

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N° 500-11-048114-157

S U P E R I O R C O U R T
Commercial Division
(Companies' Creditors Arrangement Act,
R.S.C., c. 36)

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

WABUSH IRON CO. LIMITED

Debtor / Respondent

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

ROYAL BANK OF CANADA

Creditor / Petitioner

AFFIDAVIT OF CLIFFORD T. SMITH

I, the undersigned, CLIFFORD T. SMITH, President of Wabush Iron Co. Limited ("**WICL**"), having a place of business at 1 Place Ville Marie, Bureau 3000, Montreal, Québec, H3B 4N8, solemnly declare the following:

1. I have read the *Motion to Lift the Stay of Proceedings with Respect to Wabush Iron Co. Limited*, filed by the Royal Bank of Canada (the "**RBC**") along with the exhibits filed in support of the Motion.
2. I have also read RBC's Amended Motion to Lift the Stay of Proceedings with respect to Wabush Iron Co. Limited (the "**Amended Motion**").
3. Unless I have defined terms differently, I will use the terms defined in the Amended Motion.
4. I understand that RBC is no longer seeking to lift the stay of proceedings in order to bring a motion in the Newfoundland Proceeding to add WICL as a defendant

and that the sole purpose of the Amended Motion is to allow RBC to gather evidence from WICL.

5. Given the subject matter of RBC's questions and document requests, and given the status of WICL's records and its extremely limited ability to access information from the relevant era, lifting the stay of proceedings would place an extremely onerous and costly burden on WICL.
6. Furthermore, without having to understand the complete history of the Newfoundland Proceedings, it is clear that the objectives which RBC seeks to achieve in lifting the stay are disproportionate to the cost and inconvenience that will necessarily result.
7. More particularly, it is clear that RBC does not need WICL's evidence, that WICL likely does not have any evidence to offer but that confirming that conclusion will be extremely time-consuming and onerous.

DIFFICULTY TO OBTAIN EVIDENCE

8. There are currently no WICL directors, officers, employees or representatives with first-hand knowledge of the decisions, meetings or relationships that are the subject matter of RBC's questions and document requests.
9. I understand that we have in the past attempted to reach former WICL representatives in connection with other matters and that they have not responded to our requests.
10. Given the long period of time between the facts being inquired of and the interrogatories, the information and documentation requested may no longer exist.
11. Despite the fact that it would be unlikely to locate responsive documents, WICL would nonetheless be required to conduct a thorough search of its remaining records.
12. I estimate that to search through the on-site records would take roughly one full day.
13. Furthermore, any records that are stored at the Scully Mine site in Newfoundland may not be retrievable at all since the facility in which they are housed has been without power since roughly 2014.
14. Some of WICL's records were held at facilities that have since been sold and are, therefore, no longer accessible to WICL.
15. Searching WICL's off-site records would be extremely difficult because they are not indexed in a manner that allows for a search by transaction.

16. Consequently, I would be required to go through the records index, pull every one of the nearly 5,000 entries related to Wabush Mines, and review each file, which could consist of anything from a single file folder to an entire box or multiple boxes of documents.
17. Furthermore, the off-site records are stored at a third-party facility and WICL must pay to have the records delivered, returned and reboxed so that they can be reviewed.
18. I cannot estimate how many boxes are at issue but I understand the cost of having a single box delivered, returned and reboxed is approximately \$14.00, over and above delivery and handling fees that are applied. Consequently, the total cost could be in the tens of thousands of dollars.
19. I cannot accurately estimate how much time would be required to review that quantity of documents but I believe it could be weeks if not months.
20. In addition, WICL would have to review its accounting records. The index to the accounting records would have to be searched manually. I estimate that there are several hundred entries that would have to be reviewed. Each entry corresponds to a file which may consist of anything from a single file folder to an entire box or multiple boxes of documents.

WICL'S EVIDENCE NOT NECESSARY

21. Contrary to paragraph 56 of the Amended Motion, I understand that in the Newfoundland Proceeding Cliffs Mining simply denies that it was required to obtain approval to exercise the option from WICL or any of the other joint venture partners in Wabush Mines. (see par. 21 of Cliff Mining's Defence to Counterclaim).
22. RBC has no need to test an assertion that is simply not being made.
23. To the extent that RBC is entitled to seek such evidence, it is clear that it has not exhausted all other avenues to obtain it, as is implied by paragraph 39 of the Amended Motion.
24. I understand that the specific questions set out in the October 2016 Interrogatories have not been put to Cliffs Mining.
25. To the extent that RBC feels it must test Cliffs Mining's allegations regarding the need for approval to exercise the option (despite the fact that I do not understand Cliffs Mining to be making such an allegation), it should put these questions to Cliffs Mining.
26. Furthermore, RBC does not indicate whether the questions set out in the October 2016 Interrogatories have been put to Dofasco Inc. or Stelco Inc. and why they might not be in a position to answer.

27. As RBC acknowledges, it received answers from Dofasco Inc. to the May 2015 Interrogatories.

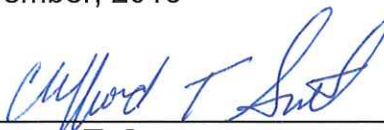
TESTIMONY OF A WICL REPRESENTATIVE

28. In addition to the interrogatories, RBC has indicated its intention to conduct a discovery examination of between 1 and 2 days of a WICL representative.
29. In light of the fact that (a) there are currently no WICL directors, officers, employees or representatives with first-hand knowledge of the decisions, meetings or relationships that are the subject matter of RBC's questions and document requests, and (b) it would be extremely difficult if not, in some cases, impossible, for me or any WICL representative to gather the information required to be able to answer questions on these subjects, the proposed discovery examination imposes an onerous and, as explained above, unnecessary burden on WICL.
30. Furthermore, in the event that the stay of proceedings was to be lifted, WICL would need to hire a lawyer in Newfoundland to make representations to the Court regarding the interrogatories and the proposed discovery and, if need be, to be present at the discovery.
31. I expect that any lawyer who represents WICL in Newfoundland will have to devote considerable time and energy into reviewing the file and its 13 year history.
32. This cost is an unnecessary burden on WICL and, by necessity, will reduce the amounts to be distributed to WICL's creditors.
33. Prior to signing this affidavit, I reviewed the following documents which are not part of this Court's file and which I am appending to this affidavit:
- (1) RBC's Amended Statement of Defence and Counterclaim dated February 13, 2014;
 - (2) Cliffs Mining Company Statement of Defence to Counterclaim dated February 24, 2014;
 - (3) Jason Veloso's May 7, 2014 Affidavit;
 - (4) Jason Veloso's January 23, 2015 Supplementary Affidavit;
 - (5) RBC's May 15, 2015 Interrogatories;
 - (6) ArcelorMittal Dofasco Inc.'s July 22, 2015 Answer to Interrogatories;
 - (7) Jason Veloso's May 16, 2016 Further Supplementary Affidavit;

(8) Jason Veloso's July 5, 2016 Further Supplementary Affidavit.

34. All the facts alleged in the present affidavit are true to the best of my knowledge.

CLEVELAND, OHIO, on this 4th day of
November, 2016



CLIFFORD T. SMITH

Solemnly declared before me in
Cleveland, Ohio, on this 4th day of
November, 2016



Notary Public



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

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