petitioner in the CCAA Proceedings. CQIM will sell all of its right, title and interest in and to the Amalco Shares.

8. None of the other parties to the Share Purchase Agreement are CCAA Parties.

9. This Amended Motion is filed in support of a Superior Offer made by the Purchaser in the circumstances more fully described below. The aggregate Purchase Price (as defined in the Share Purchase Agreement) to be paid by the Purchaser in consideration for the Ring of Fire Shares is […] to be allocated as between the various Sellers based on the same methodology as in the Initial Purchase Agreement (as defined below), as set out in Exhibit D (as revised) of the Share Purchase Agreement […] (the portion of such allocation to be paid to CQIM, the "**CQIM Purchase Price**").

10. Prior to the closing of the proposed Transaction, CNR […] may loan monies to each of Cliffs Ontario, Cliffs Far North and RoadCo to fund payment of third party payables due and owing by them. Therefore, the purchase price allocation referred in Exhibit D is subject to adjustment, which is not expected to be material, to reflect those loans and as a result the CQIM Purchase Price is expected to be slightly less […] at the time of closing.

4. THE CHROMITE ENTITIES, AMALCO AND THEIR INTERESTS IN THE RING OF FIRE

4.1 Amalco

11. Cliffs Chromite Ontario Inc. ("**Cliffs Ontario**") is a wholly-owned subsidiary of CQIM. Cliffs Chromite Far North Inc. ("**Cliffs Far North**") is owned 99.89% by CQIM and 0.11% by Cliffs Ontario.

12. Pursuant to the Share Purchase Agreement, "**Amalco**" is a company to be formed by the amalgamation (the "**Amalgamation**") of Cliffs Ontario and Cliffs Far North.

13. The Amalgamation is to take place immediately prior to the closing of the proposed Transaction pursuant to the *Canada Business Corporations Act.*

14. The Amalgamation is described in greater detail in Section 3 of Exhibit H to the Share Purchase Agreement. The Amalgamation is expected to provide the Purchaser with more flexibility post-closing in the deductibility of pre-closing resource expenditures.

15. The Share Purchase Agreement provides that the Purchaser can waive the requirement that the Sellers effect the Amalgamation, in which case CQIM will sell all of its right, title and interest in and to all of the issued and outstanding shares of Cliffs Ontario and Cliffs Far North instead of the Amalco Shares. Accordingly, all references to "Amalco Shares" herein should be read to apply to the Cliffs Ontario Shares and the Cliffs Far North Shares (as well as any Class A preferred shares in the capital of Cliffs Ontario and Cliffs Far North issued pursuant to the Pre-Acquisition Reorganization), instead of the Amalco shares to the extent such requirement is waived by the Purchaser.

16. The CCAA Parties understand that it is not the intention of the Purchaser to waive the requirement for the Amalgamation.

4.2 Cliffs Ontario

17. Cliffs Ontario is a corporation incorporated pursuant to the laws of Canada with its registered office located at 199 Bay Street, Suite 4000, Toronto, Ontario, as appears from the company profile communicated herewith as **Exhibit R-5**.

18. Cliffs Ontario was formerly Freewest Resources Inc. ("**Freewest**") and was acquired indirectly by CNR in January 2010. Following this acquisition, as part of an internal reorganization, Freewest was amalgamated with two other indirect subsidiaries of CNR to continue as Cliffs Ontario.

19. Cliffs Ontario's primary assets are its 100% interest in the Black Thor and Black Label chromite mining projects (the "**Black Thor Project**" and "**Black Label Project**", respectively) and its 39% interest in the Big Daddy chromite mining project (the "**Big Daddy Project**"), all located in the Ring of Fire. As described above, Cliffs Ontario also holds a minority interest in Cliffs Far North.

20. Cliffs Ontario does not currently carry on any active business, nor does it have any employees.

4.3 Cliffs Far North

21. Cliffs Far North is a corporation incorporated pursuant to the laws of Canada with its registered office located at 199 Bay Street, Suite 4000, Toronto, Ontario, as appears from the company profile communicated herewith as **Exhibit R-6**.

22. Cliffs Far North was formerly Spider Resources Inc. ("**Spider**"). A majority of the shares of Spider were acquired indirectly by CNR by way of a public takeover in July 2010. The balance of the shares of Spider was acquired indirectly by CNR as the result of an amalgamation with a wholly-owned indirect subsidiary of CNR in October 2010 to continue as Cliffs Far North.

23. Cliffs Far North's primary asset is its 31% interest in the Big Daddy Project.

24. Cliffs Far North does not currently carry on any active business, nor does it have any employees.

4.4 Additional Claims Held by Cliffs Ontario and Cliffs Far North

25. In addition to their primary assets in the Ring of Fire projects, Cliffs Ontario and Cliffs Far North also hold interests in a large number of mining claims that do not relate to chromite mining projects, but relate to kimberlite, gold, nickel, platinum and other minerals (the "**Non-Chromite Mining Claims**").

26. Many of the Non-Chromite Mining Claims are legacy assets that were owned by the predecessor companies of Cliffs Ontario and Cliffs Far North prior to the indirect acquisition of these companies by CNR.

27. Some Non-Chromite Mining Claims were previously sold by Cliffs Ontario and Cliffs Far North prior to the commencement of the CCAA Proceedings. Generally, the consideration paid for these mining claims has included a net smelter royalty agreement in favour of Cliffs Ontario and/or Cliffs Far North, which these entities continue to hold.

28. The Non-Chromite Mining Claims currently held by Cliffs Ontario and Cliffs Far North are located in Ontario, New Brunswick and Québec. Some of the Non-Chromite Mining Claims are held outright by Cliffs Ontario or Cliffs Far North, while others are held in contractual joint ventures with third parties.

4.5 The Ring of Fire

29. The Ring of Fire is comprised of various mining development projects, including three chromite projects in which Cliffs Ontario and Cliffs Far North hold interests: the Black Thor Project, the Black Label Project and the Big Daddy Project.

30. The chromite deposits comprising the Black Thor Project, the Black Label Project and the Big Daddy Project in the Ring of Fire are estimated to be 137.7 million, 5.4 million and 29.1 million tonnes of mineralized material, respectively.

31. Chromite is sold to steel producers for end use in stainless steel products.

32. Cliffs Ontario holds a 100% interest in the Black Thor Project and the Black Label Project. The Black Thor Project is the largest known North American chromite deposit.

33. The Big Daddy Project is held 39% by Cliffs Ontario, 31% by Cliffs Far North, and 30% by KWG.

34. KWG is a publicly traded corporation. Cliffs Greene B.V., an indirect subsidiary of CNR and a Seller in the proposed Transaction, holds a minority interest in KWG of approximately 14.4%, which interest is to be sold to the Purchaser as part of the proposed Transaction.

35. The interests of Cliffs Ontario, Cliffs Far North and KWG in the Big Daddy Project's mining claims are governed by a joint venture agreement between Cliffs Ontario, Cliffs Far North and KWG dated November 28, 2012.

5. ONGOING CHALLENGES IN THE RING OF FIRE

36. The Ring of Fire projects subject to the proposed Transaction are not currently operating due to a number of challenges, as described further below.

5.1 Outstanding Licences and Permits

37. Commencing mining operations in the Ring of Fire requires certain licenses and permits from various local, provincial and federal government authorities, which to date have not been obtained.

38. In 2012, the Province of Ontario commenced negotiations with the Matawa First Nations with respect to a regional framework agreement for the development of the Ring of Fire. The purpose of the regional framework agreement was to create a process for conducting environmental assessment activities and consultations with affected First Nations communities.

39. To date, a regional framework agreement has not been completed, and as a result, the Province of Ontario's environmental assessment terms of reference remain outstanding.

5.2 Lack of Transportation Infrastructure and Related Ongoing Litigation

40. The Ring of Fire projects are currently inaccessible by rail or road and there is uncertainty surrounding the potential development of transportation infrastructure necessary to connect the Ring of Fire to existing transportation infrastructure with access to various commercial centers.

41. RoadCo has applied to the Ontario Minister of Natural Resources for an easement over certain Crown lands to allow it to build an all-weather road linking the Black Thor Project and the Black Label Project with the main CN rail line.

42. The requested easement passes over a large number of mining claims (the "**CCC Claims**") held by Canada Chrome Corporation ("**CCC**"), a wholly owned subsidiary of KWG.

43. CCC refused to consent to RoadCo's request for an easement over the CCC Claims. The Ontario Minister of Natural Resources subsequently referred RoadCo's request to the Mining and Lands Commissioner of Ontario (the "**Mining Commissioner**").

44. In September 2010, the Mining Commissioner issued an order dismissing RoadCo's request for an easement over the CCC Claims.

45. RoadCo appealed the Mining Commissioner's order. In July 2014, the Ontario Divisional Court allowed RoadCo's appeal, set aside the decision of the Mining Commissioner and allowed RoadCo's application to dispense with the consent of CCC.

46. CCC has been granted leave to appeal this decision to the Ontario Court of Appeal. As of the date of this Motion, the appeal has not been heard.

5.3 Market Factors

47. In addition to the specific factors affecting the Ring of Fire, the global market conditions currently pose and are expected to continue to pose challenges to the development and profitability of chromite mining projects.

48. The global market for steel and the stainless steel end market are currently depressed, and investments in steel making raw materials and inputs are on a downward trend.

5.4 Suspension of Further Investment and Intention to Sell

49. In addition to the approximately US$350 million that was paid to acquire the Ring of Fire projects, an additional US$200 million has been invested by CNR and its affiliates in developing these projects.

50. A significant amount of additional capital and time will be required to make the Ring of Fire projects operational, including in order to obtain the required permits and licences, and to develop a transportation infrastructure as described above.

51. As a result of the challenges described above, there is uncertainty regarding any potential start date for mining operations, and even greater uncertainty regarding the expected time-frame in which such operations could become profitable.

52. Due to these challenges and concerns, in June 2013, Cliffs Ontario announced its intention to suspend its environmental assessment activities related to the Ring of Fire. In November 2013, Cliffs Ontario indefinitely suspended all technical work related to the Ring of Fire.

53. In or about the fall of 2013, Cliffs Ontario and Cliffs Far North began making general inquiries with potential interested parties with a view to selling its interests in the Ring of Fire. No material interest resulted from these efforts until the renewed efforts to sell the Ring of Fire interests were instituted in the fall of 2014.

54. By September 2014, the challenges surrounding the Ring of Fire and CNR's desire to sell the Ring of Fire projects were publicly known, as appears from the September 17, 2014 Globe and Mail article communicated herewith as **Exhibit R-7**.

6. THE SALES PROCESS

6.1 Commencement of the Sales Process

55. In or about October 2014, Moelis & Company LLC ("**Moelis**"), a respected and experienced global investment bank, was engaged by CNR to assist with the solicitation of purchasers for, among other things, the Ring of Fire projects (such process, including the Supplemental Bid Process (as defined below), the "**Sales Process**").

56. After the CCAA filing, the CCAA Parties, acting in consultation with the Monitor, and certain related parties formally engaged Moelis to assist them with continuing the Sale Process as relates to the Ring of Fire and their other businesses. […]

57. On April 17, 2015, the CCAA Parties […] obtained this Court's approval of their retention of Moelis […] and […] of a formal sale and investor solicitation process relating to their remaining businesses, as appears from the Court record.

58. In or about November 2014, a data-room was established in respect of the Ring of Fire projects in order to provide various confidential documents and information to interested parties for the purposes of their due diligence. These documents included an asset overview presentation, a financial model and a feasibility study report.

59. A group of eighteen potential buyers and strategic partners (collectively, the "**Interested Parties**") were identified by Moelis, with the assistance of CQIM and CNR.

60. The Interested Parties included traders, resource buyers, financial sector participants, local strategic partners, and market participants and also included those parties who had previously expressed an interest in the Ring of Fire to Cliffs Ontario, Cliffs Far North, CQIM and/or CNR.

61. In or about October 2014, Moelis began contacting the Interested Parties to solicit interest in purchasing the Ring of Fire projects.

62. A form of Non-Disclosure Agreement was sent to fifteen of the Interested Parties. Out of those fifteen Interested Parties, fourteen executed Non-Disclosure Agreements and were granted access to certain confidential information. The remaining Interested Party did not pursue execution of a Non-Disclosure Agreement.

63. Based on the continuing level of interest expressed by these parties, negotiations ensued with seven of the Interested Parties, and six of the Interested Parties accessed the data-room. The seventh Interested Party did not request access to the data-room.

64. By January 21, 2015, non-binding letters of intent ("**LOIs**") were received from two of the Interested Parties, including Noront (which LOI was subsequently revised by Noront). In addition, two verbal expressions of interest were received by Moelis and/or CNR but neither of these resulted in a written letter of intent. A summary of the two LOIs (as revised) is communicated herewith under confidential seal as **Exhibit R-8**. A sealing order is requested with respect to this summary (Exhibit R-8) as it contains commercially sensitive information.

65. The terms of the LOI from Noront as revised (the "**Initial Noront LOI**") was determined by CQIM, in consultation with the Monitor, to be the best offer with respect its interests in the Ring of Fire Shares.

66. Following this determination, all of the Interested Parties who had indicated a preliminary level of interest were contacted by Moelis, Cliffs Ontario, Cliffs Far North, CQIM and/or CNR and offered an opportunity to submit a letter of intent in a price range that would be superior to that contemplated by the Initial Noront LOI.

67. None of the Interested Parties contacted submitted an additional letter of intent. Negotiations then continued with Noront.

68. On February 13, 2015, CQIM (with the support of the Monitor), Cliffs Greene B.V. and Cliffs Netherlands B.V. executed a letter of intent with Noront (the "**Executed Noront LOI**"), granting a period of exclusivity to Noront and agreeing to thereafter work with Noront to finalize a definitive agreement. A copy of the Executed Noront LOI is communicated herewith as **Exhibit R-9.**

69. After extensive negotiations to which the Monitor was made a party, […] an initial Share Purchase Agreement was executed on March 22, 2015 (the "**Initial Purchase Agreement**"). A redacted copy of the Initial Purchase Agreement is communicated herewith as **Exhibit R-3**. An unredacted copy of the Initial Purchase Agreement is communicated herewith under confidential seal as **Exhibit R-4**.

70. Prior to the execution of the Initial Purchase Agreement, the exclusivity period granted to Noront pursuant to the Executed Noront LOI had expired at 5:00 p.m. on March 12, 2015. During that period, CQIM and CNR received an unsolicited confidential letter of intent from an interested party (as amended, the "**Additional LOI**"), which on its face was for a higher purchase price than the Executed Noront LOI but was conditional on due diligence and was subject to other terms and conditions that together as a whole were considered by CQIM and CNR, in consultation with Moelis and the Monitor, to not constitute a superior proposal.

71. The Additional LOI was carefully reviewed by CQIM and by CNR (on behalf of the other Sellers) in consultation with Moelis and the Monitor, and it was determined by the CQIM and CNR in their business judgment that the Additional LOI would not be pursued given *inter alia*, the advanced state of the negotiations and documentation with Noront which was substantially complete, and the risks, additional costs and delay associated with terminating negotiations with Noront to pursue the Additional LOI.

72. Said interested party subsequently decided to submit revised versions of the Additional LOI all of which remained subject to additional due diligence. After giving full and fair consideration to all of the revised terms of the Additional LOI, it was determined by CQIM and by CNR (on behalf of the other Sellers), in consultation with Moelis and the Monitor, and in CQIM and CNR's business judgment based on the factors listed above that it was in the best interests of CQIM and the other Sellers to proceed to finalize and execute the proposed Transaction with the Purchaser pursuant to the Initial Purchase Agreement.

6.2 […] Alternative Transaction and […] New Share Purchase Agreement

73. Section 7.1 of the Initial Purchase Agreement sets out certain exclusivity requirements, preventing the Sellers from soliciting an Alternative Transaction (as defined in the Initial Purchase Agreement) or entering any agreement providing for any Alternative Transaction prior to the closing of the proposed Transaction.

74. Notwithstanding these exclusivity requirements, if Cliffs Ontario or Cliffs Far North was to receive[…] a written proposal for an Alternative Transaction and determine in good faith, after consultation with legal counsel, Moelis and the Monitor that such proposal could reasonably be expected to lead to a Superior Proposal (as defined in the Initial Purchase Agreement), the Sellers […] would have been entitled to pursue such Superior Proposal.

75. If the applicable Sellers were to determine that it […] was reasonably likely that the Alternative Transaction resulting from the Superior Proposal […] would be completed, the Sellers […] could terminate the Initial Purchase Agreement and enter into an agreement in respect of such Alternative Transaction, provided that (among other things), the Sellers pay the Expense Reimbursement (as defined below) to the Purchaser.

76. Section 10.2 of the Initial Purchase Agreement contemplated that in the event that the Initial Purchase Agreement […] was to be terminated by the Sellers to proceed with an Alternative Transaction, the Sellers […] would be required to pay the Purchaser a cash amount to reimburse the Purchaser and Noront for their reasonable documented out-of-pocket fees, costs and expenses incurred in connection with the proposed Transaction, up to a maximum of CAD$250,000 (the "**Expense Reimbursement**").

77. […]

78. […]

79. […]

79.1. On April 13, 2015, a *Notice of Objection and Contestation of Petitioner's Motion for the Issuance of an Approval and Vesting Order With Respect To the Sale of the Chromite Shares* (the "**Contestation**") was filed in respect of the present Motion by the Objectors (as defined in the Contestation). The Objectors consist of four of the nine Matawa First Nations (as defined in the Contestation) aboriginal bands who are alleging to be affected by the development of the Ring of Fire, as appears from copy of the Contestation communicated herewith as **Exhibit R-13**.

79.2. On April 13, 2015, the Sellers received an unsolicited offer from a potential purchaser (the "**New Offeror**") for an Alternative Transaction to purchase the Ring of Fire Shares on terms substantially similar to the terms of the Initial Purchase Agreement, but for a purchase price higher than that in the Initial Purchase Agreement, payable in cash at closing, with no financing condition, and with a commitment to provide a cash deposit of US$500,000 upon execution by the Sellers of a share purchase agreement with the New Offeror (collectively, the "**New Offer**").

79.3. The Sellers determined in good faith after consultation with their outside legal counsel, financial advisors and the Monitor, that such New Offer was, or could reasonably be expected to lead to, a Superior Proposal, and communicated this to the Purchaser.

79.4. Promptly upon receipt of the New Offer, the Sellers provided a summary of the material terms and conditions of the New Offer to the Purchaser in accordance with the Initial Purchase Agreement.

79.5. The Purchaser requested a very short period of time to be able to respond to the New Offer. Both the Purchaser and the New Offeror indicated that time was of essence.

79.6. To promote a fair and efficient process in light of the pending initial Court hearing date for the return of the motion for the approval of the sale of the Amalco Shares and the terms of the Initial Purchase Agreement, the Sellers, after consultation with Moelis, and, as applicable, with the concurrence of the Monitor, developed the following process (the "**Supplemental Bid Process**"), in order to determine the Superior Proposal for which the Sellers would seek Court approval:

a) Each of the bidders' best and final offer was to be delivered in the form of an executed share purchase agreement (the "**Final Bid**"), together with a blackline mark-up against the Initial Purchase Agreement to show proposed changes;

b) Final Bids could remove section 7.1(d) and the related provisions of the Initial Purchase Agreement which relate to the ability of the Sellers to entertain an alternative proposal and to terminate the Initial Purchase Agreement in favour of a Superior Proposal;

c) Final Bids were to be received by Moelis by no later than 5:00 p.m. (Toronto time) on Wednesday, April 15, 2015 (the "**Bid Deadline**") in accordance with paragraph g) below;

d) Final Bids could be accompanied by a cover letter setting any additional considerations that the bidder wished to be considered in connection with its Final Bid but such cover letter should not amend or modify any of the terms and conditions contained in the executed share purchase agreement;

e) Final Bids would be reviewed by the Sellers in consultation with Moelis and the Monitor. A determination of the Superior Proposal would be made as soon as practicable and communicated to the Purchaser and the New Offeror;

f) Any clarifications or other communications with respect to this process were to be made in writing to Moelis, with a copy to the Monitor;

g) Final Bids were to be submitted to Moelis c/o Carlo De Girolamo by email at carlo.degirolamo@moelis.com.

79.7. The Supplemental Bid Process was communicated to the Purchaser and the New Offeror on April 14, 2015.

79.8. In the morning of April 15, 2015, the New Offeror reiterated the New Offer, and extended the deadline for the acceptance thereof to a deadline before the Bid Deadline.

79.9. In accordance with the Supplemental Bid Process, requests for clarifications and other communications from the Purchaser and the New Offeror to the Sellers or their advisors respecting the Supplemental Bid Process were directed to address those clarification requests and communications in writing to Moelis, with a copy to the Monitor.

79.10. Prior to the expiry of the Bid Deadline, both the New Offeror and the Purchaser submitted revised offers with a higher purchase price than their original offers (the "**Revised New Offer**" and "**Revised Noront Offer**", respectively). In accordance with the Supplemental Bid Process, both offers provided for the removal of the ability of the Sellers to terminate the share purchase agreement to pursue a Superior Proposal.

79.11. The CCAA Parties determined in good faith and after consultation with their legal counsel, the Sales Advisor and the Monitor that the Revised Noront Offer was superior to the Revised New Offer. The purchase price to be paid by the Purchaser in the revised Noront Offer is materially higher than the purchase price offered in the Revised New Offer.

79.12. Under the Share Purchase Agreement, CQIM has covenanted to file with the amended motion, a copy of this Share Purchase Agreement with the Purchase Price and allocation of the Purchase Price redacted (Exhibit R-11), with a partially unredacted copy of the Share Purchase Agreement showing the Purchase Price and the CQIM Purchase Price to be filed after the requested Order is granted. CQIM has also covenanted to use its commercially reasonable efforts to seek an Approval and Vesting Order of the Court sealing an unredacted copy of the Share Purchase Agreement (Exhibit R-12) and the unredacted blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement.

79.13. On April 16, 2015, Moelis informed the Purchaser that the Revised Noront Offer was superior to the Revised New Offer, and the Sellers accepted the Revised Noront Offer and committed to entering into the Share Purchase Agreement after minor drafting adjustments had been agreed to.

79.14. On April 16, 2015, the Monitor received a letter from KWG (the "**KWG Letter**"), *inter alia*, requesting that the Monitor inform the Court of KWG's desire to submit a Superior Proposal for the purchase of the shares of KWG, as appears from the letter from KWG communicated herewith as **Exhibit R-14**.

79.15. The Sellers, in consultation with Moelis and the Monitor have determined that, at this stage, the KWG Letter from KWG does not constitute a Superior Proposal and should not be considered further. This is because, *inter alia*, KWG's proposal would only have been for the purchase of the issued and outstanding shares of KWG, which comprise only a small portion of the overall Transaction.

79.16. The KWG Letter also alleges that there is a requirement to provide both an early warning notice and an insider report as the shares of KWG being sold to the Purchaser under the Share Purchase Agreement represents 13.7% of the KWG's outstanding shares and constitutes Cliffs Greene B.V. an insider of KWG.

79.17. In fact, the applicable securities legislation only requires an early warning notice or insider report to be filed after the acquisition of shares is made and the obligation to

make such filings after the acquisition is on the acquirer, not the seller of the KWG shares.

79.18. On April 16, 2015, the Sellers received an email "offer" from KWG for the Ring of Fire Shares for a net smelter royalty if the sale to the Purchaser "goes off the rails". The Sellers, in consultation with Moelis and the Monitor, did not consider this proposal to be a viable offer and therefore not a Superior Proposal.

79.19. On April 17, 2015, the Sellers and the Purchaser entered into the Share Purchase Agreement. A redacted blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement is communicated herewith as **Exhibit R-15**. An unredacted blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement is communicated herewith under confidential seal as **Exhibit R-16**.

6.3 Assessment of the Sales Process and Involvement of the Monitor

80. According to their business judgment, the CCAA Parties are satisfied that the Sales Process was fairly designed and implemented to maximize the value of the Ring of Fire Shares.

81. The Sales Process was implemented upon the direction of the Sellers by Moelis, a reputable and experienced global investment bank and, since the commencement of the CCAA Proceedings, under the supervision of the Monitor (…).

82. Given the marketing effort to date, limited number of participants in the chromite market, the uniqueness of the assets, the challenges described above in respect of the Ring of Fire and the fact that CNR's intentions to sell its investment in the Ring of Fire projects have been publicly known to the market since the fall of 2014 at the latest, the CCAA Parties are of the view that further canvassing of the market is not necessary.

83. Following the issuance of the Initial Order, the Monitor has assisted and advised the CCAA Parties with respect to the Sales Process, including the Supplemental Bid Process, and was involved, *inter alia*, in the negotiation of the Initial Purchase Agreement […], the review of the Additional LOI, the New Offer, the Revised New Offer and the Revised Noront Offer, and the negotiation of the Share Purchase Agreement.

84. The CCAA Parties have been advised by the Monitor that it will provide shortly a fulsome report on the […] Supplemental Bid Process, the Share Purchase Agreement […] and the CQIM Purchase Price […], with its recommendation that this Court approve this Amended Motion and issue the Approval and Vesting Order requested by the CCAA Parties.

7. THE SHARE PURCHASE AGREEMENT

7.1 The Purchaser

85. The Purchaser is a newly incorporated acquisition vehicle, and is a wholly-owned subsidiary of Noront.

86. Noront is a publicly traded Canadian-based mining company.

87. Noront has made significant investments in the Ring of Fire region, and according to its public disclosure, holds the largest land position therein. Among other things, Noront holds a 100% interest in a nickel, copper and platinum group element deposit called Eagle's Nest located in the Ring of Fire.

7.2 Purchase Price

87.1. The Purchase Price and the Purchase Price allocated to each of the Sellers is redacted from the copy of the Share Purchase Agreement communicated herewith (Exhibit R-11).

88. As set out above, the Share Purchase Agreement contemplates the sale of the Ring of Fire Shares (including the Amalco Shares) for an aggregate purchase price […] materially in excess of the Purchase Price provided in the Initial Purchase Agreement.

89. The portion of the purchase price allocated to CQIM in consideration for its sale of the Amalco Shares is […] materially in excess of the allocation of the Purchase Price provided to CQIM in the Initial Purchase Agreement, with such allocation being done using a methodology consistent with that used in the Initial Purchase Agreement.

90. The allocation of the purchase price is based on the relative value of the debts due from Cliffs Ontario and Cliffs Far North to the Sellers and to CNR and certain of its US affiliates (which US-based debt will be transferred to CanCo prior to closing). Each of these debts will ultimately be converted to preferred shares of Amalco prior to closing.

91. […]

92. The […] redactions to the Share Purchase Agreement mentioned at paragraph 87.1 above are […] necessary as the […] Purchase Price and the allocation of the amended Purchase Price in the Share Purchase Agreement are commercially sensitive for the Purchaser and the Sellers who are not CCAA Parties.

7.3 Settlement of Intercompany Debt

93. The Purchaser required as a condition to the proposed Transaction that all intercompany debt owed to or by Cliffs Ontario and Cliffs Far North be dealt with prior to closing.

94. As described in greater detail in Section 2 of Exhibit H to the Share Purchase Agreement, the settlement of intercompany debt will include: (i) Cliffs Ontario and Cliffs Far North forgiving certain debts owing to them by CQIM and The Bloom Lake Iron Ore Mine Limited Partnership (a Mise-en-Cause in the CCAA Proceedings) ("**Bloom Lake LP**"); and (ii) Cliffs Ontario and CQIM setting-off certain debts payable to each other, the whole in accordance with legal entitlements.

95. The net impact of the above transactions on the CCAA Parties is a reduction in the unsecured claims held against Bloom Lake LP and CQIM.

7.4 Conditions to Closing

96. The only material conditions to the closing of the proposed Transaction are obtaining the Approval and Vesting Order sought herein by no later than April 27, 2015 and the contemporaneous closing of an amended and restated loan agreement between the

Purchaser and an affiliate of Franco-Nevada Corporation (the "**Franco-Nevada Financing**") […] and a royalty agreement with Franco-Nevada, the proceeds together of which will finance the purchase price under the Share Purchase Agreement.

97. The amended and restated loan agreement for the Franco-Nevada Financing was executed concurrent with the execution of the Share Purchase Agreement and is to be funded contemporaneously with the closing of the proposed Transaction, which is intended to occur one (1) Business Day after all conditions in the Share Purchase Agreement have been satisfied, which shall be no later than seven Business Days after the granting of the Approval and Vesting Order. The Franco-Nevada royalty agreement, the form of which is an exhibit to the Franco-Nevada loan agreement, is to be entered into on closing of the Franco-Nevada Financing.

98. The conditions to closing the Franco-Nevada Financing have been reviewed by the CCAA Parties. These conditions have been reduced as compared to the conditions to the closing of the Franco-Nevada Financing that existed at the time the Initial Share Purchase Agreement was signed. They are limited and the CCAA Parties are reasonably satisfied that said conditions should be met shortly following the granting of the Approval and Vesting Order.

99. The closing of the Franco-Nevada Financing is subject to the granting of the Approval and Vesting Order and standard conditions of closing for a financing of its nature.

7.5 Closing Mechanics

100. Pursuant to the Initial Purchase Agreement, the Purchaser has paid US$200,000 to the Monitor as a deposit. The Draft Approval and Vesting Order includes an order authorizing the Monitor to hold the deposit and to apply or disburse the deposit in accordance with the Share Purchase Agreement.

101. Upon closing, the portion of the Purchase Price allocated to CQIM is to be paid to the Monitor. The Draft Approval and Vesting Order proposes that such funds will be held by the Monitor pending further order of the Court.

102. The Share Purchase Agreement contemplates that the Sellers and the Purchaser will each deliver to the Monitor a certificate to confirm that the conditions to closing in their favour are satisfied or waived, and upon receipt of such certificates, the Monitor will issue its certificate (in the form attached to the Amended Draft Approval and Vesting Order (Exhibit R-10)), confirming that the proposed Transaction is closed.

103. The proposed Transaction is expected to close by […]April 28, 2015, and must close within seven (7) Business Days after the granting of the Approval and Vesting Order.

7.6 Overall Assessment

104. The CCAA Parties are satisfied that the CQIM Purchase Price […], as may be adjusted,[…] for the sale of the Amalco Shares is reasonable and fair in the circumstances.

105. The allocation of the Purchase Price with respect to the Amalco Shares held by CQIM is based on a methodology which was discussed with, explained to and accepted by the

Monitor, who was a party to the negotiations culminating with the execution of the Share Purchase Agreement.

106. The CCAA Parties are satisfied that the conditions to closing and the closing mechanics should lead to the closing of the proposed Transaction on an expedited basis should this Court approve this Motion and that the closing risks are minimal.

107. The CCAA Parties are satisfied that the criteria set out in section 36 of the CCAA have all been met and understand that the Monitor will file shortly a fulsome report with its recommendation that the proposed Transaction and this Motion be approved by this Court.

8. CONCLUSIONS

108. In light of the foregoing, the CCAA Parties hereby respectfully seek the issuance of an Order substantially in the form of the Amended Draft Approval and Vesting Order (Exhibit R-10), which provides for, *inter alia*:

a) the Court's approval of the proposed Transaction;

b) the vesting of all of CQIM's right, title and interest in and to the Amalco Shares in and with the Purchaser, free and clear of all encumbrances; and

c) the unredacted Initial Purchase Agreement (Exhibit R-4), […] the summary of the LOIs (Exhibit R-8), the unredacted Share Purchase Agreement (Exhibit R-12) and the unredacted blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement (Exhibit R-16) to be sealed, kept confidential and not form part of the public record due to the sensitive commercial nature of the terms thereof.

109. The CCAA Parties further submit that the notices given of the presentation of the present Amended Motion are proper and sufficient:

a) the CCAA Parties are not aware of any third parties having a lien or charge over the Amalco Shares, save and except the charges created by the Orders issued in these CCAA Proceedings;

b) the CCAA Parties are not aware of any third parties having registered security interest over CQIM's interest in the Amalco Shares;

c) the share certificates representing the shares of Cliffs Ontario and Cliffs Far North are in CQIM's possession and have not been transferred to any other party pursuant to *An Act Respecting the Transfer of Securities and the Establishment of Security Entitlements* (Quebec); and

d) the Amalco Shares, once issued, will be in CQIM's possession at all times prior to the closing of the proposed Transaction, and will not be transferred to any other party pursuant to *An Act Respecting the Transfer of Securities and the Establishment of Security Entitlements* (Quebec).

110. The present motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Amended Motion;

ISSUE an order substantially in the form of the Amended Draft Approval and Vesting Order (Exhibit R-10) communicated in support hereof;

WITHOUT COSTS, save and except in case of contestation.

Montréal, April 18, 2015

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the CCAA Parties

AFFIDAVIT

I, the undersigned, **CLIFFORD T. SMITH**, the Executive Vice-President and a director of the Petitioners, Bloom Lake General Partner Limited and Cliffs Québec Iron Mining ULC, having a place of business at 1155 Rue University, Suite 508, in the city and district of Montreal, Québec, solemnly affirm that all the facts alleged in the present *Amended Motion for the Issuance of an Approval and Vesting Order with respect to the sale of the Chromite Shares* are true.

AND I HAVE SIGNED:

Clifford T Smith

CLIFFORD T. SMITH

SOLEMNLY DECLARED before me at Cleveland, Ohio, on this 18 day of April, 2015

Notary Public

NOTARY PUBLIC STATE OF OHIO

MELISSA MANTKOWSKI
Notary Public, State of Ohio
My Comm. Expires April 23, 2018
Recorded in Cuyahoga County

NOTICE OF PRESENTATION

TO: Service List

TAKE NOTICE that the present *Amended Motion for the Issuance of an Approval and Vesting Order with respect to the sale of the Chromite Shares* will be presented for adjudication before the Honourable Stephen W. Hamilton, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montreal, in the Montreal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **April 24, 2015**, at a time and in a room to be determined.

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, April 18, 2015

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the CCAA Parties

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF **MONTRÉAL**

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

N°: **500-11-048114-157**

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

BLOOM LAKE GENERAL PARTNER LIMITED,
QUINTO MINING CORPORATION,
8568391 CANADA LIMITED,
and
CLIFFS QUÉBEC IRON MINING ULC

Petitioners

and

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP
-and-
BLOOM LAKE RAILWAY COMPANY LIMITED
-and-
9201955 CANADA INC.
-and-
THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

Mise-en-cause

and

FTI CONSULTING CANADA INC.

Monitor

AMENDED LIST OF EXHIBITS
(In support of Petitioners' Amended Motion for the issuance of an Approval and Vesting Order with respect to the sale of the Chromite Shares)

R-1 Initial Order

R-2 Draft Approval and Vesting Order

R-3 Redacted copy of the Initial […] Purchase Agreement

R-4 *Under seal,* Initial […] Purchase Agreement

R-5 Company profile with respect to Cliffs Chromite Ontario Inc.

R-6 Company profile with respect to Cliffs Chromite Far North Inc.

R-7 September 17, 2014 Globe and Mail article

R-8 *Under seal,* Summary of the two LOIs

R-9 Executed Noront LOI

R-10 Amended Draft Approval and Vesting Order

R-11 Redacted copy of the Share Purchase Agreement

R-12 *Under seal,* Share Purchase Agreement

R-13 Contestation

R-14 Letter from KWG to the Monitor, dated April 16, 2015

R-15 Redacted blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement

R-16 *Under seal,* blackline of the Share Purchase Agreement showing changes from the Initial Purchase Agreement

Montréal, April 18, 2015

Blake, Cassels & Graydon LLP

BLAKE, CASSELS & GRAYDON LLP
Attorneys for Petitioners

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